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December 11, 2019

Sent By Electronic Mail, RESS Electronic Filing and Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EPCOR Natural Gas Limited Partnership ("ENGLP") EB-2018-0264 Application for Rates and Charges for 2019 to 2028 for its Southern Bruce Natural Gas System – Draft Rate Order Addendum

Enclosed please find an addendum to the Draft Rate Order ENGLP filed on December 11, 2019 in the above noted proceeding. The addendum includes:

- A revised Index of Appendices reflecting the two supplemental schedules noted below.
- A supplemental **Schedule E – Draft Accounting Orders**.
- A supplemental **Schedule F – Derivation of Delay in Revenue Recovery Rate Rider**. This schedule includes an update of Table 6-12 'Derivation of the Proposed Rate Rider' filed in the application and evidence filed on April 11, 2019[1] reflecting the approved revenue deficiency of $1.320 million.

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

Sincerely,

[*Original signed by*]

Bruce Brandell
Director, Commercial Services
EPCOR Utilities Inc.
bbrandell@epcor.com
(780) 412-3720

cc. All parties in EB-2018-0264

[1] EB-2018-0264, Application and Evidence refiled April 11, 2019, Exhibit 6, Tab 1, Schedule 1, page 11

EPCOR Natural Gas Limited Partnership

Southern Bruce Natural Gas System

EB-2018-0264

Draft Rate Order and Supporting Information

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Appendix E – Derivation of Delay in Revenue Recovery Rate Rider

EPCOR Natural Gas Limited Partnership

Southern Bruce Natural Gas System

EB-2018-0264

For rates effective: January 1, 2019

Derivation of the Proposed Rate Rider
(Thousands of Dollars unless Otherwise Specified)

	Description	Col. 1 Var 1	Col. 2 2019	Col. 3 2020	Col. 4 2021	Col. 5 2022	Col. 6 2023	Col. 7 2024	Col. 8 2025	Col. 9 2026	Col. 10 2027	Col. 11 2028
Row 1	WACC	5.82%										
Row 2	PV Factor		1.00	0.94	0.89	0.84	0.80	0.75	0.71	0.67	0.64	0.60
Row 3												
Row 4	**Rate 1 - General Firm Service**											
Row 5	Volume (m3)		-	1,456,357	5,600,434	9,067,927	10,497,651	11,435,563	11,775,724	11,874,892	11,955,466	12,001,951
Row 6	Rate Rider (cents / m3)		1.6330	1.6330	1.6330	1.6330	1.6330	1.6330	1.6330	1.6330	1.6330	1.6330
Row 7	Rate Rider Revenue		-	24	91	148	171	187	192	194	195	196
Row 8	NPV of Rate Rider Revenue		1,016									
Row 9												
Row 10	**Rate 6 - Large Volume General Firm Service**											
Row 11	Volume (m3)		-	323,480	1,426,811	2,650,500	3,209,649	3,457,842	3,560,460	3,560,460	3,560,460	3,560,460
Row 12	Rate Rider (cents / m3)		0.9090	0.9090	0.9090	0.9090	0.9090	0.9090	0.9090	0.9090	0.9090	0.9090
Row 13	Rate Rider Revenue		-	3	13	24	29	31	32	32	32	32
Row 14	NPV of Rate Rider Revenue		166									
Row 15												
Row 16	**Rate 11 - Large Volume Seasonal Service**											
Row 17	Volume (m3)		-	84,583	669,897	1,251,827	1,353,326	1,353,326	1,353,326	1,353,326	1,353,326	1,353,326
Row 18	Rate Rider (cents / m3)		0.5524	0.5524	0.5524	0.5524	0.5524	0.5524	0.5524	0.5524	0.5524	0.5524
Row 19	Rate Rider Revenue		-	0	4	7	7	7	7	7	7	7
Row 20	NPV of Rate Rider Revenue		41									
Row 21												
Row 22	**Rate 16 - Contracted Firm Service**											
Row 23	Volume (m3)		649,102	23,411,347	23,385,129	23,367,679	23,367,679	23,367,679	23,411,347	23,385,129	23,367,679	23,367,679
Row 24	Rate Rider (cents / m3)		0.0601	0.0601	0.0601	0.0601	0.0601	0.0601	0.0601	0.0601	0.0601	0.0601
Row 25	Rate Rider Revenue		0	14	14	14	14	14	14	14	14	14
Row 26	NPV of Rate Rider Revenue		97									

Appendix F - Draft Accounting Orders

EPCOR Natural Gas Limited Partnership

Southern Bruce Natural Gas System

EB-2018-0264

For rates effective: January 1, 2019

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

PURCHASED GAS COMMODITY VARIANCE ACCOUNT ("PGCVA")

The Purchased Gas Commodity Variance Account ("PGCVA") is to record the effect of price variances between actual natural gas commodity purchase prices and the forecast prices that underpin EPCOR Southern Bruce's rates charged to customers. Without this variance account, lower than forecast gas purchase prices would result in an over recovery from customers, and higher than forecast gas purchase prices would result in an under recovery by EPCOR. This variance account eliminates exposure to the risk of purchased gas price variances for both customers and EPCOR. The effective date of this account is January 1, 2019.

The actual unit cost of purchased gas is determined by dividing the total commodity costs by the actual volumes purchased in the month. The rate differential between the PGCVA reference price for the period and the actual unit cost of the purchases, multiplied by the actual volumes purchased, is recorded in the PGCVA monthly. The PGCVA reference price will be adjusted quarterly as part of the Quarterly Rate Adjustment Mechanism (QRAM) process. The PGCVA reference price will be calculated based on both the forecast gas costs for the forward looking 12-month period and the balance in the PGCVA at the beginning of the 12 month period to factor in the disposition of the PGCVA account balances in the determination of the new PGCVA reference price.

Simple interest is to be calculated monthly on the opening balance in the PGCVA in accordance with the methodology approved by the Board in EB-2006-0117.

Accounting Entries

To record the monthly difference between actual gas cost and the forecasted gas cost underpinning EPCOR's rates (i.e. reference price) approved by the Board:

Debit/Credit Account No. 179.27 Purchased Gas Commodity Variance Account ("PGCVA")

Credit/Debit Account No. 623 Gas Costs

i. To record simple interest on the opening monthly balance of the PGCVA:

Debit/Credit Account No. 179.28 Interest on Purchased Gas Commodity Variance Account

Credit/Debit Account No. 323 Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

GAS PURCHASE REBALANCING ACCOUNT ("GPRA")

The Gas Purchase Rebalancing Account ("GPRA") is to record the change in the value of gas inventory available for sale to customers as a result of changes to EPCOR Southern Bruce's PGCVA reference price as approved by the Board. This variance account ensures that gas inventory available for sale is valued at the current approved commodity price. The effective date of this account is January 1, 2019.

When a new Board-approved reference price comes into effect at the beginning of a quarter, the difference between the new Board-approved reference price and the prior reference price will be applied to the volume of gas in inventory. This adjustment amount will be recorded to value opening inventory volumes at the Board-approved quarterly PGCVA reference price in effect.

The GPRA balance will be disposed of through the GPRA recovery rate included as part of EPCOR's gas supply charges. The GPRA recovery rate will be adjusted quarterly through the Quarterly Rate Adjustment Mechanism (QRAM) process.

Simple interest is to be calculated monthly on the opening balance in the GPRA in accordance with the methodology approved by the Board in EB-2006-0117.

Accounting Entries

i. To record the adjustment necessary to value actual inventory volumes at a rate equal to the PGCVA reference price.
   Debit/Credit Account No. 179.35 Gas Purchase Rebalancing Account ("GPRA")
   Credit/Debit Account No. 623 Gas Costs or Account No. 152 Gas in Storage

ii. To record simple interest on the opening monthly balance of the GPRA:

   Debit/Credit Account No. 179.36 Interest on Gas Purchase Rebalancing Account
   Credit/Debit Account No. 323 Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

STORAGE AND TRANSPORTATION VARIANCE ACCOUNT FOR RATES 1, 6 & 11 ("S&TVA Rates 1, 6 & 11")

The Storage and Transportation Variance Account for Rates 1, 6 & 11 ("S&TVA Rates 1, 6 & 11") is to record the difference between actual total upstream costs, including all Transportation and Storage Costs and Upstream Recovery Costs, incurred for all customers in Rates 1, 6 and 11 and the Upstream Charges (including all Upstream Recovery Charges and Transportation and Storage Charges) recovered from these customers. The S&TVA Rates 1, 6 & 11 records the difference between upstream costs and Upstream Charges collected to ensure that upstream costs are treated as a flow-through to customers. The effective date of this account is January 1, 2019.

The S&TVA Rates 1, 6 & 11 will record: (a) the variance between the forecast storage and transportation demand levels and the actual storage and transportation demand levels; (b) amounts credited or invoiced from storage and transportation suppliers related to the disposition of the suppliers' deferral/variance accounts; (c) the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment Mechanism (QRAM) process; and (d) the variance between the forecast and actual administrative costs for storage and transportation including costs associated with daily nominations, load balancing, and storage procurement.

EPCOR has set its Upstream Recovery Charges so as to defer the recovery of a portion of the Upstream Recovery Costs related to the CIAC paid to Enbridge Gas/Union Gas for the Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, and the additional capacity EPCOR was required to contract with Enbridge Gas/Union Gas initially in order to provide service to its customer base in future years. Accordingly, this under recovery will accrue in the S&TVA Rates 1, 6 & 11 account and EPCOR estimates that this balance will reach its maximum in 2024.

EPCOR proposes to bring forward the balance in this account, together with any carrying charges for disposition after the maximum balance has been reached. The balance in this account together with any carrying charges will be collected over the remaining life of the 30-year upstream transportation contract with Enbridge Gas/Union Gas. When the balance in this account is brought forward for disposition EPCOR will also bring forward a proposal for the treatment of the variances related to upstream costs for these customers in subsequent years. This proposal will recognize that variances related to upstream costs in subsequent years should no longer be materially impacted by the deferred recovery of the Upstream Recovery Costs and therefore would more appropriately be brought forward for disposition on an annual basis and recovered over a shorter term.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved interest rate for long term debt. EPCOR is proposing to use the Board approved interest rate for long term debt as the balance of this deferral account will be financed over a long term period (i.e remaining life of 30-year upstream transportation contract.

<u>Accounting Entries</u>

i. To record the difference between total upstream costs, including all Transportation and Storage Costs and Upstream Recovery Costs, incurred for all customers in Rates 1, 6 and 11 and the Upstream Charges recovered from these customers:

   Debit/Credit Account No. 179.11 Storage and Transportation Variance Account Rates 1, 6 & 11 (S&TVA Rates 1, 6 & 11)

   Credit/Debit Account No. 624 Gas Supply

To record simple interest on the opening monthly balance of the S&TVA Rates 1, 6 & 11:

   Debit/Credit Account No. 179.12 Interest on Storage and Transportation Variance Account Rates 1, 6 &11

   Credit/Debit Account No. 323 Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

TRANSPORTATION VARIANCE ACCOUNT FOR RATE 16 ("TVA Rate 16")

The Transportation Variance Account for Rate 16 ("TVA Rate 16") is to record the difference between actual total upstream costs, including all Transportation Costs and Upstream Recovery Costs, incurred for all customers in Rate 16 and the Upstream Charges (including all Upstream Recovery Charges and Transportation Charges) recovered from these customers. The TVA Rate 16 records difference between upstream costs and Upstream Charges collected to ensure that upstream costs are treated as a flow-through to customers. The effective date of this account is January 1, 2019.

The TVA Rate 16 will record, as applicable: (a) the variance between the forecast transportation demand levels and the actual transportation demand levels; (b) amounts credited or invoiced from transportation suppliers related to the disposition of the suppliers' deferral/variance accounts; (c) the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment Mechanism (QRAM) process; and (d) the variance between the forecast and actual administrative gas supply costs including costs associated with daily nominations and load balancing.

EPCOR has set its Upstream Recovery Charges so as to defer the recovery of a portion of the Upstream Recovery Costs related to the CIAC paid to Enbridge Gas/Union Gas for the Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, and the additional capacity EPCOR was required to contract with Enbridge Gas/Union Gas initially in order to provide service to its customer base in future years. Accordingly, this under recovery will accrue in the TVA Rate 16 account and EPCOR estimates that this balance will reach its maximum in 2024.

EPCOR proposes to bring forward the balance in this account, together with any carrying charges for disposition after the maximum balance has been reached. The balance in this account together with any carrying charges will be collected over the remaining life of the 30-year upstream transportation contract with Enbridge Gas/Union Gas. When the balance in this account is brought forward for disposition EPCOR will also bring forward a proposal for the treatment of the variances related to upstream costs for these customers in subsequent years. This proposal will recognize that variances related to upstream costs in subsequent years should no longer be materially impacted by the deferred recovery of the Upstream

Recovery Costs and therefore would more appropriately be brought forward for disposition on an annual basis and recovered over a shorter term.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved interest rate for long term debt. EPCOR is proposing to use the Board approved interest rate for long term debt as the balance of this deferral account will be financed over a long term period (i.e remaining life of 30-year upstream transportation contract.

Accounting Entries

i. To record the difference between total Upstream Costs, including all Transportation Costs and Upstream Recovery Costs, incurred for all customers in Rate 16 and the Upstream Charges recovered from these customers:
   Debit/Credit Account No. 179.19 Transportation Variance Account Rate 16 (TVA Rate 16)
   Credit/Debit Account No. 624 Gas Supply

To record simple interest on the opening monthly balance of the TVA Rate 16:
   Debit/Credit Account No. 179.20 Interest on Transportation Variance Account Rate 16
   Credit/Debit Account No. 323 Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

UNACCOUNTED FOR GAS VARIANCE ACCOUNT (“UFGVA”)

The Unaccounted for Gas Variance Account (“UFGVA”) is to record the cost of gas for EPCOR Southern Bruce that is associated with volumetric variances between the actual volume of Unaccounted for Gas (“UFG”) and the Board approved UFG volumetric forecast included in the determination of rates. The effective date of this account is January 1, 2019.

The gas costs associated with the UFG variance will be calculated at the end of each calendar year based on the estimated volumetric variance between the applicable Board approved level of UFG and the estimate of the actual UFG. The UFG annual variance will be allocated on a monthly basis in proportion to actual sales and costed at the monthly PGCVA reference price. If required, an adjustment will be made in the subsequent year to record any differences between the estimated UFG and actual UFG. Where there are recoveries of gas loss amounts invoiced as part of third party damages, the gas loss amounts will be removed from the gas cost associated with UFG for the purposes of determining and recording a UFGVA balance.

The audited balances in this account, together with any carrying charges, will be brought forward for approval for disposition on an annual basis. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Simple interest is to be calculated monthly on the opening balance in the UFGVA in accordance with the methodology approved by the Board in EB-2006-0117.

<u>Accounting Entries</u>

i. To record the costs associated with unaccounted for gas based on the estimated volumetric variance between the actual UAG and the Board approved level:
   Debit/Credit Account No.179.13 Unaccounted for Gas Variance Account (UFGVA)
   Credit/Debit Account No. 623 Cost of Gas

ii. To record the recovery of gas loss amounts invoiced to third parties:

   Debit Account No. 140 Sundry Accounts Receivable

Credit Account No. 179.13 Unaccounted For Gas Variance Account (UFGVA)

iii. To record simple interest on the opening monthly balance of the UFGVA:

Debit/Credit Account No. 179.14 Interest on Unaccounted For Gas Variance Account

Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

GREENHOUSE GAS EMISSIONS ADMINISTRATION DEFERRAL ACCOUNT (“GGEADA”)

The Greenhouse Gas Emissions Administration Deferral Account (“GGEADA”) is to record the administrative costs associated with the impacts of the Greenhouse Gas Pollution Pricing Act (“GGPPA”) for EPCOR’s South Bruce operation. The effective date of this account is January 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the GGEADA in accordance with the methodology approved by the Board in EB-2006-0117.

The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record the administrative costs associated with the impact of the GGPPA:

   Debit/Credit Account No. 179.60 Greenhouse Gas Emissions Administration Deferral Account (GGEADA)

   Credit/Debit Account No. ___. ___ Various accounts

To record simple interest on the opening monthly balance of the GGEADA:

   Debit/Credit Account No. 179.61 Interest on Greenhouse Gas Emissions Administration Deferral Account

   Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

FEDERAL CARBON CHARGE – CUSTOMER VARIANCE ACCOUNT ("FCCCVA")

The Federal Carbon Charge – Customer Variance Account ("FCCCVA") is to address costs for EPCOR's Southern Bruce operations arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act ("GGPPA") associated with the natural gas that EPCOR delivers to its customers. This account will record the variances between EPCOR's actual customer related GGPPA costs and customer related GGPPA costs recovered in rates for distribution volumes delivered by EPCOR. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the FCCCVA in accordance with the methodology approved by the Board in EB-2006-0117.

The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record variances between EPCOR's actual customer related GGPPA costs and customer related GGPPA costs recovered in rates for distribution volumes delivered to customers:

   Debit/Credit Account No. 179.62 Federal Carbon Charge – Customer Variance Account (FCCCVA)

   Credit/Debit Account No. 529 Gas Sales

To record simple interest on the opening monthly balance of the FCCCVA:

   Debit/Credit Account No. 179.63 Interest on Federal Carbon Charge – Customer Variance Account

   Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

FEDERAL CARBON CHARGE – FACILITY DEFERRAL/VARIANCE ACCOUNT (“FCCFVA”)

The Federal Carbon Charge – Facility Deferral/Variance Account (“FCCFVA”) is to address costs arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (“GGPPA”) associated with EPCOR’s facilities for its Southern Bruce operation. Until such time that EPCOR has received Board approval to include a Federal Carbon Charge – Facility related charge in its rates charged to customers this account will record actual facility associated GGPPA costs incurred by EPCOR Southern Bruce. After EPCOR receives approval to include a Federal Carbon Charge – Facility related charge in its rates, this account will record the differences between actual facility associated GGPPA costs and facility associated GGPPA costs recovered in rates. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the FCCFVA in accordance with the methodology approved by the Board in EB-2006-0117.

The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

<u>Accounting Entries</u>

i. To record EPCOR’s actual facility related GGPPA costs (prior to approval to include a GGPPA facility related charge in rates) or the variances between EPCOR’s actual facility related GGPPA costs and facility related GGPPA costs recovered in rates:
   Debit/Credit Account No. 179.64 Federal Carbon Charge – Facility Deferral/Variance Account (FCCFVA)
   Credit/Debit Account No. 529 Gas Sales

To record simple interest on the opening monthly balance of the FCCFVA:
   Debit/Credit Account No. 179.65 Interest on Federal Carbon Charge – Facility Deferral/Variance Account Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

MUNICIPAL TAX VARIANCE ACCOUNT (“MTVA”)

The Municipal Tax Variance Account (”MTVA”) is to record the difference between the actual annual municipal taxes paid, net of municipal contributions related to municipal taxes, and the net municipal taxes included in the annual revenue requirement for EPCOR’s Southern Bruce operations as approved in EB-2018-0264 for each year of the rate stability period. The effective date of this account is January 1, 2019.

The audited balance in this account, together with carrying charges, will brought forward for approval for disposition on an annual basis. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Simple interest is to be calculated monthly on the opening balance of this account in accordance with the methodology approved by the Board in EB-2006-0117.

<u>Accounting Entries</u>

i. To record the difference between actual annual net municipal taxes paid and net municipal taxes included in the annual approved revenue requirement:

   Debit/Credit Account No. 179.15 Municipal Tax Variance Account (”MTVA”)

   Credit/Debit Account No. 305 Municipal Tax

To record simple interest on the opening monthly balance of the MTVA:

   Debit/Credit Account No.179.16 Interest on Municipal Tax Variance Account

   Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

ENERGY CONTENT VARIANCE ACCOUNT ("ECVA")

The Energy Content Variance Account ("ECVA") is to record differences in variable revenues resulting from differences in the energy content of the gas actually delivered and the assumed energy content of 38.89MJ/M3 used in determining EPCOR Southern Bruce's revenue requirement and delivery rates as approved in EB-2018-0264. Differences in the energy content of the gas delivered from the assumed energy content would impact the actual volumes delivered thereby impacting the amount of revenue collected over EPCOR's 10-year rate stability period. The effective date of this account is January 1, 2019.

This account will capture the impact of energy content changes on variable revenue by applying the energy content change to the revenue earned from Delivery Charges for all customers in Rates 1, 6 and 11. Rate 16, contract demand customers, are excluded from the calculation of the balances in this account as the revenue from these customers is not impacted by the energy content given that these customers contract for a specified volume.

On an annual basis the amount to be recorded in this account will be calculated by taking the difference between the actual energy content (heat value conversion factor) for the year as provided by the gas provider and the assumed energy content of 38.89 MJ/M3 and applying this to the revenue approved in EB-2016-0137/0138/0139 for Delivery Charges for Rates 1, 6 and 11 for the year as modified by EB-2018-0264 ("CIP Revenue Rates 1, 6 and 11"). The calculation will be as follows:

$$\frac{\text{Actual Energy Content} - 38.89\text{ MJ/M3}}{\text{Actual Energy Content}} \times \text{CIP Revenue Rates 1, 6 and 11} = \text{Amount to record in ECVA}$$

In cases where the actual energy content is lower than the assumed energy content this will result in credit booked to the ECVA and actual energy content that is higher than the assumed energy content will result in a debit amount recorded in the ECVA.

The audited balance in this account, together with carrying charges, will brought forward for approval for disposition on an annual basis. The balance in this account will be apportioned to Rates 1, 6 and 11 based on forecasted volumes underpinning CIP revenues for each rate class. Other details on the manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Simple interest is to be calculated monthly on the opening balance in the ECVA in accordance with the methodology approved by the Board in EB-2006-0117.

Accounting Entries

i. To record the difference in revenues resulting from differences in the energy content of the gas actually delivered and the assumed energy content of 38.89MJ/M3:

   Debit/Credit Account No. 179.17 Energy Content Variance Account (ECVA)

   Credit/Debit Account No. 300 Operating Revenue

To record simple interest on the opening monthly balance of the ECVA :

   Debit/Credit Account No.179.18 Interest on Energy Content Variance Account

   Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

Contribution in Aid of Construction Variance Account ("CIACVA")

The Contribution in Aid of Construction Variance Account ("CIACVA") is to record the revenue requirement impact of any differences between the actual capital contributions that EPCOR Southern Bruce pays to Enbridge Gas/Union Gas related to Enbridge's Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, and the capital contribution included for these projects for the purposes of determining EPCOR's approved rates. Enbridge Gas provided EPCOR with a forecasted contribution value of $2.363 million for the Owen Sound Transmission Reinforcement and $2.935 million for the Dornoch Meter and Regulator Station. These values have been included in EPCOR's capital budget and form part of the utility's rate base. The costs associated with this capital are recovered through the Upstream Recovery Charge included in the proposed rates and changes to the contribution values will have a direct impact on the amount of capital EPCOR proposes to recover through the Upstream Recovery Charge. The effective date of this account is January 1, 2019.

The balance of this account would be calculated as the revenue requirement impact resulting from the difference between the forecasted capital contribution values provided by Enbridge Gas/Union Gas and the actual capital contributions paid. No balance will be recorded in this account until such time as the actual capital contribution amounts EPCOR is required to pay to Enbridge Gas/Union Gas are finalized. Once the actual capital contributions are finalized the cumulative revenue requirement impact to date will be calculated and recorded in this account, after which the balance will be recorded annually. In its cost of service application for rates commencing 2029 EPCOR will propose to adjust its rate base to record the depreciated difference in capital contribution so as to appropriately reflect the finalized capital contribution paid in its rate base and revenue requirement commencing 2029.

The balance in this account, together with carrying charges, will brought forward for disposition on an annual basis at which time EPCOR will propose a methodology and timing for disposition of the balance that aligns with customers' use of the capacity and EPCOR's rate smoothing objectives

Simple interest is to be calculated monthly on the opening balance in this account in accordance with the methodology approved by the Board in EB-2006-0117.

Accounting Entries

i. To record the revenue requirement impact resulting from the difference between the forecasted capital contribution values provided by Enbridge Gas/Union Gas and the actual capital contributions paid:

   Debit/Credit Account No. 179.74 Contribution in Aid of Construction Variance Account (CIACVA)

   Credit/Debit Account No. 300 Operating Revenue

To record simple interest on the opening monthly balance of the CIACVA :

   Debit/Credit Account No.179.75 Interest on Contribution in Aid of Construction Variance Account

   Credit/Debit Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

External Funding Variance Account ("EFVA")

The External Funding Variance Account ("EFVA") is to record the impact of the difference in timing and quantum of external funding available to the project versus EPCOR's forecast as reflected in approved rates. EPCOR is expecting $22.0 million in funding as detailed in Schedule 1 of the Ontario Regulation 24/19 Expansion of Natural Gas Distribution Systems. It is expected that EPCOR will receive this funding starting in December, 2019 and a payment will be made in each subsequent quarter until December 2020. However, the final timing as to when EPCOR will receive this funding, as well as the quantum of each payment, has not been confirmed. This account would record the net present value of the carrying cost (whether positive or negative) in the difference between EPCOR's forecast and when funds are actually received. The effective date of this account is January 1, 2019.

The balance in this account, together with carrying charges, will brought forward for disposition as part of the annual IR application following receipt of the final payment.

Simple interest is to be calculated monthly on the opening balance in this account in accordance with the methodology approved by the Board in EB-2006-0117.

<u>Accounting Entries</u>

i. To record the impact of the difference in timing and quantum of external funding available to the project versus EPCOR's forecast as reflected in approved rates:
   Debit/Credit Account No. 179.76 External Funding Variance Account (EFVA)
   Credit/Debit Account No. ___. ___ Various accounts

To record simple interest on the opening monthly balance of the EFVA:
   Debit/Credit Account No.179.77 Interest on External Funding Variance Account
   Credit/Debit Account No. 323 Other Interest Expense