



55 University Ave., Suite 710
Toronto, Ontario, M5J 2H7
epcor.com

March 20, 2020

Sent by Electronic Mail and RESS Electronic Filing

Ms. Christine E. Long
Registrar & Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2020-0093: QRAM Application - Corrected Pages
EPCOR Natural Gas LP ("ENGLP") Aylmer for rates effective April 1, 2020**

Please find attached minor corrections to the following pages of the application:

- Schedule 1, Page 3, Line 28
- Schedule 1, Page 12, Line 3
- Schedule 1, Page 14, Line 2 and 4
- Appendix C, last line, rate change increase changes from \$41 to \$39 per year

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

[e-signed by Vincent R. Cooney in lieu of hardcopies per Board Secretary]

(647) 730-0013

Vince Cooney, P.Eng, MBA
Senior Manager, Regulatory Affairs, Ontario
EPCOR Utilities Inc.

VCooney@epcor.com

- c. All intervenors in EB-2018-0336
Arturo Lau, *OEB Staff*
Susannah Robinson, *EPCOR*

1 The composition of the gas supply portfolio volumes for the April, 2019 through March,
2 2020 period is shown on the top of Schedule 3. This schedule shows the monthly volume
3 of gas purchased or forecast to be purchased from local producers and from Enbridge.
4 Similarly, the composition of the gas supply portfolio volumes for the April, 2020
5 through March, 2021 period is shown on the top of Schedule 6.

6

7 Gas Costs

8 ENGLP's actual and forecast gas costs for the April, 2019 through March, 2020 period,
9 by source of supply, are shown in Schedule 4 in \$/GJ. These prices are also shown in the
10 middle section of Schedule 3 in \$/m³. The bottom section of Schedule 3 shows the
11 composition of the total system gas costs. The conversion factor used is based on the
12 heat values used by Enbridge in their calculation of ENGLP's Banked Gas Account
13 balances. These conversion factors are shown in Schedule 4. All prices and costs shown
14 are actual prices paid in April, 2019 through January, 2020. Prices for the remaining
15 months in this period are based on estimated prices to be paid in those months. The costs
16 shown for these remaining months are based on both the estimated prices to be paid and
17 the estimated volumes to be purchased.

18

19 As reflected in Schedule 3, ENGLP included a credit to gas costs of \$28,377 in
20 December, 2019 in the Local Production (B) line. ENGLP was billed by the local
21 producer for all of the gas delivered from October, 2018 through September, 2019 (the
22 gas contract year) at \$0.3012 per m³ (see Local Production (A & B) Pricing below). The
23 total volume delivered in this period was 1,165,980.3 m³. This was in excess of the
24 1,000,000 m³ that was to be billed at the \$0.3012 per m³ rate. The excess volume of
25 165,980.3 m³ should have been billed at the lower Dawn reference price, which was
26 \$0.130232 per m³ in August and September, 2019 when the 1,000,000 m³ threshold was
27 exceeded. This difference in price of \$0.170968 per m³ multiplied by the excess volume
28 of 165,980.3 m³ results in the credit of \$28,377.

29

1 be close to zero. The rate required to achieve this is shown in column (K) on Schedule 8.
2 Column (P) shows the reduction of the inventory revaluation balance based on this rate of
3 \$0.007433 per m³ over the April, 2020 through March, 2021 period. /C

4
5 ENGLP's proposal will clear the GPRA balance on a prospective basis, eliminating the
6 need for retroactive adjustments. This is consistent with ENGLP's proposal for the
7 continued prospective clearance of the PGCVA. This change will also be reflected in the
8 gas commodity charge.

9

10 **GAS COMMODITY CHARGE**

11 The system gas supply cost of \$0.000435 per m³ will be maintained at the level approved
12 in EB-2018-0336. This figure represents the incremental costs over and above the
13 commodity and transportation costs that form the PGCVA reference price to the gas
14 supply function. These incremental costs are portions of administrative and general
15 expenses, regulatory and consulting fees associated with the QRAM applications, return
16 on rate base (working cash allowance related to gas commodity) and income taxes. This
17 functionalization was approved in EB-2018-0336.

18

19 The change in the gas commodity charge proposed for April 1, 2020 is summarized
20 below. The change in the gas commodity charge reflects both the change in the PGCVA
21 reference price and the change in the recovery of the inventory revaluation amount in the
22 GPRA. It also reflects the approved change in the system gas supply cost. The change
23 in the gas commodity charge is as follows:

24

	EB-2019-0288	Proposed	
	Jan. 1, 2020	April 1, 2020	Difference
27 PGCVA Reference Price	\$0.135189	\$0.122743	\$(0.012446)
28 GPRA Recovery	\$0.006799	\$0.007433	\$ 0.000634
29 System Gas Supply Cost	<u>\$0.000435</u>	<u>\$0.000435</u>	<u>\$0.000000</u>
30 Gas Commodity Charge	\$0.142423	\$0.130611	\$(0.011812)

31

1 The annual bill impact related to the change in the Federal Carbon Charge and Facility
2 Carbon Charge is an increase of \$39.40. $[(5.87 + .0027) - (3.91 + .0017)] \times 1/100 \times 2,009.4 \text{ m}^3$ /C
3 The net impact of the gas commodity charge change and the carbon charge changes is an
4 increase for the average residential customer of \$15.67 per year. /C
5

IMPORTANT INFORMATION ABOUT YOUR GAS BILL

Gas Commodity:

On all bills rendered by EPCOR on or after April 1, 2020, the price we charge for the gas commodity and transportation portion of your bill will be decreasing by \$0.011812 per cubic meter to \$0.130611 per cubic meter. The Ontario Energy Board has approved this change to reflect the prices that EPCOR expects that it will be paying to its gas suppliers through to the end of March, 2021. On your gas bill this cost is on the line entitled "Gas Commodity".

As a regulated utility, EPCOR is permitted to recover what it pays for the purchase of gas plus any costs reasonably associated with this purchase but with no mark up or 'profit'. The price the utility charges you is based on the forecasted gas and transportation costs to EPCOR, which are periodically reviewed by the OEB and reconciled with actual costs. The gas commodity portion gets adjusted regularly throughout the year as the price of the gas commodity changes.

How will the price change impact you? That will depend on the amount of gas that you use. For a typical residential customer who consumes approximately 2,009 cubic meters of gas annually, this price change will cause your annual heating costs to decrease by approximately \$24 per year. For customers who have arranged to have their gas supplied by a gas marketer/broker, the price may or may not change depending on the terms of the contract the customer has with the gas marketer/broker.

Federal Carbon Charges:

On all bills rendered by EPCOR or after April 1, 2020, the rate we charge for the Federal Carbon Charge will be increasing to reflect an increase required under the federal government's Greenhouse Gas Pollution Pricing Act from \$0.0391 per cubic meter to \$0.0587 per cubic meter. The Ontario Energy Board has approved this change to reflect the rates that EPCOR expects that it will be collecting and paying to the federal government. On your gas bill this cost is on the line entitled "Federal Carbon Charge".

How will the rate change impact you? That will depend on the amount of gas that you use. For a typical residential customer who consumes approximately 2,009 cubic meters of gas annually, this price change will cause your annual heating costs to increase by approximately \$39 per year.

If you have any questions about the changes in rates or any other item that appears on your bill, please feel free to call our office at 519-773-5321.

We would like to thank you for choosing to make natural gas your energy of choice.