



**Apex Utilities Inc.**

**2026 Annual Performance-Based Regulation Rate Adjustment**

**December 11, 2025**

**Alberta Utilities Commission**

Decision 30302-D01-2025

Apex Utilities Inc.

2026 Annual Performance-Based Regulation Rate Adjustment

Proceeding 30302

December 11, 2025

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Eau Claire Tower

1400, 600 Third Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)

1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: [info@auc.ab.ca](mailto:info@auc.ab.ca)

Website: [www.auc.ab.ca](http://www.auc.ab.ca)

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## **1 Decision summary**

1. In this decision, the Alberta Utilities Commission considers Apex Utilities Inc.'s annual performance-based regulation (PBR) rate adjustment filing pursuant to the provisions of the third generation PBR (PBR3) plan. The Commission finds that Apex's 2026 distribution rates proposed in this application are determined in accordance with the provisions of the PBR3 plan approved in Decision 27388-D01-2023.<sup>1</sup> Accordingly, for the reasons that follow, the Commission approves the 2026 distribution rates, deferral accounts and riders. Additionally, the terms and conditions (T&Cs) for gas distribution service previously approved in Decision 29301-D01-2024<sup>2</sup> remain in effect.

2. The 2026 distribution rates will remain interim until the approved levels of all remaining placeholders (such as the I factor, Y factor and K-bar amounts) have been determined by the Commission.

## **2 Introduction**

3. On September 10, 2025, Apex submitted its 2026 annual PBR rate adjustment filing, requesting approval of its 2026 distribution rates, deferral accounts, riders, billing determinants, special charges and corresponding rate schedules in accordance with the parameters of the PBR3 plan.

4. After issuing a notice of the application on September 11, 2025, the Commission received a statement of intent to participate from the Office of the Utilities Consumer Advocate (UCA). The process established for this proceeding included Commission and UCA information requests (IRs) to, and responses from, Apex. As well, the UCA filed written argument and Apex filed written reply argument. Additionally, the process established for this proceeding included a process step that allowed Apex to update its application to account for the approved 2026 return on equity (ROE). The Commission considers the close of record of this proceeding to be November 25, 2025, with the submission of the written reply argument.

## **3 Background: how rates are set under PBR**

5. The PBR3 framework approved in Decision 27388-D01-2023 provides a rate-setting mechanism (price cap for electric distribution utilities and revenue-per-customer cap for gas distribution utilities). During the PBR3 term, rates are adjusted annually using a formula that

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<sup>1</sup> Decision 27388-D01-2023: 2024-2028 Performance-Based Regulation Plan for Alberta Electric and Gas Distribution Utilities, Proceeding 27388, October 4, 2023.

<sup>2</sup> Decision 29301-D01-2024: Apex Utilities Inc., 2025 Annual Performance-Based Regulation Rate Adjustment, Proceeding 29301, December 16, 2024.

includes an indexing mechanism that tracks the rate of inflation ( $I$ ) that is relevant to the prices of inputs the utilities use, less a productivity offset ( $X$ ). Apart from specifically approved adjustments, as discussed further below, a utility's revenues are not linked to its costs during the PBR term. The revenue-per-customer cap formula relevant to Apex, where a utility's revenue-per-customer on a customer class basis is adjusted by  $I-X$  every year, is set out below:

$$RPC_t = BRPC_{t-1} * (1 + I - X) \pm K \pm Kbar \pm Y \pm Z - ESM$$

$$R_t = RPC_t / BDC_t$$

where:

$R_t$	Upcoming year's rates for each class
$RPC_t$	Upcoming year's revenue per customer for each class
$BR_{t-1}$	Current year's base rates for each class
$BRPC_{t-1}$	Current year's base revenue per customer for each class
$BDC_t$	Billing determinants for each class for the upcoming year
$I$	The inflation factor
$X$	The productivity offset
$K$	Type 1 capital adjustments
$Kbar$	Type 2 capital adjustments
$Y$	Y factor adjustments
$Z$	Z factor adjustments
$ESM$	Earnings sharing mechanism (ESM)

6. In Decision 27388-D01-2023, the Commission approved certain PBR rate adjustments to enable the recovery of specific costs where certain criteria have been satisfied. These include an adjustment for certain flow-through costs that should be recovered from, or refunded to, customers directly ( $Y$  factors) and an adjustment to account for the effect of exogenous and material events for which the distribution utility has no other reasonable cost recovery or refund mechanism within the PBR plan ( $Z$  factor).

7. For the PBR3 plan, the Commission continued to divide capital into Type 1 (extraordinary) and Type 2 (normal course) capital. For Type 1 capital, the Commission approved a modified capital tracker mechanism with defined eligibility criteria, with the revenue requirement associated with approved amounts to be collected from customers by way of a "K factor" adjustment to the annual PBR rate-setting formula. For Type 2 capital, the Commission approved a K-bar mechanism that provides an amount of capital funding for each year of the PBR3 plan based, in part, on capital additions made during the PBR2 term.

8. Each distribution utility's annual PBR rate adjustment filing addresses all applicable parameters relevant to the establishment of the PBR rates and T&Cs for that utility for a given year, and relies on certain filed information to establish rates including:

- I factor and the resulting I-X index;
- K factor and K-bar factor adjustments related to approved Type 1 and Type 2 capital, respectively, including true-ups from prior periods;
- Y factor adjustment to collect flow-through items that are not collected through separate riders;
- previously approved Z factors;
- amounts to be shared with customers through the ESM;
- billing determinants for each rate class;
- backup showing the application of the formula by rate class and resulting rate schedules;
- a copy of the Rule 005<sup>3</sup> filing filed in the current year as well as the ROE adjustment schedules for prior years;
- certain financial reporting requirements;
- changes proposed to T&Cs; and
- any other material relevant to the establishment of current year rates.

## 4 PBR rate adjustments

### 4.1 2026 PBR indices and annual adjustments

9. As detailed in Section 3, the PBR3 revenue-per-customer cap plan for Apex provides a rate-setting mechanism based on a formula that annually adjusts revenue-per-customer on a customer class basis by means of the I-X indexing mechanism plus specifically approved adjustments. The annual parameters and adjustments used by Apex to arrive at its 2026 rates and the Commission's assessment of the applied-for amounts are detailed below. Additional discussion on select parameters is provided in the sections that follow.

10. Apex did not apply for any Type 1 capital funding or Z factor rate adjustments to be included in its 2026 PBR rates.

### I-X index

11. In the PBR3 plan, the I factor is calculated as a weighted average of two indexes published by Statistics Canada. The labour cost inflation, weighted at 60 per cent, is measured by the Fixed Weighted Index of average hourly earnings for all employees in Alberta. The non-labour cost inflation, weighted at 40 per cent, is measured by the Alberta Consumer Price Index for all items. In accordance with Decision 27388-D01-2023, the I factor is first calculated as a

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<sup>3</sup> Rule 005: *Annual Reporting Requirements of Financial and Operational Results*.

placeholder based on data for the most recent July to June period. This placeholder is then trued up to the actual calendarized inflation for the year (i.e., January to December) in a subsequent annual rate adjustment filing.<sup>4</sup>

12. Apex calculated the interim 2026 I factor to be 2.59 per cent.<sup>5</sup> The approved X factor for the PBR3 term is 0.4 per cent, inclusive of industry total factor productivity growth, a stretch factor and a benefit-sharing premium.<sup>6</sup> As explained in Decision 27388-D01-2023, for K-bar calculation purposes, the X factor is 0.1 per cent as it excludes the benefit-sharing premium component.<sup>7</sup>

13. The Commission has reviewed Apex's calculation of the 2026 interim I factor and finds it to be consistent with the methodology set out in Decision 27388-D01-2023.<sup>8</sup> Accordingly, the 2026 interim I factor of 2.59 per cent and the resulting I-X index of 2.19 per cent are approved. For K-bar purposes, the 2026 I-X index of 2.49 per cent is approved. Consistent with the determinations in Decision 27388-D01-2023, the interim I factor of 2.59 per cent will be trued up in a future proceeding to reflect the actual experienced inflation in 2026.<sup>9</sup>

14. In its application, Apex calculated the 2024 final I factor to be 3.32 per cent, and the corresponding 2024 I factor true-up collection \$0.13 million.<sup>10</sup> Additionally, Apex included a 2024 ECM true up, reflecting the 2024 final I factor in the amount of a \$1,287 collection from customers as part of the Y factor calculations as shown in Table 1 below.<sup>11</sup>

15. Apex updated its 2025 I factor placeholder of 3.20 per cent to reflect the 2026 interim I factor placeholder of 2.59 per cent and included a 2025 interim I factor true-up, resulting in a \$0.51 million refund to customers.<sup>12</sup>

16. The Commission finds that the calculations of the 2024 I factor true up, the 2024 ECM true-up and the 2025 interim I factor true up are consistent with the methodology set out in Decision 27388-D01-2023 and prior Commission directions. These true-ups are approved as filed.

## Y factor

17. The Y factor includes costs the Commission determines should be directly recovered from or refunded to customers provided that such costs do not qualify for capital treatment or Z factor treatment.<sup>13</sup> Apex's 2026 Y factor was \$359,171, inclusive of carrying costs, as set out in the table below:

<sup>4</sup> Exhibit 30302-X0001, application, PDF page 10, paragraph 23.

<sup>5</sup> Exhibit 30302-X0001, application, PDF pages 9-10, paragraph 22.

<sup>6</sup> Decision 27388-D01-2023, PDF pages 6-7, paragraph 2.

<sup>7</sup> Decision 27388-D01-2023, PDF pages 32-33, paragraphs 102-103.

<sup>8</sup> Decision 27388-D01-2023, PDF page 24, paragraph 70.

<sup>9</sup> Decision 27388-D01-2023, PDF pages 30-31, paragraph 95.

<sup>10</sup> Exhibit 30302-X0024, Appendix 1, Schedule 1.0 "Revenue Summary."

<sup>11</sup> Exhibit 30302-X0024, Appendix 1, Schedule 4.5 "2024 ECM TU."

<sup>12</sup> Exhibit 30302-X0001, application, PDF page 7, paragraph 13.

<sup>13</sup> Decision 2012-237: Rate Regulation Initiative, Distribution Performance-Based Regulation, Proceeding 566, Application 1606029, September 12, 2012, PDF pages 139 and 142-143, paragraphs 617 and 631. Largely the same Y factor definition was adopted in Decision 27388-D01-2023, PDF page 123, Appendix 5, Section 2, Y factor.

**Table 1. 2026 Y factor amounts<sup>14</sup>**

Item	2026 Forecast	2024 and 2025 True-up	2026 Total
	(\$)		
Intervener costs	46,829	(24,498)	22,331
AUC assessment fees	240,952	(3,567)	237,385
UCA assessment fees	74,216	16,644	90,860
Production abandonment	77,000	(65,285)	11,715
Efficiency carryover mechanism	0	1,287	1,287
Carrying charges on true-up balances	0	(4,407)	(4,407)
<b>Total Y factor adjustments</b>	<b>438,997</b>	<b>(79,826)</b>	<b>359,171</b>

Note: There are other flow-through items (e.g., gas cost and transportation) that are collected from, or refunded to, customers by way of separate riders.

18. The Commission has assessed the amounts included in Apex's applied-for Y factor and finds they were adequately supported, properly calculated and in compliance with previous Commission directions. The Commission has also reviewed Apex's carrying costs and finds that they are properly calculated and consistent with the applicable provisions of Rule 023.<sup>15</sup> Accordingly, the applied-for Y factor amount is approved. The four Y factors related to intervener costs, AUC assessment fees, UCA assessment fees and production abandonment costs noted above are the only four deferral accounts that Apex utilizes.

19. In an IR, the UCA raised concerns regarding the forecasting of Apex's past production abandonment costs. The UCA requested Apex's views on including a placeholder of zero in the Y factor for 2026 production abandonment costs and then collecting only the actual costs incurred at the time of true-up in a subsequent filing. Additionally, the UCA requested that Apex be directed to file, in each upcoming annual filing, a complete list of all wells that it is liable for along with an indication of whether that well has been completely abandoned, or the timeframe for any abandonment.<sup>16</sup> In response, Apex stated that it does not support the use of a zero-dollar placeholder for these costs.<sup>17</sup>

20. The Commission is not persuaded by the UCA's position that the placeholder amount of zero is required. Based on the past three-year history provided on the record of this proceeding, the Commission has no concerns with Apex's forecasting approach for these costs, at this time.<sup>18</sup> The Commission will continue to monitor the appropriateness of the applied-for forecast on an annual basis and may review Apex's forecasting methodology if a trend of material high variances presents itself. For the same reason, and because the production abandonment costs are trued up to actual expenditures, the Commission does not see the need for additional reporting beyond what Apex already provides on an annual basis. As a result, the Commission approves the \$11,715 placeholder for production abandonment costs.

### **K-bar**

21. K-bar funding provides incremental Type 2 capital funding to supplement the revenues generated under the I-X mechanism. The 2026 K-bar funding in PBR3 is calculated by taking the difference between a notional revenue requirement based on capital additions equal to an

<sup>14</sup> Exhibit 30302-X0001, application, PDF page 14, Table 3.5-1.

<sup>15</sup> Rule 023: *Rules Respecting Payment of Interest*.

<sup>16</sup> Exhibit 30302-X0027, UCA argument, PDF page 7, paragraph 22.

<sup>17</sup> Exhibit 30302-X0022, Apex-UCA-2025OCT10-001, PDF page 2.

<sup>18</sup> Exhibit 30302-X0028, Apex reply argument, PDF page 6, paragraph 13.

escalated average of actual capital additions in the 2018-2022 PBR term and the revenue obtained under I-X for each project or program included in Type 2 capital. For each subsequent year, K-bar will be calculated using the same steps as those used for 2026, with adjustments made to account for the effects of inflation and productivity growth, customer growth and changes to the weighted average cost of capital for a given year.<sup>19</sup>

22. In the application, Apex calculated its K-bar amount using the placeholder ROE of 9.0 per cent. In the November 14, 2025, ROE update, Apex updated its 2026 K-bar calculation to use the 2026 ROE of 9.02 per cent approved by the Commission in Decision 30411-D01-2025.<sup>20</sup> Using the approved ROE, Apex calculated its K-bar funding to be \$7.23 million.<sup>21</sup> Additionally, Apex's 2024 final K-bar true-up is to be a refund of \$0.11 million, accounting for the 2024 actual cost of debt and the 2024 final I factor. As well, Apex has included its 2025 interim K-bar true-up, accounting for the updated inflation cost-of-debt placeholders, to be a collection of \$0.19 million, and the K-bar carrying costs to be a refund of \$7,340.<sup>22</sup>

23. The Commission has reviewed Apex's schedules showing the calculation of the 2026 K-bar funding and finds that Apex followed the approved methodology set out in Decision 27388-D01-2023. Thus, the Commission approves Apex's 2026 K-bar of \$7.23 million. The Commission also approves Apex's 2025 interim K-bar true-up collection of \$0.19 million, the 2024 final K-bar true-up credit of \$0.11 million and the K-bar carrying cost refund of \$0.01 million. The 2025 and 2026 K-bar values will be subject to a further true-up for the final I factor and the actual cost of debt in subsequent proceedings.

### **Earnings sharing mechanism**

24. The ESM provisions do not apply in the current decision as Apex's achieved ROE in 2024, after permitted adjustments, does not exceed the threshold of 200 basis points above the 2024 approved ROE of 9.28 per cent.

25. In its argument, the UCA recognized that in Decision 27388-D01-2023, "the Commission stated that adjustments to the actual ROE for ESM calculation purposes must be minimized to avoid creating undesirable incentives for all parties in terms of reporting or scrutinizing costs."<sup>23</sup> But the UCA was of the view that utilities have opportunities for gaming their achieved ROEs, and that some extraordinary adjustments may be necessary to counteract this. As a result, the UCA recommended that the distribution utilities under PBR should be required to report on extraordinary expenditures in future annual filings.<sup>24</sup>

26. Apex declined to answer the UCA's IR on if it had any extraordinary expenses, but did note that it complied with the Commission's direction, and that the requested additional information is not relevant to the calculation of the ESM and is beyond the scope of this filing.<sup>25</sup> Also, in its reply argument, Apex explained that it does not have any meaningful discretion in preparing Rule 005 filings that could impact the amount of actual earnings that may be shared with customers through the ESM. In Decision 27388-D01-2023, the Commission acknowledged

<sup>19</sup> Decision 27388-D01-2023, PDF page 131, Appendix 7 - K-bar calculation.

<sup>20</sup> Decision 30411-D01-2025: 2026 Return on Equity, Proceeding 30411, November 12, 2025.

<sup>21</sup> Exhibit 30302-X0024, Appendix 1, Schedule 0.1 "Summary of Impact."

<sup>22</sup> Exhibit 30302-X0024, Appendix 1, Schedule 6.0 "K Summary."

<sup>23</sup> Decision 27388-D01-2023, PDF page 96, paragraph 371.

<sup>24</sup> Exhibit 30302-X0027, UCA argument, PDF page 5, paragraphs 12-14.

<sup>25</sup> Exhibit 30302-X0022, APEX-UCA-2025OCT10-003.

concerns about the potential increased burden associated with the scrutiny of achieved ROE adjustment and established certain pre-determined objective adjustments to achieved ROEs reported in Rule 005 for ESM calculations. Apex additionally noted that the UCA had the opportunity to seek corrections or revisions, through a review and variance, or an appeal of Decision 27388-D01-2023 and that those opportunities have now all expired.<sup>26</sup> Apex provided its ESM calculation with the pre-determined adjustments in Schedule 7.0 of Appendix 1 in its application.

27. In Decision 27388-D01-2023, the Commission established pre-determined and objective adjustments to the achieved ROEs reported in Rule 005 for the purposes of the ESM calculations. In addition, the Commission continued in the PBR3 term the requirement for the distribution utilities to file schedule showing disallowed costs, excluded from a distribution utility's ROE.<sup>27</sup> For these reasons, the Commission finds that no additional reporting is required annually as suggested by the UCA.

#### **4.2 Forecast billing determinants and prior year variance analysis**

28. Forecast billing determinants are generally used to allocate K, K-bar, Y and Z factors to rate classes and to calculate the resulting rate adjustments. Additionally, the customer growth billing determinant is used for calculating K-bar for all distribution utilities and is also used in performing the annual use-per-customer adjustments for gas distribution utilities under the revenue-per-customer cap plan.<sup>28</sup>

29. In the application, Apex provided detailed 2026 billing determinant forecasts.<sup>29</sup> Apex submitted that its forecast 2026 billing determinants reflect the use of forecasting methods used and approved in previous annual PBR rate adjustment filings and its 2023 cost-of-service compliance and rate adjustment filing.<sup>30</sup> For this application, Apex stated it updated its 2025 forecast to incorporate actual data up to July 2025.<sup>31</sup>

30. For K-bar purposes, the Commission approved the use of the customer growth factor to account for the incremental revenue associated with system growth. The customer growth factor is calculated as the year-over-year percentage change in the average customer count reduced by 15 per cent. Based on its forecast number of customers, Apex applied for a customer growth factor of 0.65 per cent.<sup>32</sup>

31. In past decisions, the Commission directed Apex to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than  $\pm$  five per cent on an annual basis. There were no rate classes with variances larger than  $\pm$  five per cent in 2024.<sup>33</sup> Apex is directed to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than  $\pm$  five per cent on an annual basis.

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<sup>26</sup> Exhibit 30302-X0028, Apex reply argument, PDF page 6, paragraph 12.

<sup>27</sup> Decision 27388-D01-2023, Appendix 5, Section 6, Financial reporting requirements, PDF page 125.

<sup>28</sup> Decision 27388-D01-2023, PDF page 50, paragraph 170.

<sup>29</sup> Exhibit 30302-X0024, Appendix 1, Schedule 2.3 "Billing Determinants."

<sup>30</sup> Exhibit 30302-X0001, application, PDF page 26, paragraph 97.

<sup>31</sup> Exhibit 30302-X0001, application, PDF page 26, paragraph 98.

<sup>32</sup> Exhibit 30302-X0001, application, PDF page 23, paragraph 86.

<sup>33</sup> Exhibit 30302-X0001, application, PDF page 27, Table 4.1-1.

32. Based on its review and assessment, the Commission finds Apex's 2026 forecast billing determinants, including the customer growth factor of 0.65 per cent, to be reasonable and approves them.

## 5 Resulting 2026 PBR rates

33. In previous sections of this decision, the Commission approved individual components of the PBR framework, including the I-X index, Y factor and K-bar factor, all of which result in annual adjustments to Apex's PBR rates. The Commission also approved Apex's forecast billing determinants and the associated customer growth factor for K-bar purposes.

34. Apex provided bill impact schedules reflecting the proposed 2026 PBR rates, as shown in the table below. The bill impacts reflect the changes in all rate components and show the impacts of both excluding and including transportation and commodity charges.<sup>34</sup>

**Table 2. Annual bill impacts of Apex's proposed 2026 distribution rates**

Rate class description	Forecast bill change excluding commodity (\$)	Forecast bill change excluding commodity (%)	Forecast bill change including transportation and commodity (%) <sup>35</sup>
Residential Rate 1/11	37	3.7	2.9
Commercial Rate 1/11	105	3.7	2.2
Rural Rate 1/11	46	3.7	2.6
Small General Service Rate 1/11	44	3.7	2.7
Large General Service Rate 2/12	(87)	(0.30)	(0.20)
Demand Rate 3/13	1,831	3.0	1.0
Irrigation Rate 4/14	132	7.6	4.5

Source: Exhibit 30302-X0024, Appendix 1, Schedule 3.1 "2026 vs 2025 Bill Impact", lines 35-36 and line 47.

35. The Commission has reviewed the schedules setting out the 2026 PBR rate calculations and observes that Apex has calculated its 2026 rates consistent with the parameters of the PBR3 plan and methodologies previously accepted by the Commission. The Commission therefore accepts the general principles and methodologies utilized by Apex for calculating its 2026 PBR rates.

36. The Commission has also reviewed the typical bill impacts on an annualized basis from 2025 to 2026 and assessed the likelihood of rate shock resulting from the proposed 2026 PBR rates. In the past, the Commission has generally considered a 10 per cent change from the last approved rate to be the threshold potentially indicative of rate shock. As set out in Table 2 above, the annualized changes to total bundled customer bills from 2025 to 2026 provided by Apex are not expected to exceed 10 per cent in any rate class. The Commission notes that Table 2 does not capture the exact impact of the Apex's newly adjusted annual third-party transportation rate rider

<sup>34</sup> Apex, in its bill impact forecasts, kept transportation and commodity costs constant. Therefore, the dollar value of the bill change is the same, whether incorporating transportation and commodity are included or not.

<sup>35</sup> Commodity revenue is based on the assumption all customers are default supply. The revenues are determined using a weighted average commodity rate calculated using the most current 12 months actual approved gas cost recovery rider and third-party transportation rider rates.

approved in Decision 30339-D01-2025;<sup>36</sup> however the impacts do not materially differ from the numbers above.

37. Considering all of the above, the Commission approves Apex's rates on an interim basis effective January 1, 2026. These 2026 rates will remain interim until the approved levels of all remaining placeholders (such as the I factor, Y factor and K-bar amounts) have been determined for 2026 by the Commission in one or more subsequent proceedings. Apex's 2026 rates will be finalized following such future Commission approvals, and any required true-up adjustments will be made in accordance with directions subsequently provided by the Commission.

## 6 Efficiency metrics

38. In Decision 27388-D01-2023,<sup>37</sup> the Commission directed distribution utilities to track and report efficiency metrics under the PBR3 plan. The required metrics include:

- (i) Controllable O&M (operation and maintenance) per customer.
- (ii) Controllable O&M per kilometre (km) of line (pipe).
- (iii) Total cost per customer, broken out by total O&M per customer and total capital additions per customer separately.
- (iv) Total cost per km of line (pipe), broken out by total O&M per km of line (pipe) and total capital additions per km of line (pipe) separately reported.

39. For these metrics, controllable O&M is defined as expenditures reported under Rule 005, adjusted to exclude items outside the utility's direct control. Apex has provided the following efficiency metrics for 2024:

**Table 3. 2024 Efficiency metrics<sup>38</sup>**

Metrics	2024 (\$)
Controllable O&M per customer	535
Controllable O&M per km of pipe	2,130
Total cost per customer	1,128
Total O&M per customer	538
Total capital additions per customer	590
Total cost per km of pipe	4,494
Total O&M per km of pipe	2,143
Total capital additions per km of pipe	2,351

40. In its argument the UCA stated that efficiency metrics are only meaningful when trended over time and compared to a base level of efficiency. The UCA requested that the Commission direct Apex, in all future annual filings, to include a trending of efficiency metrics, including

<sup>36</sup> Decision 30339-D01-2025: Apex Utilities Inc., 2026 Annual Third-Party Transportation Rider G, Proceeding 30339, November 25, 2025.

<sup>37</sup> Decision 27388-D01-2023, PDF page 105, paragraph 412.

<sup>38</sup> Exhibit 30302-X0012, Appendix 10.

metrics related to the 2023 actual and approved costs.<sup>39</sup> In its reply argument, Apex stated that its calculated efficiency metric were presented in accordance with Decision 27388-D01-2023.<sup>40</sup>

41. In Decision 27388-D01-2023, the Commission directed the utilities “to calculate and present the above metrics annually, at the time of the annual PBR rate adjustment filing.”<sup>41</sup> That decision sets out the parameters of the PBR3 plans in place from 2024 to 2028 and does not apply to 2023. Therefore, the Commission agrees with Apex’s view that the direction is not applicable to 2023 and in providing the 2024 metrics, Apex had complied with the Commission’s direction. Nevertheless, the Commission finds the UCA’s recommendation to compare changes in efficiency metrics over time to be helpful and directs Apex, in subsequent annual filings to comment on any material changes in efficiency metrics from prior year values, starting with 2024 results.

## **7 Other matters**

### **7.1 Terms and conditions**

42. On June 26, 2025, Apex filed its 2025 Phase 2 general rate application (GRA), including proposed changes to its T&Cs. The Commission issued Decision 30136-D01-2025<sup>42</sup> on November 4, 2025, related to the GRA, and Apex was directed to file a compliance filing to that decision by February 13, 2026, where the final T&Cs will be approved. Until the release of the compliance filing decision related to Decision 30136-D01-2025, the T&Cs approved in Decision 29301-D01-2024 remain in effect.

### **7.2 Special charges**

43. For the 2026 special charges schedule, the fees and standard contributions were escalated by I-X, consistent with the approach approved by the Commission for the PBR1 and PBR2 plans. For the PBR3 term, Apex continued with that approach to escalate the fees and standard contributions by applying I-X annually as part of its annual PBR rate adjustment filings.

44. Specifically, for 2026, Apex updated the fees and contribution amounts by applying the 2026 compounded I-X of 7.48 per cent to the 2023 fees and contribution amounts. Using the 2026 compounded I-X incorporated both the 2026 I factor placeholder, the updated 2025 I factor placeholder, and the final 2024 I factor and an X factor of 0.40 per cent for each year. The Commission has reviewed the special charges and fees and approves as filed.

### **7.3 Financial reporting requirements and senior officer attestation**

45. In Decision 27388-D01-2023, the Commission adopted the requirement from the past PBR plans that each distribution utility provide the following financial information in its annual PBR rate adjustment filing:

- (a) A copy of its Rule 005 filing.

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<sup>39</sup> Exhibit 30302-X0027, UCA argument, PDF page 3, paragraph 6.

<sup>40</sup> Exhibit 30302-X0028, Apex reply argument, PDF page 3, paragraphs 3-4.

<sup>41</sup> Decision 27388-D01-2023, PDF page 106, paragraph 416.

<sup>42</sup> Decision 30136-D01-2025: Apex Utilities Inc., 2025 Phase 2 General Rate Application, Proceeding 30136, November 4, 2025.

- (b) A schedule showing disallowed costs, excluded from a distribution utility's ROE.
- (c) Attestations and certifications signed by a senior officer of the distribution utility.<sup>43</sup>

46. The Commission provided a detailed summary or description of each of the above requirements in Section 4.6 of Decision 23355-D02-2018.<sup>44</sup>

47. The Commission has reviewed the financial information provided by Apex<sup>45</sup> and is satisfied that Apex has complied with the financial reporting requirements set out in Decision 27388-D01-2023.

## 8 Order

48. It is hereby ordered that:

- (1) Apex Utilities Inc.'s 2026 distribution rates including the rate riders set out in [Appendix 3](#) and [Appendix 5](#) are approved on an interim basis, effective January 1, 2026.
- (2) Apex Utilities Inc.'s Special Charges Schedule for 2026 as set out in [Appendix 4](#) to this decision is approved on a final basis effective, January 1, 2026.

Dated on December 11, 2025.

### Alberta Utilities Commission

*(original signed by)*

Olexandr Vasetsky  
Director, Electric and Gas Distribution Rates  
On behalf of the Alberta Utilities Commission

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<sup>43</sup> Decision 27388-D01-2023, PDF page 125, Appendix 5, Section 6, Financial reporting requirements.

<sup>44</sup> Decision 23355-D02-2018: Rebasing for the 2018-2022 PBR Plans for Alberta Electric and Gas Distribution Utilities Second Compliance Proceeding, Proceeding 23355, October 10, 2018, paragraphs 71-74.

<sup>45</sup> Exhibit 30302-X0009, Appendix 7; Exhibit 30302-X0010, Appendix 8; Exhibit 30302-X0011, Appendix 9.

**Appendix 1 – Proceeding participants**

<b>Name of organization (abbreviation)</b> <b>Company name of counsel or representative</b>
Apex Utilities Inc. (Apex or AUI)
Office of the Utilities Consumer Advocate (UCA) Russ Bell & Associates Inc. Brownlee LLP

Alberta Utilities Commission
Delegated authority O. Vasetsky, Director, Electric and Gas Distribution Rates
Commission staff B. Edwards

**Appendix 2 – Summary of Commission directions**

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. In past decisions, the Commission directed Apex to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than  $\pm$  five per cent on an annual basis. There were no rate classes with variances larger than  $\pm$  five per cent in 2024. Apex is directed to continue to provide information on any variances from forecast to actual billing determinants by rate class and identify the cause of variances larger than  $\pm$  five per cent on an annual basis. .... paragraph 31
2. In Decision 27388-D01-2023, the Commission directed the utilities “to calculate and present the above metrics annually, at the time of the annual PBR rate adjustment filing.” That decision sets out the parameters of the PBR3 plans in place from 2024 to 2028 and does not apply to 2023. Therefore, the Commission agrees with Apex’s view that the direction is not applicable to 2023 and in providing the 2024 metrics, Apex had complied with the Commission’s direction. Nevertheless, the Commission finds the UCA’s recommendation to compare changes in efficiency metrics over time to be helpful and directs Apex, in subsequent annual filings to comment on any material changes in efficiency metrics from prior year values, starting with 2024 results. .... paragraph 41

## Appendix 3 – Interim rate schedules

[\(return to text\)](#)



Appendix 3 - Interim  
rate schedules

(consists of 12 pages)

## Appendix 4 – Special charges schedule

[\(return to text\)](#)



Appendix 4 - Special  
charges schedule

(consists of 3 pages)

## Appendix 5 – Apex rate riders

[\(return to text\)](#)



Appendix 5 - Apex  
rate riders

(consists of 1 page)

<b>RATE 1</b>	<b>SMALL GENERAL SERVICE</b>
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**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking, emergency, or irrigation services.

**Distribution Charges:**

Fixed Delivery	\$ 1.877 / Day
Variable Delivery	\$ 3.095 / GJ

**Third Party Transportation**

Rate Rider G

**Default Supply Provider Charges:**

Administration Fee	\$ 0.118 / Day
Gas Cost	Rate Rider D

The minimum daily charge will be the Fixed Delivery Charge and the Administration Fee.

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Apex Utilities Inc.

<b>RATE 2</b>	<b>LARGE GENERAL SERVICE (OPTIONAL)</b>
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**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking, or emergency services.

**Distribution Charges:**

Fixed Delivery	\$ 25.352 / Day
Variable Delivery	\$ 2.002 / GJ

**Third Party Transportation**

Rate Rider G

**Default Supply Provider Charges:**

Administration Fee	\$ 0.118 / Day
Gas Cost	Rate Rider D

The minimum daily charge will be the Fixed Delivery Charge and the Administration Fee.

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Apex Utilities Inc.

<b>RATE 3</b>	<b>DEMAND GENERAL SERVICE (OPTIONAL)</b>
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**Description:**

Available to all customers except those customers who do not purchase their total natural gas requirements from the Company or who utilize the Company's facilities only for standby, peaking, or emergency services.

**Distribution Charges:**

Fixed Delivery	\$ 24.521 / Day
Variable Delivery	\$ 0.054 / GJ
Demand	\$ 0.446 / Day / GJ of Billing Demand

**Third Party Transportation**

Rate Rider G

**Default Supply Provider Charges:**

Administration Fee	\$ 0.118 / Day
Gas Cost	Rate Rider D

The minimum daily charge will be the Fixed Delivery Charge, Demand Charge, and the Administration Fee.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

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Apex Utilities Inc.

<b>RATE 4</b>	<b>IRRIGATION PUMPING SERVICE (OPTIONAL)</b>
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**Description:**

Available only to customers for the use of natural gas as a fuel for engines pumping irrigation water from **April 1 to October 31**, inclusive.

	April 1 to October 31
<b>Distribution Charges:</b>	
Fixed Delivery	\$ 6.083 / Day
Variable Delivery	\$ 1.970 / GJ
 <b>Third Party Transportation</b>	 Rate Rider G
 <b>Default Supply Provider Charges:</b>	
Administration Fee	\$ 0.118 / Day
Gas Cost	Rate Rider D

The minimum daily charge will be the Fixed Delivery Charge and the Administration Fee.

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<b>RATE 6</b>	<b>STANDBY, PEAKING, AND EMERGENCY SERVICE</b>
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**Description:**

Available only at the option of the Company.

**Distribution Charges:**

Fixed Delivery	\$ 24.521 / Day
Demand	\$ 0.446 / Day / GJ of Billing Demand

**Third Party Transportation** Rate Rider G

**Default Supply Provider Charges:**

Administration Fee	\$ 0.118 / Day
Gas Cost	1.3 times the Variable Delivery Charge of Rate 3 plus the greater of: a) 1.3 times the GCRR; or b) 1.3 times the actual cost of gas purchased

The minimum daily charge will be the Fixed Delivery Charge and the Demand Charge.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

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Apex Utilities Inc.

<b>RATE 10a</b>	<b>PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'</b>
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**Description:**

Transportation service is available to the Rate 10a customer subject to the terms and conditions specified in the contract.

**Charges:**

	<u>1 Year</u>	<u>Term 2 Years</u>	<u>3 Years</u>
Fixed Delivery / Month .....	\$ 250.00	\$ 250.00	\$ 250.00
Demand Charge / GJ of Billing Demand / Month.....	\$ 1.418	\$ 1.333	\$ 1.248
Variable Delivery Charge / GJ .....	\$ 0.019	\$ 0.019	\$ 0.019

- a) The minimum monthly charge will be the fixed plus demand charge.
- b) The Company and customer shall determine receipt and delivery locations for transportation service by consultation and agreement.
- c) Service under Rate 10a is subject to available system capacity.
- d) The Company reserves the right to restrict the amount of gas received and delivered up to the Contract Demand.
- e) Billing demand will be the higher of contracted demand or the greatest amount of gas (GJ) transported in any consecutive 24-hour period, during the current or the previous 11 months.
- f) The rates do not include costs payable by the Customer for specific facilities at the point(s) of receipt or delivery provided by the Company for the Customer.

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Apex Utilities Inc.

<b>RATE 10c</b>	<b>PRODUCER TRANSPORTATION SERVICE 'CLOSED RATE'</b>
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**Description:**

Transportation service is available to the Rate 10c customer subject to the terms and conditions specified in the contract.

**Charges:**

Demand Charge	\$ 0.020 / Day / GJ of Billing Demand
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Apex Utilities Inc.

<b>RATE 11</b>	<b>SMALL GENERAL SERVICE FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Distribution Charges:**

Fixed Delivery	\$ 1.877 / Day
Variable Delivery	\$ 3.095 / GJ

**Third Party Transportation** Rate Rider G

The minimum daily charge will be the Fixed Delivery Charge.  
 This service is not available for standby, peaking, or emergency services.

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Apex Utilities Inc.

<b>RATE 12</b>	<b>LARGE GENERAL SERVICE (OPTIONAL) FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Distribution Charges:**

Fixed Delivery	\$ 25.352 / Day
Variable Delivery	\$ 2.002 / GJ

**Third Party Transportation**

Rate Rider G

The minimum daily charge will be the Fixed Delivery Charge.  
 This service is not available for standby, peaking, or emergency services.

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Apex Utilities Inc.

<b>RATE 13</b>	<b>DEMAND GENERAL SERVICE (OPTIONAL) FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply.

**Distribution Charges:**

Fixed Delivery	\$ 24.521 / Day
Variable Delivery	\$ 0.054 / GJ
Demand	\$ 0.446 / Day / GJ of Billing Demand

**Third Party Transportation**

Rate Rider G

The minimum daily charge will be the Fixed Delivery Charge and the Demand Charge. This service is not available for standby, peaking, or emergency services.

**Determination of Billing Demand:**

The Billing Demand shall be the greater of:

1. 100 GJ, or
2. The Contract Demand, or
3. The greatest amount of gas (GJ) delivered in any consecutive 24-hour period during the current and preceding eleven billing periods provided that the greatest amount of gas delivered in any 24 consecutive hours in the summer period (April 1 to October 31, inclusive) shall be divided by 2.

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Apex Utilities Inc.

<b>RATE 14</b>	<b>IRRIGATION PUMPING SERVICE (OPTIONAL) FOR RETAILER</b>
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**Description:**

Distribution service is available to retailers under contract for the delivery of retail supply. Available to retailers only for the use of natural gas as a fuel for engines pumping irrigation water from April 1 to October 31, inclusive.

	April 1 to October 31
<b>Distribution Charges:</b>	
Fixed Delivery	\$ 6.083 / Day
Variable Delivery	\$ 1.970 / GJ
 <b>Third Party Transportation</b>	 Rate Rider G

The minimum daily charge will be the Fixed Delivery Charge.  
 This service is not available for standby, peaking, or emergency services.

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<b>RATE 30 SPECIAL CONTRACT</b>	<b>TRANSPORTATION SERVICE 'CLOSED RATE'</b>
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**Description:**

Transportation service is available to the Rate 30 customer for the term and conditions specified in the contract.

**Charges:**

Fixed Delivery	\$ 250.00 / Month
Variable Delivery	\$ 0.230 / GJ

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Apex Utilities Inc.

## Apex Utilities Inc. Special Charges Schedule

In a number of places, the Natural Gas Utility Service Rules refer to special charges for some services. The following is a list of the charges, as approved by the Alberta Utilities Commission.

Special Charge	Fee
Remove and test meter - per meter:	
Residential .....	\$ 284
Other .....	Actual Cost
Special meter readings (each time).....	\$ 112
No Access Fee (each time) .....	\$ 112
Reconnection Fee:	
Residential .....	\$ 112
Other (except Irrigation) .....	Actual Cost
Irrigation Disconnection/Reconnection Fee:	
Each time (except normal season start and end) .....	\$ 112
Reinstallation of Meter/Regulator:	
Residential .....	\$ 144
Other .....	Actual Cost
Unauthorized Use Charge .....	Actual Cost
Dishonoured Payment Charge (NSF cheque, etc.) - each time.....	\$ 23
Any other service at Customer's Request .....	Actual Cost
Late Payment Charge	
Percentage applied to any unpaid balance from previous bills .....	1.5%
(18% per annum, compounded monthly)	
Standard Non-Refundable Contribution (as defined on p.3):	
Town .....	\$ 0
Rural Subdivision.....	\$ 609
Rural Other .....	\$ 6,588

Note: "Actual Cost", where referenced, means our direct costs for labour, materials, services, and equipment plus applicable overheads and taxes.

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## Apex Utilities Inc. Special Charges Schedule (continued)

### Non-Refundable Contributions

Applications for service will require a non-refundable contribution. In most cases, a standard contribution is all that is required. Services uneconomic with a standard contribution will require an additional non-refundable contribution.

### Standard Non-Refundable Contributions

Standard contributions are filed for acknowledgment with the Commission when they are initially established and, thereafter, whenever they are changed. For a current list of our standard non-refundable contributions, please refer to Page 1 of this Special Charges Schedule or contact us toll-free using our General Inquiry phone number to find current rates.

### Non-Standard Non-Refundable Contributions

Winter Construction – Should the service be requested for installation under winter construction conditions, the customer is responsible for the incremental frost charges.

Other – If it is not economic to consider an application for service under a standard contribution, it will be evaluated individually to determine a specific, non-refundable contribution.

### Calculation of Specific Non-Refundable Contributions

The calculation of a specific non-refundable contribution will be based on a net present value analysis applying the following criteria:

- a) An estimate of the total capital costs of providing service;
- b) An estimate of the total annual operating costs of providing service;
- c) The *Commission*-approved return on common equity, interest rate, depreciation rates, income taxes, and capital structure;
- d) An estimate of the expected net revenue that will accrue from the addition of the service.

The additional contribution will be the amount required to make the net present value of the revenue stream equal the revenue requirement stream.

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**Apex Utilities Inc.**  
**Special Charges Schedule (continued)**

**Additional Criteria:**

- Rate 1/11 – Town – A *service site* located within an incorporated municipality, such as a village, town, or city;
- Rate 1/11 – Rural Subdivision – A *service site* not defined as ‘Town’, but located in an Apex Utilities Inc. designated subdivision;
- Rate 1/11 – Rural Other – A *service site* not defined as ‘Town’ or ‘Rural Subdivision’;
- Other – A *service site* served under any rate other than Rate 1/11.

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**Apex Rate Riders**

<b>Rider</b>	<b>Description</b>
Rider A - Franchise Fees	Franchise fees are paid to municipalities in consideration of the exclusive grant of a franchise and for the ability to put gas distribution facilities on land owned by the municipalities.
Rider B - Property Taxes and Municipal Fees	Property taxes and fees are levied by municipalities against Apex's land and buildings, linear property, machinery, and equipment or charged for services such as inspection and permitting related to construction work within the franchise area.
Rider C - Deemed Cost of Gas	Rider C is a deemed calculation used where municipalities calculate the franchise fee on both natural gas charges and delivery charges for customers being served by a competitive retailer. Rider C is necessary to ensure the franchise fee is charged in a fair way, whether a customer purchases gas through a competitive or default gas supply.
Rider D - Gas Cost Recovery	The gas cost recovery rate is the cost per gigajoule, approved by the AUC on a monthly basis, for the cost of natural gas provided to default supply customers, plus procurement costs, management fees, bad debt, penalty revenue, and/or carrying costs of cash working capital related to providing natural gas to its customers.
Rider E – Unaccounted-for Gas (Receipts)	Rate Rider E is used in calculating Rider D and Rider G. It is designed to allow Apex to recover its annual line losses and is approved on an annual basis by the AUC.
Rider F – Deficiency or Refund	Rider F is used to recover a deficiency or refund resulting from AUC Decisions.
Rider G - Third Party Transportation	Rider G is the cost per gigajoule, approved by the AUC, for third party transportation costs incurred by Apex for transporting gas to customers on a third party's pipeline (e.g., TC Energy, ATCO Pipelines, municipal systems).
Rider H – Unaccounted-for Gas (Deliveries)	Rider H is used to facilitate gas settlement and balancing calculations consistent with Rule 028. This rider is necessary to ensure retailers' bear their share of UFG related to deliveries, consistent with Rule 028.
Rider L – Load Balancing Deferral Account	Rider L is used to capture the financial impact of the effect of retailers' account balances for deliveries and receipts on Apex's distribution system and to account for system balancing of transmission capacity on the TC Energy system. Rider L was developed to ensure compliance with Rule 028.