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May 31, 2019

Sent By Electronic Mail, RESS Electronic Filing and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EPCOR Natural Gas Limited Partnership ("EPCOR") EB-2018-0331 – Application for the disposition of Cap and Trade-related Deferral and Variance Accounts – Interrogatory Responses

Pursuant to the Ontario Energy Board's ("OEB") Procedural Order No. 4 dated April 24, 2019 (Order) in the above noted proceeding, EPCOR hereby submits its responses to OEB staff interrogatories. These responses will be delivered via e-mail, filed on the OEB's RESS and copies will be sent by courier to the OEB.

In accordance with the Order, responses to strictly confidential interrogatories will be clearly identified as strictly confidential and filed only with the OEB.

EPCOR notes that it has proposed updates to the application in some of the interrogatory responses. In particular, the response to OEB Staff IR-3 (public) identifies a reduction to administrative expenses related to external legal counsel and the response to OEB Staff IR-1 (public) includes tables which summarize changes to the evidence.

Please do not hesitate to contact me if you have any questions.

Sincerely,

[Original signed by]

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OEB-STAFF-1

Reference: Cap and Trade Charges p. 5

Preamble: In Table 1, EPCOR Natural Gas Limited Partnership (EPCOR) indicates that its net balance in the cap and trade deferral and variance accounts includes interest of \$2,623 calculated as of April 30, 2019.

Also, Table 1 includes the Greenhouse Gas Emissions Impact Deferral Account (GGEIDA) balances pertaining to 2016.

The OEB, in its Decision and Order¹ on page 38, directed EPCOR² to establish a GGEIDA to track its administrative costs, effective January 1, 2017.

Request:

- (a) Please provide interest calculated as at September 30, 2019.
- (b) Given the OEB's Decision and Order, please remove the 2016 actual costs in the GGEIDA and update all relevant tables.
- (c) Please complete the following table:

| Account | 2017 | 2018 Jan 1-Jul 3 | 2018 Jul 4-Sep 30 | 2018 Oct - Dec | Total |
|--------------------------|------|---------------------|----------------------|-------------------|-------|
| GGEIDA | | | | | |
| GGECO –Customer-Related | | | | | |
| GGECO – Facility-Related | | | | | |
| Total | | | | | |

¹ EB-2016-0296 / EB-2016-0300 / EB-2016-0330.

² Formerly, Natural Resource Gas Limited.



Response:

- (a) Extending the time period for the interest calculation from April 30, 2019 to September 30, 2019 increases the amount of interest to \$3,283. The removal of the 2016 actual costs in the GGEIDA as requested in part (b) of this IR, reduces the amount of interest from \$3,283 to \$2,081. Furthermore, it should be noted that the calculated interest also reflects an administrative expense reduction related to legal fees as described in the response to OEB-Staff IR-3, Question b) part (iii).
- (b) The first four tables below (Tables 1 to 4 of 8) are from ENGLP's Supplemental Evidence and Application and Managers Summary. These Tables have been updated to reflect the removal of the 2016 actual costs in the GGEIDA and interest calculated to September 30, 2019. The Tables also assume the disposition of the account balances beginning October 1, 2019 and an 8-month recovery period. As already noted above in the response to part (a), the updated tables also reflect an administrative expense reduction related to legal fees as described in the response to OEB-Staff IR-3, Question b) part (iii).

The 2016 costs in the GGEIDA were incurred to plan and prepare for the cap and trade program and ensure that the required processes were in place by the implementation date. EPCOR's position is that the costs were prudently incurred in 2016 in order to effectively administer and manage the cap and trade program, and therefore it is reasonable to include these costs in the GGEIDA. The second four tables (Tables 5 to 8 of 8) are again from ENGLP's Supplemental Evidence and Application and Managers Summary and are the same as Tables 1 to 4, with the only difference being the inclusion of the 2016 actual costs in the GGEIDA.



1. Supplemental Evidence and Application - Table 1, page 5 of 27.

Summary of Cap-and-Trade Deferral and Variance Account Balances

| Account Name | A 2016 | B 2017 | C 2018 | D Total |
|----------------------------|-----------|----------------|------------------|---------------|
| 1 GGEIDA | 0 | 124,886 | 105,380 | 230,266 |
| 2 GGECO – Customer-Related | 0 | 92,616 | (260,416) | (167,800) |
| 3 GGECO – Facility-Related | 0 | 913 | (2,185) | (1,272) |
| 4 Total | 0 | 218,414 | (157,221) | 61,194 |

2. Supplemental Evidence and Application - Table 2, page 7 of 27.

Cap and Trade Deferral and Variance Account Disposition

| | Balance for Disposition | Forecast Volume | Unit Rate for Prospective Recovery/ (Refund) |
|--------|----------------------------|--------------------|-------------------------------------------------|
| R1 Res | | 13,412,897 | |
| R1 Com | | 3,855,056 | |
| R1 Ind | | 1,276,642 | |
| Rate 1 | 39,666 | 18,544,594 | 0.2139 cents/ m ³ |
| Rate 2 | (2,955) | 549,499 | (0.5378) cents/ m ³ |
| Rate 3 | (2,855) | 1,313,612 | (0.2173) cents/ m ³ |
| Rate 4 | (3,980) | 861,632 | (0.4620) cents/ m ³ |
| Rate 5 | (1,469) | 535,936 | (0.2741) cents/ m ³ |
| Rate 6 | 32,787 | na- fixed monthly | 4,098 \$ per month |
| | 61,194 | | |



3. Managers Summary – Table 1, page 10 of 27.

Table 1 - Cap and Trade Deferral and Variance Account Disposition

| | Unit Rate for Prospective Recovery/ (Refund) |
|--------|-------------------------------------------------|
| Rate 1 | 0.2139 cents/ m3 |
| Rate 2 | (0.5378) cents/ m3 |
| Rate 3 | (0.2173) cents/ m3 |
| Rate 4 | (0.4620) cents/ m3 |
| Rate 5 | (0.2741) cents/ m3 |
| Rate 6 | 4,098 \$ per month |

4. Managers Summary – Table 2, Bill Impacts, pages 10 of 27 and 11 of 27.

Customer Impact

| | Monthly Volume <u>m³</u> | Cap & Trade Unit Disposition Rate <u>cents/ m³</u> <u>\$/ month</u> | Monthly Rate Impact <u>\$</u> | Monthly Average Bill ¹ <u>\$</u> | Change <u>%</u> |
|----------------------|-------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------|--------------------|
| Rate 1 - Residential | 150 | 0.2139 | \$0.32 | \$65.99 | 0.5% |
| Rate 1 - Commercial | 780 | 0.2139 | \$1.67 | \$262.16 | 0.6% |
| Rate 1 - Industrial | 1,951 | 0.2139 | \$4.17 | \$611.23 | 0.7% |
| Rate 2 | 2,286 | (0.5378) | -\$12.30 | \$698.03 | -1.8% |
| Rate 3 | 24,760 | (0.2173) | -\$53.81 | \$6,786.77 | -0.8% |
| Rate 4 | 2,113 | (0.4620) | -\$9.76 | \$734.07 | -1.3% |
| Rate 5 | 11,540 | (0.2741) | -\$31.63 | \$3,097.78 | -1.0% |
| Rate 6 | | 4,098.42 | 4,098.42 | \$155,975.35 | 2.6% |

Note 1 - monthly average delivery bill as per EB-2018-0235 Exhibit C - 2018 IRM Application Amended October 24, 2018

Note 2 - includes commodity of 17.9635 cents/ m3 as per EB-2018-0324 Decision and Rate Order dated January 18, 2019 -
 Schedule A, Rate Order Schedule A



Customer Impact (excluding commodity)

| | Monthly Volume m ³ | Cap & Trade Unit Disposition Rate cents/ m ³ | Rate \$/ month | Monthly Rate Impact \$ | Monthly Average Bill ¹ \$ | Change % |
|----------------------|-------------------------------------|---------------------------------------------------------------|-------------------|------------------------------|--------------------------------------------|-------------|
| Rate 1 - Residential | 150 | 0.2139 | | \$0.32 | \$38.98 | 0.8% |
| Rate 1 - Commercial | 780 | 0.2139 | | \$1.67 | \$121.97 | 1.4% |
| Rate 1 - Industrial | 1,951 | 0.2139 | | \$4.17 | \$260.84 | 1.6% |
| Rate 2 | 2,286 | (0.5378) | | -\$12.30 | \$287.31 | -4.3% |
| Rate 3 | 24,760 | (0.2173) | | -\$53.81 | \$2,339.10 | -2.3% |
| Rate 4 | 2,113 | (0.4620) | | -\$9.76 | \$354.44 | -2.8% |
| Rate 5 | 11,540 | (0.2741) | | -\$31.63 | \$1,024.88 | -3.1% |
| Rate 6 | | | 4,098.42 | 4,098.42 | \$155,975.35 | 2.6% |

Note 1 - monthly average delivery bill as per EB-2018-0235 Exhibit C - 2018 IRM Application Amended October 24, 2018

5. Supplemental Evidence and Application - Table 1, page 5 of 27.

Summary of Cap-and-Trade Deferral and Variance Account Balances

| Account Name | A 2016 | B 2017 | C 2018 | D Total |
|----------------------------|-----------|-----------|-----------|------------|
| 1 GGEIDA | 25,182 | 125,188 | 106,258 | 256,627 |
| 2 GGECA – Customer-Related | 0 | 92,616 | (260,416) | (167,800) |
| 3 GGECA – Facility-Related | 0 | 913 | (2,185) | (1,272) |
| 4 Total | 25,182 | 218,716 | (156,343) | 87,555 |



6. Supplemental Evidence and Application - Table 2, page 7 of 27.

Cap and Trade Deferral and Variance Account Disposition

| | Balance for Disposition | Forecast Volume | Unit Rate for Prospective Recovery/ (Refund) |
|--------|------------------------------------|----------------------------|---------------------------------------------------------|
| R1 Res | | 13,412,897 | |
| R1 Com | | 3,855,056 | |
| R1 Ind | | 1,276,642 | |
| Rate 1 | 59,492 | 18,544,594 | 0.3208 cents/ m ³ |
| Rate 2 | (2,010) | 549,499 | (0.3658) cents/ m ³ |
| Rate 3 | (2,101) | 1,313,612 | (0.1599) cents/ m ³ |
| Rate 4 | (3,586) | 861,632 | (0.4162) cents/ m ³ |
| Rate 5 | (865) | 535,936 | (0.1615) cents/ m ³ |
| Rate 6 | 36,626 | na- fixed monthly | 4,578 \$ per month |
| | 87,555 | | |

7. Managers Summary – Table 1, page 10 of 27.

Managers Summary

Table 1 - Cap and Trade Deferral and Variance Account Disposition

| | Unit Rate for Prospective Recovery/ (Refund) |
|--------|---------------------------------------------------------|
| Rate 1 | 0.3208 cents/ m ³ |
| Rate 2 | (0.3658) cents/ m ³ |
| Rate 3 | (0.1599) cents/ m ³ |
| Rate 4 | (0.4162) cents/ m ³ |
| Rate 5 | (0.1615) cents/ m ³ |
| Rate 6 | 4,578 \$ per month |



8. Managers Summary – Table 2, Bill Impacts, pages 10 of 27 and 11 of 27.

Customer Impact (including commodity)

| | Monthly Volume m ³ | Cap & Trade Unit Disposition Rate cents/ m ³ \$/ month | Monthly Rate Impact \$ | Monthly Average Bill ¹ \$ | Change % |
|----------------------|-------------------------------------|-------------------------------------------------------------------------|------------------------------|--------------------------------------------|-------------|
| Rate 1 - Residential | 150 | 0.3208 | \$0.48 | \$65.99 | 0.7% |
| Rate 1 - Commercial | 780 | 0.3208 | \$2.50 | \$262.16 | 1.0% |
| Rate 1 - Industrial | 1,951 | 0.3208 | \$6.26 | \$611.23 | 1.0% |
| Rate 2 | 2,286 | (0.3658) | -\$8.36 | \$698.03 | -1.2% |
| Rate 3 | 24,760 | (0.1599) | -\$39.60 | \$6,786.77 | -0.6% |
| Rate 4 | 2,113 | (0.4162) | -\$8.80 | \$734.07 | -1.2% |
| Rate 5 | 11,540 | (0.1615) | -\$18.63 | \$3,097.78 | -0.6% |
| Rate 6 | | | 4,578.27 | \$155,975.35 | 2.9% |

Note 1 - monthly average delivery bill as per EB-2018-0235 Exhibit C - 2018 IRM Application Amended October 24, 2018

Note 2 - includes commodity of 17.9635 cents/ m³ as per EB-2018-0324 Decision and Rate Order dated January 18, 2019 -
Schedule A, Rate Order Schedule A

Customer Impact (excluding commodity)

| | Monthly Volume m ³ | Cap & Trade Unit Disposition Rate cents/ m ³ \$/ month | Monthly Rate Impact \$ | Monthly Average Bill ¹ \$ | Change % |
|----------------------|-------------------------------------|-------------------------------------------------------------------------|------------------------------|--------------------------------------------|-------------|
| Rate 1 - Residential | 150 | 0.3208 | \$0.48 | \$38.98 | 1.2% |
| Rate 1 - Commercial | 780 | 0.3208 | \$2.50 | \$121.97 | 2.1% |
| Rate 1 - Industrial | 1,951 | 0.3208 | \$6.26 | \$260.84 | 2.4% |
| Rate 2 | 2,286 | (0.3658) | -\$8.36 | \$287.31 | -2.9% |
| Rate 3 | 24,760 | (0.1599) | -\$39.60 | \$2,339.10 | -1.7% |
| Rate 4 | 2,113 | (0.4162) | -\$8.80 | \$354.44 | -2.5% |
| Rate 5 | 11,540 | (0.1615) | -\$18.63 | \$1,024.88 | -1.8% |
| Rate 6 | | | 4,578.27 | \$155,975.35 | 2.9% |

Note 1 - monthly average delivery bill as per EB-2018-0235 Exhibit C - 2018 IRM Application Amended October 24, 2018



(c) See ENGLP's response provided in the table below.

| Account | | A | B | C | D | E |
|----------------|--------------------------|----------------|--------------------|---------------------|------------------|---------------|
| | | 2017 | 2018 | 2018 | 2018 | |
| | | | Jan 1-Jul 3 | Jul 4-Sep 30 | Oct - Dec | Total |
| 1 | GGEIDA | 124,886 | 76,571 | 19,822 | 8,986 | 230,266 |
| 2 | GGECO –Customer-Related | 92,616 | (154,315) | (74,388) | (31,714) | (167,800) |
| 3 | GGECO – Facility-Related | 913 | 1,531 | (3,401) | (315) | (1,272) |
| 4 | Total | 218,414 | (76,212) | (57,966) | (23,042) | 61,194 |



OEB-STAFF-2

Reference: **Cap and Trade Deferral and Variance Account Disposition, pp. 6-7 and p. 26 (Appendix C)**

Preamble: EPCOR states that it proposes to dispose the cap and trade-related deferral and variance accounts over an 8-month period from May 1, 2019 to December 31, 2019.

In Table 2, page 7, EPCOR outlines its forecast volume used to calculate its unit rate for prospective recovery / (refund).

Request:

- (a) Please explain why EPCOR is proposing an 8-month period to dispose of the cap and trade-related deferral and variance account balances.
 - (i) If the balances were disposed of starting October 1, 2019, please explain how this would impact EPCOR's proposal.

Response:

- (a) EPCOR has proposed an 8-month period to dispose of the cap and trade-related deferral and variance account balances in order to mitigate the bill impacts by recovering the costs over a longer time period for both Rate 1 and Rate 6 customers.
 - (i) The disposition of the account balances for an 8-month period starting October 1, 2019 would, on a percentage basis, result in a reduced bill impact for Rate 1 customers because of the higher volumes associated with this start date which includes the heating season.

The October 1, 2019 start date has no impact for Rate 6 because EPCOR is proposing a flat fixed monthly disposition of the deferral and variance account balances for this rate class.



The customer bill impacts assuming the removal of the 2016 GGEIDA costs and interest to September 30, 2019 are presented in OEB-STAFF-1(b) Table 4. The customer bill impacts assuming the inclusion of the 2016 GGEIDA costs and interest to September 30, 2019 are presented in OEB-STAFF-1(b) Table 8.



OEB-STAFF-3

Reference: Appendix A – GGEIDA p. 13-15

Preamble: EPCOR outlines its monthly expenses in its cap and trade GGEIDA.

Request:

- (a) Based on its 2017 monthly admin expenses outlined on pages 13-15, please summarize EPCOR's 2017 actual costs in the sub-categories outlined in the table below.

Please include EPCOR's 2017 cost forecasts (as per its 2017 cap and trade compliance plan). If additional sub-categories are required, please modify and complete the table.

| | Forecast 2017 Costs | Actual 2017 Costs |
|--------------------------------------|---------------------|-------------------|
| Salaries and Wages | | |
| Consulting | | |
| External Legal Counsel | | |
| Revenue Requirement on Capital Costs | | |
| Outreach and Education | | |
| OEB Costs | | |
| Interest | | |
| Other | | |
| Total | | |

- (i) For EPCOR's 2017 actual costs in relation to its salaries and wages, please identify the number of FTEs.
- (ii) If there is a variance between 2017 forecast vs. actual costs, please explain the reasons for the difference.
- (b) Based on its 2018 monthly expenses outlined on pages 13-15, please summarize EPCOR's 2018 actual costs in the sub-categories outlined in the table below.

Please include EPCOR's 2018 cost forecasts (as per its 2018 cap and trade compliance plan). If additional sub-categories are required, please modify and complete the table.

| | Forecast 2018 Costs | Actual 2018 Costs |
|--|---------------------|-------------------|
|--|---------------------|-------------------|



| | | Pre-Revocation (Jan 1-Jul 3) | Post-Revocation (Jul 4-Sep 30) | Oct - Dec | Total |
|-----------------------------------------|--|---------------------------------|-----------------------------------|-----------|-------|
| Salaries and Wages | | | | | |
| Consulting | | | | | |
| External Legal Counsel | | | | | |
| Revenue Requirement on Capital Costs | | | | | |
| Outreach and Education | | | | | |
| OEB Costs | | | | | |
| Interest | | | | | |
| Other | | | | | |
| Total | | | | | |

Response:

(a) Completed table provided below.

| | A Forecast 2017 Costs | B Actual 2017 Costs |
|----------------------------------------|--------------------------------|------------------------------|
| 1 Salaries and Wages | | |
| 2 Consulting | 80,000 | 82,960 |
| 3 External Legal Counsel | 10,000 | 35,426 |
| 4 Revenue Requirement on Capital Costs | | - |
| 5 Outreach and Education | 5,000 | - |
| 6 OEB Costs | | 582 |
| 7 Interest | | 747 |
| 8 Other | 5,000 | 5,171 |
| 9 Total | 100,000 | 124,886 |

- (i) The number of FTEs associated with the administrative expense in 2017 is zero (0).
- (ii) The actual expenses exceeded the forecast primarily due to the cost of external legal counsel which required a higher level of effort to assist EPCOR to develop and prepare this new regulatory application.

(b) Completed table provided below.

| | A 2018 F Costs | B Pre-Revocation (Jan 1-Jul 3) | C 2018 Actual Costs Post-Revocation (Jul 4-Sep 30) | D Oct - Dec | E Total |
|----------------------|----------------------|--------------------------------------|-------------------------------------------------------------|----------------|------------|
| 1 Salaries and Wages | 28,000 | | | | |



| | | | | | | |
|---|--------------------------------------|----------------|---------------|---------------|--------------|----------------|
| 2 | Consulting | 76,500 | 37,980 | 11,330 | - | 49,310 |
| 3 | External Legal Counsel | 12,000 | 36,316 | 7,021 | 4,183 | 47,520 |
| 4 | Revenue Requirement on Capital Costs | - | - | - | - | - |
| 5 | Outreach and Education | 2,500 | - | - | - | - |
| 6 | OEB Costs | | 463 | - | - | 463 |
| 7 | Interest | 6,000 | 1,297 | 994 | 2,793 | 5,083 |
| 8 | Other | 32,000 | 516 | 478 | - | 993 |
| 9 | Total | 157,000 | 76,571 | 19,822 | 6,975 | 103,369 |

- (i) The number of FTEs associated with the administrative expense in 2017 is zero (0).
- (ii) Overall actual costs were \$53,631 lower than forecast,
- Salaries and Wages were \$28,000 lower than forecast as the additional 0.3 FTE was not hired.
 - Consulting costs were \$27,190 lower than forecast due to the termination of the program in July.
 - Legal costs were \$35,520 higher than forecast due to incurring costs to wind down the Cap & Trade program and assistance with this filing.
 - Other costs were \$31,007 lower than forecast, custom software was not developed as a result of program termination in July.
- (iii) Notwithstanding the repeal of O. Reg. 144/16, EPCOR continued to incur external legal expenses related to the wind-down of the Ontario Cap & Trade program, including, for example, the current Board process to clear the DVA associated with the Cap & Trade program. Certain external legal expenses incurred in the fall of 2018 are related to the assessment of the Federal carbon pricing program on ENGLP's operations and were inadvertently included on pages 14 and 15. These costs have been removed and the amounts have been updated as shown in the updated pages of Appendix A and C, which are included in OEB Staff IR-3 Attachment 1.

The resulting adjustments are as follows:

- The \$2,133 shown as accruing in September 2018 related to time and expenses incurred in July 2018 (the invoice was paid in September 2018), including in relation to the wind-down of the program and the OEB's correspondence thereto in EB-2017-0245.



- The \$680 shown for October 2018 and the \$6,334 shown for December 2018 have been removed.
- The \$11,020 showing in December 2018 has been reduced to \$4,182.50 and relates to expenses incurred in relation to this proceeding.



OEB-STAFF IR-3 ATTACHMENT 1

Appendix A – GGEIDA, GGECO-Customer Related and GGECO-Facility Related Deferral and Variance Account Balances

Revised Page 15 of 27

| GHG Variance Accounts | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Cap & Trade GGEIDA Expenses: Osler, Hoskin & Harcourt LLP - 11930122 Osler, Hoskin & Harcourt LLP - 11953682 Osler, Hoskin & Harcourt LLP - 11963595 Blackstone Energy Service - 1016-NGRF-01 Osler, Hoskin & Harcourt LLP - 11973063 Blackstone Energy Service - 1116-NGRF-01 Blackstone Energy Service - 1216-NGRF-01 Blackstone Energy Service - 0117-NGRF-01 Blackstone Energy Service - 0217-NGRF-01 Osler, Hoskin & Harcourt LLP - 12002560 Ontario Energy Board - CA1718Q1003 Blackstone Energy Service - 0317-NGRF-01 Blackstone Energy Service - 0417-NGRF-01 Progressive Impact - 1365 Osler, Hoskin & Harcourt LLP - 12022822 Osler, Hoskin & Harcourt LLP - 12012693 Progressive Impact - 1366 Osler, Hoskin & Harcourt LLP - 12032980 Blackstone Energy Service - 0517-NGRF-01 Blackstone Energy Service - 0617-NGRF-01 Osler, Hoskin & Harcourt LLP - 12042485 Blackstone Energy Service - 0717-NGRF-01 Osler, Hoskin & Harcourt LLP - 12052516 Letter of Credit cost Internet Advisor Blackstone Energy Service - 0817-NGRF-01 Blackstone Energy Service - 0917-NGRF-01 Blackstone Energy Service - 1017-NGRF-01 Blackstone Energy Service - 1117-NGRF-01 ENGLP -LC for Gas auctions Aylmer Express - 0000210010 Blackstone Energy Service - 1217-NGRF-01 Osler, Hoskin & Harcourt LLP - 12109133 Blackstone Energy Service - 0118-NGRF-01 Blackstone Energy Service - 0218-NGRF-10 Osler, Hoskin & Harcourt LLP - 12118435 Auction Bid Guarantee Osler, Hoskin & Harcourt LLP - 12128062 Blackstone Energy Services Inc - 0318-NGRF-10 Osler, Hoskin & Harcourt LLP - 12138231 Blackstone Energy Services Inc - 0418-NGRF-11 Osler, Hoskin & Harcourt LLP - 12148247 Blackstone Energy Services Inc - ND0518NGRF10 Osler, Hoskin & Harcourt LLP - 12165651 Blackstone Energy Services Inc Inv DN0718ENGL Blackstone Energy Services Inc Inv 091218ENGL Blackstone Energy Services Inc Inv Osler, Hoskin & Harcourt LLP - 12175568 Osler, Hoskin & Harcourt LLP - 12186074 Blackstone Energy Services Inc ND0618NGRF10 Ontario Energy Board - Inv 2017066 Ontario Energy Board Inv 2017066CR Canadian Manufacturers & Exporters Inv 07/24/2018 Ontario Sustainable Energy Association Inv 07/24/2018 Building Owners and Managers Association Inv 07/24/2018 Association of Power Producers Inv 07/24/2018 Industrial Gas Users Association Inv 07/24/2018 Consumer Council of Canada Inv 07/24/2018 Willms & Shier Environmental Lawyers LLP Inv 07/24/2018 Klippensteins, Barristers and Solicitors Inv 07/24/2018 Shepherd Rubenstein Professional Corporation Inv 07/24/2018 Inv 28-JUN-2018 Borden Ladner Gervais LLP Decision & Order Cost Awards dated March 28/18 Osler, Hoskin & Harcourt LLP Osler, Hoskin & Harcourt LLP Osler, Hoskin & Harcourt LLP (Inv #12238893) | | | | | | | | | | | |
| Monthly Total | - | 4,183 | | | | | | | | | |
| Interest | 440 | 440 | 448 | 448 | 448 | 448 | 448 | 448 | 448 | 448 | 448 |
| Monthly Total with Interest | 440 | 4,623 | 448 | 448 | 448 | 448 | 448 | 448 | 448 | 448 | 448 |
| Cumulative Monthly Total | 243,401 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 | 247,584 |
| Cumulative Interest | 4,574 | 5,014 | 5,462 | 5,909 | 6,357 | 6,805 | 7,253 | 7,700 | 8,148 | 8,596 | 9,043 |
| Cumulative Total with Interest | 247,975 | 252,598 | 253,046 | 253,493 | 253,941 | 254,389 | 254,837 | 255,284 | 255,732 | 256,180 | 256,627 |



| EPCOR----> | | | | | | | | | | | | |
|----------------------------------------|----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|-----------|-----------|-----------|
| <u>GHG Variance Accounts</u> | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 |
| Purchased Credits | - | 312,890 | - | - | 202,848 | - | 262,015 | - | - | - | - | - |
| GGECO - Customer Related | | | | | | | | | | | | |
| Received via Billing | (89,815) | (137,591) | (161,031) | (140,023) | (103,092) | (112,620) | (61,355) | (26,926) | (22,132) | (20,432) | (31,440) | (28,247) |
| Purchased Credit Allocation (97.1%) | - | 303,926 | - | - | 197,036 | - | 254,508 | - | - | - | - | - |
| Monthly Total | (89,815) | 166,335 | (161,031) | (140,023) | 93,945 | (112,620) | 193,153 | (26,926) | (22,132) | (20,432) | (31,440) | (28,247) |
| Monthly Interest | 21 | (91) | 117 | (84) | (259) | (179) | (356) | (52) | (94) | (129) | (161) | (242) |
| Monthly Total with Interest | (89,793) | 166,244 | (160,914) | (140,108) | 93,686 | (112,799) | 192,797 | (26,977) | (22,226) | (20,561) | (31,601) | (28,489) |
| Cumulative Monthly Total | (72,694) | 93,640 | (67,390) | (207,414) | (113,469) | (226,089) | (32,935) | (59,861) | (81,993) | (102,424) | (133,864) | (162,111) |
| Cumulative Interest | (934) | (1,025) | (908) | (992) | (1,251) | (1,430) | (1,786) | (1,838) | (1,932) | (2,061) | (2,223) | (2,465) |
| Cumulative Total with Interest | (73,628) | 92,616 | (68,298) | (208,406) | (114,720) | (227,519) | (34,722) | (61,699) | (83,925) | (104,486) | (136,087) | (164,576) |
| GGECO - Facility Related | | | | | | | | | | | | |
| Received via Billing - Facility Charge | (1,953) | (2,442) | (2,658) | (2,353) | (2,058) | (1,862) | (1,631) | (1,221) | (1,176) | (1,183) | (1,048) | (289) |
| Purchased Credit Allocation (2.9%) | - | 8,964 | - | - | 5,812 | - | 7,507 | - | - | - | - | - |
| Monthly Total | (1,953) | 6,523 | (2,658) | (2,353) | 3,754 | (1,862) | 5,876 | (1,221) | (1,176) | (1,183) | (1,048) | (289) |
| Interest | (5) | (7) | 1 | (2) | (5) | (0) | (3) | 6 | 4 | 2 | 0 | (2) |
| Monthly Total with Interest | (1,957) | 6,516 | (2,657) | (2,355) | 3,749 | (1,863) | 5,873 | (1,215) | (1,172) | (1,181) | (1,048) | (291) |
| Cumulative Monthly Total | (5,562) | 960 | (1,698) | (4,051) | (297) | (2,160) | 3,716 | 2,495 | 1,319 | 136 | (912) | (1,201) |
| Cumulative Interest | (41) | (47) | (46) | (48) | (53) | (54) | (57) | (51) | (48) | (45) | (45) | (47) |
| Cumulative Total with Interest | (5,603) | 913 | (1,744) | (4,099) | (351) | (2,214) | 3,659 | 2,444 | 1,272 | 91 | (957) | (1,248) |

| <u>GHG Variance Accounts</u> | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 |
|----------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Purchased Credits | - | - | - | - | - | - | - | - | - | - | - |
| GGECO - Customer Related | | | | | | | | | | | |
| Received via Billing | - | - | - | - | - | - | - | - | - | - | - |
| Purchased Credit Allocation (97.1%) | - | - | - | - | - | - | - | - | - | - | - |
| Monthly Total | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) |
| Monthly Interest | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) |
| Monthly Total with Interest | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) | (293) |
| Cumulative Monthly Total | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) | (162,111) |
| Cumulative Interest | (2,758) | (3,051) | (3,344) | (3,637) | (3,931) | (4,224) | (4,517) | (4,810) | (5,103) | (5,396) | (5,689) |
| Cumulative Total with Interest | (164,869) | (165,162) | (165,455) | (165,748) | (166,041) | (166,335) | (166,628) | (166,921) | (167,214) | (167,507) | (167,800) |
| GGECO - Facility Related | | | | | | | | | | | |
| Received via Billing - Facility Charge | - | - | - | - | - | - | - | - | - | - | - |
| Purchased Credit Allocation (2.9%) | - | - | - | - | - | - | - | - | - | - | - |
| Monthly Total | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Interest | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Monthly Total with Interest | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| Cumulative Monthly Total | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) | (1,201) |
| Cumulative Interest | (49) | (51) | (53) | (56) | (58) | (60) | (62) | (64) | (66) | (69) | (71) |
| Cumulative Total with Interest | (1,250) | (1,252) | (1,255) | (1,257) | (1,259) | (1,261) | (1,263) | (1,265) | (1,268) | (1,270) | (1,272) |



Appendix C – Cap and Trade deferral and variance account allocation to rate classes

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Allocation of Cap and Trade Deferral Accounts Summary

| | | 1 GHGEIDA 179-49 | 2 Customer 179-50 | 3 Facility 179-51 | Total |
|--------|------|------------------------|-------------------------|-------------------------|---------|
| Rate 1 | Res | | | | |
| | Comm | | | | |
| | Ind | | | | |
| Rate 1 | | 193,001 | (133,093) | (417) | 59,492 |
| Rate 2 | | 9,201 | (11,175) | (36) | (2,010) |
| Rate 3 | | 7,340 | (9,411) | (29) | (2,101) |
| Rate 4 | | 3,838 | (7,401) | (23) | (3,586) |
| Rate 5 | | 5,878 | (6,721) | (22) | (865) |
| Rate 6 | | 37,370 | | (744) | 36,626 |
| | | 256,627 | (167,800) | (1,272) | 87,555 |

1 Allocation of GGEIDA (179-40)

| | | 2016 ¹ | 2017 ¹ | 2018 ¹ | Total | Allocation |
|--------|------|-------------------|-------------------|-------------------|---------|------------|
| Rate 1 | Res | 16,587 | 82,458 | 69,990 | 169,034 | 65.9% |
| | Comm | 1,749 | 8,696 | 7,381 | 17,826 | 6.9% |
| | Ind | 603 | 2,996 | 2,543 | 6,141 | 2.4% |
| Rate 2 | | 903 | 4,488 | 3,810 | 9,201 | 3.6% |
| Rate 3 | | 720 | 3,580 | 3,039 | 7,340 | 2.9% |
| Rate 4 | | 377 | 1,872 | 1,589 | 3,838 | 1.5% |
| Rate 5 | | 577 | 2,867 | 2,434 | 5,878 | 2.3% |
| Rate 6 | | 3,667 | 18,230 | 15,473 | 37,370 | 14.6% |
| | | 25,182 | 125,188 | 106,258 | 256,627 | 100.0% |

2 Allocation of Greenhouse Gas Emissions Obligations

Customer-Related Deferral Account (179-50)

| | | 2016 | 2017 ² | 2018 ² | Total | Allocation |
|--------|------|------|-------------------|-------------------|-----------|------------|
| Rate 1 | Res | - | 53,163 | (146,922) | (93,759) | 55.9% |
| | Comm | - | 16,343 | (44,536) | (28,193) | 16.8% |
| | Ind | - | 6,049 | (17,189) | (11,141) | 6.6% |
| Rate 2 | | - | 4,870 | (16,045) | (11,175) | 6.7% |
| Rate 3 | | - | 5,708 | (15,119) | (9,411) | 5.6% |
| Rate 4 | | - | 3,880 | (11,281) | (7,401) | 4.4% |
| Rate 5 | | - | 2,603 | (9,324) | (6,721) | 4.0% |
| | | - | 92,616 | (260,416) | (167,800) | 100.0% |

3 Allocation of Greenhouse Gas Emissions Obligations

Facility-Related Deferral Account (179-51)

| | | 2016 | 2017 ² | 2018 ² | Total | Allocation |
|--------|------|------|-------------------|-------------------|---------|------------|
| Rate 1 | Res | - | 222 | (516) | (294) | 23.1% |
| | Comm | - | 68 | (156) | (88) | 6.9% |
| | Ind | - | 25 | (60) | (35) | 2.8% |
| Rate 2 | | - | 20 | (56) | (36) | 2.8% |
| Rate 3 | | - | 24 | (53) | (29) | 2.3% |
| Rate 4 | | - | 16 | (40) | (23) | 1.8% |
| Rate 5 | | - | 11 | (33) | (22) | 1.7% |
| Rate 6 | | - | 525 | (1,270) | (744) | 58.5% |
| | | - | 913 | (2,185) | (1,272) | |

Note 1: Total cost allocated to each rate class in proportion to the last Board Approved Admin and General Expenses (EB-2010-0018)

Note 2: Total cost allocated to each rate class in proportion to actual volumes



OEB-STAFF-4

Reference: **2017 and 2018 GGECO – Customer Related and Facility-Related pp. 16-17; and p. 24 and p. 26 (Appendix C)**

Preamble: On pages 16-17, EPCOR outlines its GHG variance accounts for customer-related and facility-related obligation costs.

On page 24 EPCOR outlines how it allocated its balances in the customer-related and facility-related variance accounts. EPCOR also noted in a footnote that total cost allocated to each rate class is in proportion to historical volumes.

On page 26, EPCOR outlines how it allocated its actual annual volume to each of its rate classes for 2017 and 2018.

Request:

- (a) Please provide similar tables as Enbridge Gas Distribution Rate Zone, Exhibit D, Tab 1, Appendix A, Schedules 1-6, pp. 1-6 (EB-2018-0205) that clearly outline the variance between actual vs forecast volumes, any under/over collections (i.e., the difference between what was collected through rates and actual costs) and the associated unit rates.
- (b) On page 26, please confirm that the first table (actual volumes – Rate 1 to Rate 5) excludes EPCOR's Large Final Emitter (LFE).
 - (i) On page 26, please confirm that the second table (actual volumes – Rate 1 to Rate 5) includes EPCOR's LFE.



Response:

- (a) ENGLP reviewed the referenced tables (Enbridge Gas Distribution Rate Zone, Exhibit D, Tab 1, Appendix A, Schedules 1-6, pp. 1-6 (EB-2018-0331¹)) which were completed by Enbridge Gas to track the variance between forecast and actual volumes, and under/over collections in its cap and trade-related variance and deferral accounts. When Enbridge Gas applied to remove the cap and trade charges and to dispose of their cap and trade-related variance and deferral accounts in September 2018², they prepared the tables noted above because the aggregate balance of the accounts was in a net credit position. The disposition calculation was completed using forecast volumes from the October 2018 QRAM application, and not actual volumes.

EPCOR was not in the same position as Enbridge Gas in terms of the aggregate balance of their cap and trade-related variance and deferral accounts. Whereas Enbridge Gas was in a net credit position, EPCOR was in a net debit position and as such did not request approval for the disposition of its cap and trade-related variance and deferral accounts³. Given that EPCOR did not dispose of any cap and trade-related variance and deferral accounts using forecast volumes and there is no variance to track. Therefore, subject to any further direction from the OEB, the requested tables have not been provided.

- (b) Confirmed.

- (i) Confirmed.

¹ ENGLP referenced case number EB-2018-0331, and not EB-2018-0205 as noted in the question Part (a).

² Ontario Energy Board, Notice and Procedural Order NO. 1, December 7, 2018, EB-2018-0331 – Background.

³ Ontario Energy Board, Notice and Procedural Order NO. 1, December 7, 2018, EB-2018-0331 – Background.



OEB-STAFF-5

Reference: 2017 and 2018 GGECO – Customer Related and Facility-Related, pp. 16-17; and p. 24 and p. 26 (Appendix C)

Preamble: On pages 16-17, EPCOR outlines its GHG variance accounts for customer-related and facility-related obligation costs.

Request:

(a) Please complete the table below:

| GGECO – Customer-related | 2017 | 2018 | | | Total |
|---------------------------------|-------------|--------------------|---------------------|------------------|--------------|
| Account Details | | Jan 1-Jul 3 | Jul 4-Sep 30 | Oct - Dec | |
| Obligation Cost Variance | | | | | |
| Deferral Interest | | | | | |
| Balance | | | | | |

(b) Please complete the table below:

| GGECO – Facility-related | 2017 | 2018 | | | Total |
|---------------------------------|-------------|--------------------|---------------------|------------------|--------------|
| Account Details | | Jan 1-Jul 3 | Jul 4-Sep 30 | Oct - Dec | |
| Obligation Cost Variance | | | | | |
| Deferral Interest | | | | | |
| Balance | | | | | |

(c) Please explain what “purchased credit allocation (97.1%)” means for customer-related? Please explain how this number was calculated.

(d) Please explain what “purchased credit allocation (2.9%)” means for facility-related? Please explain how this number was calculated.



Response:

- (a) The completed table below excludes the 2016 GGEIDA costs, and interest is calculated to September 30, 2019.

Table 1
GGECO – Customer Related

| Account Details | A | B | C | D | E |
|----------------------------|---------------|------------------|----------------------|-----------------|------------------|
| | 2017 | Jan 1-Jul 3 | 2018 Jul 4-Sep 30 | Oct - Dec | Total |
| 1 Obligation Cost Variance | 93,640 | (153,502) | (74,003) | (28,247) | (162,111) |
| 2 Deferral Interest | (1,025) | (813) | (385) | (3,467) | (5,689) |
| 3 Balance | 92,616 | (154,315) | (74,388) | (31,714) | (167,800) |

- (b) The completed table below excludes the 2016 GGEIDA costs, and interest is calculated to September 30, 2019.

Table 2
GGECO – Facility Related

| Account Details | A | B | C | D | E |
|----------------------------|------------|--------------|----------------------|--------------|----------------|
| | 2017 | Jan 1-Jul 3 | 2018 Jul 4-Sep 30 | Oct - Dec | Total |
| 1 Obligation Cost Variance | 960 | 1,535 | (3,407) | (289) | (1,201) |
| 2 Deferral Interest | (47) | (4) | 6 | (26) | (71) |
| 3 Balance | 913 | 1,531 | (3,401) | (315) | (1,272) |

- (c) The cap and trade GHG credits were acquired en masse for both the customer and facility related obligation, and not individually for either obligation. The purchased credit allocation of 97.1% is the customer-related allocation of the cost for the GHG credits. The customer-related allocation (97.1%) is calculated in proportion to the volume of gas for each obligation i.e. the customer-related volume of gas divided by the sum of the customer and facility related volumes.
- (d) The cap and trade GHG credits were acquired en masse for both the customer and facility related obligation, and not individually for either obligation. The purchased credit allocation of 2.9% is the facility-related allocation of the cost for the GHG credits. The facility-related allocation (2.9%) is calculated in proportion to the volume of gas for each obligation i.e., the facility-related volume of gas divided by the sum of the customer and facility related volumes.