



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION ON ISSUES LIST

EB-2018-0235

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Application for 2016 to 2018 distribution rates, disposition of certain deferral and variance accounts, approval of a fixed monthly charge for Rate 6 and change in rate year effective January 1, 2020

BEFORE: Allison Duff
Presiding Member

Michael Janigan
Member

Susan Frank
Member

November 2, 2018

1. INTRODUCTION AND SUMMARY

EPCOR Natural Gas Limited Partnership (EPCOR Natural Gas) filed an application with the Ontario Energy Board (OEB) on July 30, 2018 seeking approval to implement the following changes:

1. Adjust rates for the period October 1, 2016 to December 31, 2019 under the OEB's 4th Generation Incentive Rate Mechanism (IRM) approach
2. Establish a fixed monthly charge for Rate 6 which includes a single large industrial customer
3. Change the start of the rate year from October 1 to January 1 starting January 1, 2020
4. Dispose the balances in the Purchased Gas Transportation Variance Account, the Regulatory Expense Deferral Account and the IFRS Conversion Cost Deferral Account as of September 30, 2017

A Notice of Hearing was issued on August 23, 2018 and was served and posted as per the direction of the OEB. IGPC Ethanol Inc. and Integrated Grain Processors Co-operative (collectively, IGPC), Union Gas Limited and the Vulnerable Energy Consumers Coalition applied for and were granted intervenor status. Procedural Order No. 1 was issued on September 19, 2018 which provided for filing of interrogatories, interrogatory responses, a settlement conference and presentation of a settlement proposal.

In Procedural Order No. 2, the OEB rescheduled some of the procedural dates to accommodate an earlier settlement conference. The procedural order also required OEB staff to file a proposed issues list that was mutually agreed to between the parties, by October 29, 2018 or inform the OEB that parties were unable to reach an agreement. On October 29, 2018, a proposed issues list was filed.

2. DECISION ON THE ISSUES

The OEB has reviewed the proposed issues list and approves it for the purpose of this proceeding.

It is necessary to make provision for the following matters related to this proceeding. The OEB may issue further procedural orders from time to time.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. The proposed issues list is approved. The approved issues list is attached as Schedule A to this Decision.

DATED at Toronto, November 2, 2018

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

SCHEDULE A
APPROVED ISSUES LIST
EPCOR NATURAL GAS LP
2016 TO 2018 DISTRIBUTION RATES AND OTHER MATTERS
EB-2018-0235
NOVEMBER 2, 2018

ISSUES LIST
EPCOR Natural Gas Limited Partnership
2016-2018 RATES APPLICATION AND OTHER MATTERS
EB-2018-0235

1. Is deferment of a cost of service and cost allocation review of rates until 2020 in the public interest and if so, when should the utility be required to file a cost of service application?
2. The Ontario Energy Board (OEB) in its Phase 2 Decision in EB-2010-0018 dated May 17, 2012, noted that it expects the system integrity study to examine the technical and engineering aspects of NRG's system and arrive at firm conclusions with respect to the amount of system integrity gas that NRG may require under different scenarios, including, but not limited to a single design day. Is ENGLP's proposal to defer this requirement appropriate and if so, when should the Utility be required to address this issue?
3. Is the proposed rate adjustment for 2016 (October 1, 2016 to September 30, 2017) appropriate?
4. Is the proposed effective date of October 1, 2016 appropriate?
5. Is the proposed rate adjustment for 2017 (October 1, 2017 to September 30, 2018) appropriate?
6. Is the proposed rate adjustment for 2018 (October 1, 2018 to September 30, 2019) appropriate?
7. Is EPCOR's proposal to adjust rates under an IRM approach for 2016, 2017 and 2018 appropriate considering that the utility's cost structure and capital program were last reviewed for 2011 rates?

8. Are the inflation rates, productivity factor and stretch factor used in the price cap adjustment for 2016, 2017 and 2018 appropriate?
9. Are the volumes used to calculate 2016, 2017 and 2018 rate adjustments appropriate?
10. Should rates be made final for each of the rate years 2016, 2017 and 2018?
11. Is EPCOR's proposal to establish the Unrecovered Shared Tax Changes Deferral Account to recover prior period adjustments appropriate?
12. Is EPCOR's proposal to establish the Unrecovered IRM Adjustment Deferral Account to recover prior period adjustments appropriate?
13. Are the amounts recorded in the 2016-2017 Shared Tax Changes Deferral Account and the 2016-2017 IRM Adjustment Deferral Account, and EPCOR's proposal to dispose of the balances appropriate?
14. Is an adjustment to reflect the depreciated value of the IGPC pipeline in rate base since the last rebasing application of Natural Resource Gas Limited, EB-2010-0018 (now EPCOR Natural Gas Limited Partnership) required? If yes, what should be the effective date and the amount of adjustment in rates to reflect the depreciated value of the IGPC pipeline in rate base since the last rebasing?
15. Is EPCOR's proposal to implement a fixed monthly charge for Rate 6 to recover the cost of distribution service effective October 1, 2018 appropriate?
16. Is the calculation of the fixed monthly charge for Rate 6 appropriate and does it recover all the appropriate costs to serve that rate class?
17. Is the balance in the Purchased Gas Transportation Variance Account (PGTVA) as of September 30, 2017 for rate classes 1 to 5 and rate class 6 appropriate?
18. Is the proposal for disposition of the PGTVA and calculation of the rate riders appropriate?
19. Are the balances in the Regulatory Expense Deferral Account (REDA) and the IFRS Conversion Cost Deferral Account (IFRSDA) as of September 30, 2017 appropriate?

20. Is the proposal for disposition of the REDA and IFRSDA including calculation of the rate riders appropriate?
21. Is the proposal to change the fiscal year from October 1 to January 1 effective January 1, 2020 appropriate?
22. Is the proposal to recover revenues for the period October 1, 2019 to December 31, 2019 appropriate?