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December 19, 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 – Response to Comments on Draft Rate Order

Pursuant to the Ontario Energy Board’s (the “Board”) Decision and Order dated November 28, 2019 with respect to the above noted proceeding (the “Decision”), following is ENGLP’s response to OEB staff comments filed on December 17, 2019 on the Draft Rate Order. No other comments were received.

In its comments, OEB staff noted that “the volumes used in the calculation of the rate riders is different from that included in the application and the CIP”¹ and requested that ENGLP explain the approximately 10 million cubic meters difference over the 10-year rate stability period.

ENGLP notes that there are two 10-year total volumes submitted as evidence in ENGLP’s custom incentive ratemaking application refiled on April 11, 2019 (the “Application”). The first 10-year total volume of 342,186,741 m³ was included in the CIP and filed in Exhibit 3 of the Application². This quantity represents the volume before taking into account the impact of delay in approval of the Leave To Construct application. The second volume filed in the Application accounts for the impacts of that delay. These impacts are detailed in Exhibit 6 of the Application and include a reduction in customer connections in 2019, 2020 and 2021³. This reduction in customer connections lowers the total 10-year volume to 332,182,800 m³ for a difference of 10,003,940 m³. The updated 10-year value of 332,182,800 m³ was used in Exhibit 6 of the Application to calculate the proposed rate riders⁴, and to calculate the revised rate riders in the Draft Rate Order. Since the intent of the rate rider is to recover the approved revenue deficiency of \$1.32 million, the updated volume must be used in order to ensure that the revenue

¹ EB-2018-0264, Staff Comments on Draft Rate Order Filed December 11, 2019, December 17, 2019, page 3

² EB-2018-0264, Exhibit 3, Tab 1, Schedule 2, page 2 of 2, Table 3-9

³ EB-2018-0264, Exhibit 6, Tab 1, Schedule 1, page 5 Table 6-4 details the revised year-end customer connection schedule

⁴ EB-2018-0264, Exhibit 6, Tab 1, Schedule 1, page 11 of 12, Table 6-12, The 332,182,800 m³ volume is the total of rows 5, 11, 17, and 23.

deficiency is recovered. ENGLP notes that this is also the same volume used to determine the forgone revenue of \$2.324 million that was applied for in the Application and accepted by the Board in its Decision⁵. As such, use of the updated volume for the purpose of calculating the rate riders in the Draft Rate Order is consistent with the evidence filed in Exhibit 6 of the Application as well as the Board's Decision.

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

Sincerely,

[Original signed by]

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cc. All parties in EB-2018-0264

⁵ EB-2018-0264, Decision and Order, November 28, 2019, page 12, Table 2