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September 23, 2020

Sent by EMAIL, RESS e-filing

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

Dear Ms. Long:

**Re: EB-2020-0206: Quarterly Rate Adjustment Mechanism (“QRAM”) Application
EPCOR Natural Gas LP (“ENGLP”) South Bruce for rates effective October 1, 2020**

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

Application (PDF page 2)

- Revision of rates as a result of the excel schedule changes noted below

Schedule 1

- Page 9 - Revision of rates as a result of the schedule changes noted below
- Page 11 - Revision of rates and variances vs. historical costs
- Page 12 - Revision of customer impact

Schedule 5

- Carry forward PGCVA was excluded from the calculation (added to excel cell E48 and E49)
- Resulting in a recalculated and updated reference price (column E)

Schedule 8

- Inventory revaluation corrected due to updated reference price (cell K41)
- Resulting in an updated inventory rate (column L)

Schedule 9

- Moved the residential annual consumption profile to it's own tab and adjusted calculation cell references to match
- Added upstream charge on row 21 for quarterly bill impact
- For row 59 we specified that rates shown do not include rate riders or carbon charges

Appendix A

- Revision of gas supply charge (rate 1/rate 6/rate 11)

Let me know if you require any additional clarification.

Sincerely,



Tim Hesselink
Senior Manager, Regulatory Affairs
EPCOR Natural Gas Limited Partnership
(705) 445-1800 ext. 2247
THesselink@epcor.com

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B), as amended (the “Act”);

AND IN THE MATTER OF an Application by EPCOR Natural Gas Limited Partnership (“ENGLP”) pursuant to Section 36(1) of the Act, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of October 1, 2020.

AND IN THE MATTER OF the Quarterly Rate Adjustment Mechanism (“GRAM”).

APPLICATION

1. As part of the EB-2018-0264 Rate Order dated January 9, 2020 (the “Rate Order”), the Ontario Energy Board (“Board”) approved a Purchased Gas Commodity Variance Account (“PGCVA”), a Gas Purchase Rebalancing Account (“GPRA”) and a gas supply charge of \$0.115114 cents per m³, effective January 1, 2020, for ENGLP’s Southern Bruce operations.
2. Pursuant to Section 36(1) of the Act, and the GRAM approved by the Board, ENGLP hereby applies to the Board for further orders effective October 1, 2020, as follows:
 - a) an Order setting the reference price of \$0.137355 per m³, for amounts to be recorded in the PGCVA; /C
 - b) an Order changing the rates and other charges from those authorized by the Rate Order and subsequently updated by the Board’s Decision and Rate Order dated June 4, 2020 in proceeding EB-2019-0264, to reflect a projected \$0.014747 per m³ change in the gas supply charge from the Board approved level of \$0.115114 per m³ to a projected cost of \$0.129861 per m³. This change is the sum of the change in the PGCVA reference price, and the change required to prospectively clear the balance of the GPRA. /C
 - c) an Order confirming that ENGLP may track and apply to clear in a future Incentive Rate-Setting Mechanism application, the costs of administering the procurement of system gas supply, including (a) the fee to nominate gas on the M17 rate to the Southern Bruce Franchise area and (b) costs internal to ENGLP to manage the procurement of system gas supply, in the existing Storage & Transportation Variance Account for Rates 1, 6, and 11.

1 ENGLP proposes to increase the reference price by \$ 0.022241 per m³ effective October /C
2 1, 2020, (from \$ 0.115114 per m³ to \$ 0.137355 per m³.) The derivation of this rate is
3 shown in Schedule 5. This is the reference price required to bring the PGCVA balance
4 close to zero on a twelve-month forecast basis. This change will also be reflected in the
5 gas commodity charge.

6

7 **GAS PURCHASE REBALANCING ACCOUNT**

8

9 The impact on the GPRA of the proposed October 1, 2020 PGCVA reference price change
10 from \$ 0.115114 per m³ to \$ 0.137355 per m³ is a credit of \$56,221.07, as shown on /C
11 Schedule 8. This figure is shown in column (K) of Schedule 8 on the September, 2020
12 line. It is calculated as the change in the PGCVA reference price between September, 2020
13 and October, 2020, multiplied by the cumulative inventory balance at the end of
14 September, 2020. This cumulative inventory balance is the sum of the actual monthly
15 inventory balances for August, 2020 and forecasts for the subsequent months. These
16 forecasts will be replaced with actual balances for these months in subsequent QRAM
17 applications as this information becomes available. As well, the monthly inventory
18 balances are based on a deemed level of unaccounted for gas (“UFG”) of the total
19 throughput volume, as shown in column (F) of Schedule 8. The 0.0% is the Board
20 approved level of UFG from EB-2018-0264.

21

22 ENGLP proposes to adjust the gas commodity charge effective October 1, 2020 based on
23 the projected accumulated balance in the GPRA. The adjustment to the gas commodity
24 charge will be set such that the projected GPRA balance at the end of September, 2021 will
25 be close to zero. The rate required to achieve this is shown in column (L) on Schedule 8.
26 Column (Q) shows the reduction of the inventory revaluation balance based on this rate of
27 -\$ 0.007494 per m³ over the October, 2020 through September, 2021 period. /C

28

29 ENGLP’s proposal will clear the GPRA balance on a prospective basis, eliminating the
30 need for retroactive adjustments. This is consistent with ENGLP Aylmer’s proposal for

1 economic conditions as a result of the COVID-19 pandemic, ENGLP is instead proposing
 2 to track these costs in the existing Storage & Transportation Variance Acct for Rates 1, 6,
 3 11 (S&TVA Rates 1, 6 & 11). In particular, a portion of the ECNG nomination fee is
 4 already considered in the S&TVA Rates 1, 6 & 11. ENGLP is seeking permission to track
 5 these costs in the S&TVA Rates 1, 6 & 11 and will seek to clear the variance in this account
 6 in a future IRM application.

7

8 The change in the gas commodity charge proposed for October 1, 2020 is summarized
 9 below. The change in the gas commodity charge reflects both the change in the PGCVA
 10 reference price and the change in the recovery of the inventory revaluation amount in the
 11 GPRA. It does not reflect the approved changed in the system gas supply cost. The
 12 change in the gas commodity charge is as follows:

13

	EB-2018-0264 January 1, 2020	Proposed Oct 1, 2020	Difference
PGCVA Reference Price	\$0.115114	\$0.137355	\$0.022241
GPRA Recovery	\$0.000000	-\$0.007494	-\$0.007494
Gas Commodity Charge	\$0.115114	\$0.129861	\$0.014747

/C

19

20 **SUMMARY**

21

22 In summary, ENGLP proposes to change the reference price for amounts to be recorded in
 23 the Purchased Gas Commodity Variance Account from \$0.115114 by \$0.022241 to
 24 \$0.137355 per m³ effective October 1, 2020. Appendix B contains the accounting entries
 25 related to the PGCVA.

/C

26

27 ENGLP also proposes to change the gas supply charge from \$0.115114 to \$0.129861 per
 28 m³ effective October 1, 2020. This change reflects the change in the PGCVA reference
 29 price, as described above, the change related to the recovery of the GPRA balance, also as
 30 described above. These changes apply to all system gas customers served under Rates 1,
 31 6, and 11.

/C

1 The proposed rate schedules are attached as Appendix A. The proposed rate schedules in
2 Appendix A reflect the changes effective October 1, 2020 related to this QRAM
3 application.

4

5 The proposed rate schedules also reflect the Federal Carbon Charge and the Facility Carbon
6 Charge as approved in the March 26, 2020 Interim Decision and Order in EB-2020-0076,
7 excluding any rate riders for deferral and variance account clearances.

8

9 Schedule 9 provides a bill comparison showing the impact of the changes in the proposed
10 gas commodity charge on a year over year basis for the appropriate quarter as well as the
11 annual bill impact of the most recent quarterly change for an average residential customer.
12 The annual bill impact related to the change in the commodity charges on a customer
13 consuming approximately 2,149.0 m³ is an increase of \$31.69. This average use figure of
14 2,149.0 m³ is consistent with the bill impacts presented in ENGLP's 2020 Incentive Rate-
15 setting Mechanism application (EB-2019-0264) and reflects the Board's expectation that
16 QRAM applications would provide bill impacts based on this level for a typical residential
17 customer.

/C

18

19 ENGLP is planning on sending a notice to customers to notify of the rate changes to be
20 included with bills issued during October 2020.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

PURCHASED GAS COMMODITY VARIANCE ACCOUNT

PROJECTED TWELVE MONTH FORWARD PERIOD - OCTOBER, 2020 TO SEPTEMBER, 2021
(WITH CHANGE IN REFERENCE PRICE)

Month	Purchase Cost (\$'s)	M*3	Forecast Price (\$/M*3)	Reference Price (\$/M*3)	Unit Rate Difference (\$/M*3)	Monthly PGCVA (\$'s)	Y-T-D PGCVA (\$'s)	Monthly Interest (\$'s)	Y-T-D Interest (\$'s)	Total PGCVA (\$'s)	Total Y-T-D PGCVA (\$'s)	Average Residential Consumption (M*3)	Monthly Interest Rate
October	43,642	383,554	0.113782	0.137355	0.023573	9,041.52	71,248.37	29.55	101.23	9,071.07	71,349.60	145.9	0.57%
November	90,836	612,525	0.148298	0.137355	(0.010943)	(6,702.86)	64,545.51	33.84	135.07	(6,669.02)	64,680.58	212.9	0.57%
December	98,794	583,223	0.169393	0.137355	(0.032038)	(18,685.30)	45,860.21	30.66	165.73	(18,654.64)	46,025.94	278.0	0.57%
January	60,683	355,143	0.170868	0.137355	(0.033513)	(11,901.91)	33,958.30	21.78	187.51	(11,880.13)	34,145.81	316.3	0.57%
February	74,046	431,976	0.171413	0.137355	(0.034058)	(14,712.24)	19,246.06	16.13	203.64	(14,696.11)	19,449.70	317.4	0.57%
March	61,622	360,667	0.170856	0.137355	(0.033501)	(12,082.71)	7,163.35	9.14	212.78	(12,073.57)	7,376.13	268.8	0.57%
April	104,847	726,324	0.144353	0.137355	(0.006998)	(5,082.82)	2,080.53	3.40	216.18	(5,079.42)	2,296.71	195.5	0.57%
May	144,584	1,051,222	0.137539	0.137355	(0.000184)	(193.42)	1,887.11	0.99	217.17	(192.43)	2,104.28	125.6	0.57%
June	115,993	846,996	0.136947	0.137355	0.000408	345.57	2,232.68	0.90	218.07	346.47	2,450.75	77.0	0.57%
July	111,458	806,568	0.138189	0.137355	(0.000834)	(672.68)	1,560.00	1.06	219.13	(671.62)	1,779.13	61.7	0.57%
August	93,403	672,403	0.138909	0.137355	(0.001554)	(1,044.91)	515.09	0.74	219.87	(1,044.17)	734.96	63.0	0.57%
September	114,868	830,957	0.138236	0.137355	(0.000881)	(732.07)	(216.98)	0.24	220.11	(731.83)	3.13	86.9	0.57%
Total	1,114,776	7,661,558	0.145502			(62,423.83)	(216.98)	148.43	220.11	(62,275.40)	3.13	2,149.0	

PGCVA Balance per M*3 Purchased (\$/M*3) \$0.000000
Forecast Average Residential Consumption per Customer 0.0 M*3
Estimated Impact on Average Residential Customer \$0.00 Customer Rebate

0.022241

(1) Includes Sept, 2020 year-to-date balance of \$62,206.85 (See Schedule 2)
(2) Includes Sept, 2020 year-to-date balance of \$71.68 (See Schedule 2)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

GAS PURCHASE REBALANCING ACCOUNT

OCTOBER, 2019 THROUGH SEPTEMBER, 2021

Month	Purchase Volume (M ³) A	Throughput Volume (M ³) B	Direct Purchase Volume (M ³) C	System Sales Volume (M ³) D=B-C	Deemed U.F.G. (M ³) E	System Sales + U.F.G. (M ³) F=D+E	Monthly Inventory Balance (M ³) G=A-F	Cumulative Inventory (M ³) H	Reference Price (\$/M ³) I	Inventory Revaluation (\$/s) J	Inventory Rate (\$/M ³) K	Inventory Recovery (\$/s) L=KxH	Y-T-D GPRA Balance (\$/s) M	Monthly Interest (\$/s) N	Y-T-D Interest (\$/s) O	Total Y-T-D GPRA (\$/s) P=M+O	Monthly Interest Rate
October	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
November	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
December	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
January	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
February	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
March	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
April	0	0	0	0	0	0	0	0	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
May	303,870	0	0	0	0	0	303,870	303,870	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
June	572,811	0	0	0	0	0	572,811	876,680	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	2.18%
July	591,904	0	0	0	0	0	591,904	1,468,585	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	0.57%
August	682,281	4,927	0	4,927	0	4,927	677,354	2,145,939	0.115114	0.00	0.000000	0.00	0.00	0.00	0.00	0.00	0.57%
September	381,874	0	0	0	0	0	381,874	2,527,812	0.115114	56,221.07	0.000000	0.00	56,221.07	0.00	0.00	56,221.07	0.57%
October	383,554	383,019	0	383,019	0	383,019	535	2,528,347	0.137355	0.00	(0.007494)	(2,870.35)	53,350.72	26.71	26.71	53,377.43	0.57%
November	612,525	611,912	0	611,912	0	611,912	613	2,528,960	0.137355	0.00	(0.007494)	(4,585.67)	48,765.05	25.34	52.05	48,817.10	0.57%
December	583,223	947,670	0	947,670	0	947,670	(364,447)	2,164,513	0.137355	0.00	(0.007494)	(7,101.84)	41,663.21	23.16	75.21	41,738.42	0.57%
January	355,143	1,069,448	0	1,069,448	0	1,069,448	(714,305)	1,450,208	0.137355	0.00	(0.007494)	(8,014.44)	33,648.77	19.79	95.00	33,743.77	0.57%
February	431,976	1,119,787	0	1,119,787	0	1,119,787	(687,811)	762,397	0.137355	0.00	(0.007494)	(8,391.68)	25,257.09	15.98	110.98	25,368.07	0.57%
March	360,667	983,860	0	983,860	0	983,860	(623,193)	139,205	0.137355	0.00	(0.007494)	(7,373.04)	17,884.05	12.00	122.98	18,007.03	0.57%
April	726,324	726,285	0	726,285	0	726,285	39	139,244	0.137355	0.00	(0.007494)	(5,442.78)	12,441.27	8.49	131.47	12,572.74	0.57%
May	1,051,222	455,207	0	455,207	0	455,207	596,015	735,259	0.137355	0.00	(0.007494)	(3,411.32)	9,029.95	5.91	137.38	9,167.33	0.57%
June	846,996	269,760	0	269,760	0	269,760	577,236	1,312,496	0.137355	0.00	(0.007494)	(2,021.58)	7,008.37	4.29	141.67	7,150.04	0.57%
July	806,568	210,082	0	210,082	0	210,082	596,486	1,908,982	0.137355	0.00	(0.007494)	(1,574.35)	5,434.02	3.33	145.00	5,579.02	0.57%
August	672,403	276,967	0	276,967	0	276,967	395,436	2,304,418	0.137355	0.00	(0.007494)	(2,075.59)	3,358.43	2.58	147.58	3,506.01	0.57%
September	830,957	467,969	0	467,969	0	467,969	362,988	2,667,405	0.137355	0.00	(0.007494)	(3,506.96)	(148.53)	1.60	149.18	0.65	0.57%

EPCOR NATURAL GAS LIMITED PARTNERSHIP

RESIDENTIAL BILL COMPARISONS

QUARTERLY BILL IMPACT

	Quarter Starting 01-Jan-20 <u>EB-2019-0264</u>	Quarter Starting 01-Oct-20 <u>EB-2020-0206</u>	\$ Change	Percent Change
Average Residential Consumption for Quarter	636.8	636.8		
Monthly Charges	\$79.14	\$79.14	\$0.00	0.0%
Delivery Charges	\$171.38	\$171.38	\$0.00	0.0%
Upstream Charges	\$26.57	\$26.57	\$0.00	0.0%
Total Commodity Charges	<u>\$73.30</u>	<u>\$82.70</u>	<u>\$9.39</u>	<u>12.8%</u>
Total Customer Charges	\$350.40	\$359.79	\$9.39	2.7%

ANNUAL BILL IMPACT

	01-Jan-20 <u>EB-2019-0264</u>	01-Oct-20 <u>EB-2020-0206</u>	\$ Change	Percent Change
Average Residential Consumption	2,149.0	2,149.0		
Monthly Charges	\$316.56	\$316.56	\$0.00	0.0%
Delivery Charges	\$578.78	\$578.78	\$0.00	0.0%
Upstream Charges	\$89.66	\$89.66	\$0.00	0.0%
Total Commodity Charges	<u>\$247.38</u>	<u>\$279.07</u>	<u>\$31.69</u>	<u>12.8%</u>
Total Customer Charges	\$1,232.38	\$1,264.07	\$31.69	2.6%

RATES USED (1)

	01-Jan-20 <u>EB-2019-0264</u>	01-Oct-20 <u>EB-2020-0206</u>
Monthly Charge	26.38	26.38
Delivery Charge - first 100 m3	0.271967	0.271967
Delivery Charge - next 400 m3	0.266610	0.266610
Delivery Charge - after 500 m3	0.258735	0.258735
Upstream Charges - Recovery	0.014740	0.014740
Upstream Charges - Tport Storage	0.026982	0.026982
Gas Supply Charge	0.115114	0.129861

(1) Rates shown do not include any rate riders or carbon charges.