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January 8, 2021

Sent by EMAIL, RESS e-filing

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

Dear Ms. Long:

Re: EB-2020-0076/EB-2020-0231: 2020 and 2021 Federal Carbon Pricing Program Applications

Please find enclosed ENGLP's responses to the OEB Staff interrogatories received December 11, 2020.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Hesselink", is positioned below the word "Sincerely,".

Tim Hesselink
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EPCOR Natural Gas Limited Partnership
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Encl.

cc. Micheal Parkes, Case Manager, OEB Staff

Lawren Murray, OEB Counsel

Daniela O'Callaghan, Susannah Robinson, EPCOR Utilities Inc.

EPCOR Natural Gas Limited Partnership
2020 and 2021 Federal Carbon Pricing Program Applications
EB-2020-0076/EB-2020-0231

Responses to OEB STAFF INTERROGATORIES

January 8, 2021

Staff IR-1

Topic: First Nations On-Reserve Customers

Ref: Decision and Order on Enbridge Gas Inc. 2020 Federal Carbon Pricing Program Application (EB-2019-0247), August 13, 2020, p. 18 of 24

Preamble:

In its August 13, 2020 Decision and Order on Enbridge Gas's 2020 Federal Carbon Pricing Program (FCPP) Application, the OEB determined that the Federal Carbon Charge and rate riders for disposition of the balances in the Customer Variance Accounts would be interim for First Nations on-reserve customers until the OEB had considered an issue raised in that proceeding as to whether the FCPP charges are constitutionally applicable in light of the *Indian Act*, relevant treaties, and section 35 of the *Constitution Act, 1982*. At this time, the OEB has not yet considered this issue and these rates remain interim.

Questions:

- a) Does ENGLP serve any First Nations on-reserve customers in either its Aylmer or South Bruce service territories (or expect to connect any such customers prior to April 1, 2022)?

ENGLP Response: ENGLP does not serve any First Nations on-reserve customers in either its Aylmer or South Bruce service territories or expect to connect any such customers prior to April 1, 2022.

- b) If so, does ENGLP have the capability within its billing system to track any Federal Carbon Charge payments made by these customers?

ENGLP Response: ENGLP has the ability to track these payments in our Customer Information System, if required.

Staff IR-2

Topic: Upstream Costs

Ref: EB-2020-0076, Exhibit A, Tab 1, Schedule 1 / pp. 4-5 of 8; EB-2020-0076, Exhibit A-S, Tab 1, Schedule 1 / p. 2 of 4

Preamble:

ENGLP notes that it incurs upstream costs associated with Enbridge's Facility Carbon Charge, which are recovered from its customers.

Questions:

- a) Please confirm that ENGLP is not requesting approval for any rate changes related to upstream costs (e.g. changes to the Purchased Gas Transportation Variance Account rate rider) as part of the current FCPP applications.

ENGLP Response: ENGLP confirms this to be correct.

Staff IR-3

Topic: Federal Carbon Charge Rate for Qualifying Greenhouses

Ref: EB-2020-0231, 2021 Federal Carbon Pricing Application / pp. 23-24 of 26 Preamble:

ENGLP provides a summary of its requested Federal Carbon Charge rates for customers, including qualifying greenhouses.

Questions:

- a) The proposed rates for qualifying greenhouses do not appear to be exactly 20% of the Federal Carbon Charge rate. Please confirm whether the rates for qualifying greenhouses should be 1.17400 cents/m³ and 1.5660 cents/m³, for the January 1, 2021 to March 31, 2021, and April 1, 2021 to December 31, 2021 periods, respectively.

ENGLP Response: EPCOR confirms that the rates should be 1.17400 cents/m³ and 1.5660 cents/m³ as stated above. During the initial filing, these values were rounded in error. They have been updated as part of a revised submission included with the responses to these questions.

Staff IR-4

Topic: Facility Natural Gas Volumes

Ref: EB-2020-0076, Exhibit B, Tab 2, Schedule 2 / p. 1 of 1; EB-2020-0231, 2021 Federal Carbon Pricing Application / p. 19 of 26

Preamble:

ENGLP forecasts its facility-related volumes of natural gas consumption in 2020 and 2021 from company use buildings and natural gas vehicles.

Questions:

- a) Why are ENGLP's forecast facility-related volumes of natural gas consumption so different between 2020 and 2021 (2020: 8,245 m3 from buildings, 38,316 m3 from natural gas vehicles; 2021: 64,275 m3 from buildings, 2,245 m3 from natural gas vehicles)?

ENGLP Response: There was an error in the data presented for 2020 as the Buildings and Natural Gas Vehicle forecast volumes were inverted. Further to this, the Building data for 2020 was only for the period of January-March 2020 (as noted in EB-2020-0076, Exhibit B, Tab 2, Schedule 2, Page 1 of 1).

The full year 2020 volumes were used as the basis of the 2021 forecast, which more accurately reflect the expected usage.

Staff IR-5

Topic: Facility Carbon Charge Calculations

Ref: EB-2020-0076, Exhibit E, Tab 2, Schedule 2 / p. 1 of 1; EB-2020-0231, p. 22 of 26

Preamble:

ENGLP calculates that a Facility Carbon Charge unit rate (column 5, mistakenly labelled "Federal Carbon Charge unit rate") of 0.0027 cents/m³, effective April 1, 2020, is needed to recover ENGLP's 2020 facility-related FCPP costs from its customers, and that a Facility Carbon Charge unit rate (column 5, mistakenly labelled "Federal Carbon Charge unit rate") of 0.0052 cents/m³, effective April 1, 2021, is needed to recover ENGLP's 2021 facility-related FCPP costs from its customers.

Questions:

- a) It appears to OEB staff that ENGLP's calculations accurately calculate the Facility Carbon Charge unit rate that would be needed to recover ENGLP's 2020 facility-related FCPP costs **if** this rate (0.0027 cents/m³) was effective for the full 2020 calendar year. However, because a lower Facility Carbon Charge unit rate (0.0017 cents/m³) is effective from January 1, 2020 to March 31, 2020, it appears that the requested rate would not fully recover ENGLP's forecast 2020 facility-related costs. Similarly, it appears that the Facility Carbon Charge rate requested for April 1, 2021 would not fully recover ENGLP's forecast 2021 facility-related costs.

Please confirm whether OEB staff's understanding is correct, and if so, why ENGLP has used this approach to set the Facility Carbon Charge rates requested (0.0027 cents/m³ effective April 1, 2020, and 0.0052 cents/m³ effective April 1, 2021).

ENGLP Response: ENGLP confirms that OEB staff's understanding is correct.

As the rates are set for a 12 month period, ENGLP is proposing to recover the forecasted facility related costs over the 12 month period starting in April of the current year. For example, 2021 forecasted volumes would be recovered from April 2021-Mar-2022. As the volumes are only forecasted, there will be variance from the actual results regardless of the approach taken.

- b) Would ENGLP have any concerns with setting the rate for the Facility Carbon Charge that takes effect on April 1, 2021 based on forecast facility-related costs expected to be incurred between April 1, 2021 and March 31, 2022?

ENGLP Response: Due to the immateriality of the expected costs (\$2,350 in 2020 and \$4,885 in 2021) and that the costs are projected, ENGLP would not have concerns with this approach.

Staff IR-6

Topic: Facility Carbon Charge for ENGLP Southern Bruce

Ref: EB-2020-0076, Exhibit B-S, Tab 1, Schedule 1 / p. 3 of 3 Preamble:

ENGLP notes that it does not forecast any facility-related FCPP costs for Southern Bruce in 2020, and is proposing to either have no facility carbon charge or show a facility carbon charge of 0.0000 cents/m³ for 2020 on its Tariffs of Rates and Charges.

Questions:

- a) Does ENGLP have a preference between these two options?

ENGLP Response: Either option is suitable, but option 1 (no facility carbon charge) is likely less confusing for customers.

Staff IR-7

Topic: Accumulation of Balances in Customer Variance Account and Facility Variance Account

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 14 of 14 Preamble:

The auditor's report shows the monthly accumulation of balances in ENGLP's FCPP- related deferral and variance accounts, including changes to the balance in the Customer Variance Account and Facility Variance Account due to funds received from customers and funds remitted to the Government of Canada.

Questions:

- a) For the Customer Variance Account, why are the values "Received via Billing – Customer Charge" and "Federal Fuel Charge" not equivalent to one another in the months from August to December 2019, given that the Federal Carbon Charge was effective on ENGLP customer bills as of August 1, 2019 and exactly matched the volumetric rate to be remitted to the Government of Canada through the fuel charge?

ENGLP Response: There are timing issues between billing and remittance. Billing does not necessarily cover a calendar month and as a result there may be exclusion of certain inapplicable consumption or two rates used over a billing period.

- b) For the Facility Variance Account, please indicate the reasons why the values "Received via Billing – Facility Charge" and "Federal Fuel Charge" are not equivalent to one another in the months from August to December 2019. Are the differences primarily due to differences from forecast in the inputs used to set the rate for the Facility Carbon Charge (e.g. difference from forecast in ENGLP's 2019 facility emissions, difference from forecast in the 2019 customer volumes over which the Facility Carbon Charge would be recovered) or to some other factor?

ENGLP Response: The differences are primarily due to both higher facility volumes than were forecast as well as lower customer volumes.

Staff IR-8

Topic: Interest Calculations for Deferral and Variance Accounts

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / pp. 7-9, 14 of 14

Preamble:

ENGLP calculates the accumulated interest in the 2019 FCPP deferral and variance accounts (DVAs).

Questions:

- a) It appears that ENGLP has calculated the interest in the 2019 FCPP DVAs only to December 31, 2019, instead of to March 31, 2021 (the date immediately before recovery of these balances begins). Please confirm that ENGLP intends to seek recovery of balances including interest to March 31, 2021, and if so, please provide an updated calculation of 2019 FCPP DVA balances and proposed rate riders (a prescribed interest rate has not yet been established by the OEB for Q1 2021; ENGLP may wish to use the Q4 2020 rate of 0.57% for Q1 2021 – in the event that this rate does not change, ENGLP's rate rider calculations would then need no further adjustment).

ENGLP Response: Confirmed. Table 8-1 below provides updated account balances and calculations of rate riders.

Table 8-1 - Updated Deferral/Variance Account Balances

	FCCCCA	FCCCVA	GGEADA
Principal Balance Dec 31, 2019	\$ 287,851	\$ 1,457	\$ 84,209
2019 Carrying Charges	\$ 3,516	\$ 11	\$ 920
2020 Carrying Charges	\$ 4,006	\$ 20	\$ 1,171
2021 Carrying Charges	\$ 415	\$ 2	\$ 121
Total Balance Mar 31, 2021	\$ 295,789	\$ 1,491	\$ 86,421
Determinant for Rate Rider	31,366,144	9,213	9,213
Rate Rider	\$/m3	\$/month	\$/month
Updated Rate Rider	0.0094	0.01	0.78
Previous Rate Rider	0.0093	0.01	0.77
Variance	0.0001	-	0.01

Staff IR-9

Topic: Calculation of Customer Variance Account Rate Rider

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 7 of 14 Preamble:

ENGLP calculates a rate rider of 0.0093 cents/m³ for the disposition of the balance in the 2019 Customer Variance Account.

Questions:

- a) Please confirm that the rate rider would be \$0.0093/m³, not 0.0093 cents/m³.

ENGLP Response: Confirmed.

Staff IR-10

Topic: Allocation and Disposition of 2019 Customer Variance Account Balance

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 7 of 14 Preamble:

ENGLP proposes to recover the 2019 balances in its Customer Variance Account through a twelve-month rate rider, calculated based on "2019 customer volumes".

Questions:

- a) Please clarify whether ENGLP is proposing to allocate 2019 Customer Variance Account balances to customer classes (and to recover these balances from individual customers) based on their 2019 volumes for the entire calendar year, or for their volumes between April 1, 2019 and July 31, 2019.

ENGLP Response: ENGLP is proposing to allocate the balances based on the 2019 volumes for the entire calendar year.

- b) If the former, please explain why ENGLP is proposing this approach.

ENGLP Response: This approach was used as ENGLP is proposing to recover the amounts over a 12 month period (April 2021-Mar 2022). Using volumes between April 1, 2019 and July 31, 2019 would lead to a calculation of a rate rider that would recover too much from customers over the 12 month period.

- c) If necessary, please indicate whether and how the imbalance between funds collected from customers through the Federal Carbon Charge and funds remitted to the Government of Canada through the fuel charge after July 31, 2019 (IR-7) were considerations in ENGLP's proposed allocation approach.

ENGLP Response: This was not a specific consideration in the calculation of the rate rider.

- d) Please clarify whether ENGLP's statement that "volumes related to eligible greenhouse customers have been removed" means that these customers would pay the Customer Variance Account rate rider on 20% of their 2019 volumes or whether they would not pay this rate rider at all.

ENGLP Response: Eligible greenhouses would not be charged this rate rider. 20% of the 2019 volumes for eligible customers would equal 0.15% of expected total usage.

Staff IR-11

Topic: Allocation and Disposition of 2019 Facility Variance Account Balance

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 9 of 14 Preamble:

ENGLP proposes to recover the 2019 balances in its Customer Variance Account through a "fixed charge rate rider...based on 2019 customer volumes".

Questions:

- a) Please confirm that the proposed disposition approach is a fixed charge rate rider (as shown in Table 4) and does not depend on 2019 customer volumes.

ENGLP Response: Correct. This should have read 'customer count'.

Staff IR-12

Topic: 2019 Administration Costs

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / pp. 8-9, 14 of 14

Preamble:

ENGLP indicates 2019 administration costs of \$85,128.81, which are proposed to be disposed of through the Administration Deferral Account.

Questions:

- a) Please provide a detailed explanation of ENGLP's actual 2019 FCPP administration costs, including a breakdown by expense category and context regarding any key differences from the description of forecast 2019 administration costs provided in ENGLP's 2019 FCPP application (EB-2019- 0101).

ENGLP Response: Table 12-1 below provides the breakdown, as requested.

Table 12-1 - 2019 FCPP Administration Costs

Expense Category	2019 Forecasted	2019 Actual	Variance
1 Billing System Costs	\$2,500	\$0	\$2,500
2 Staffing Resources	50,900	16,505	34,395
3 Consulting and External Legal	46,000	63,419	(17,419)
4 Bad Debt Expense	2,300	0	2,300
5 Customer Communication	2,500	835	1,665
6 Other	5,000	3,450	1,550
7 Total	\$109,200	\$84,209	\$24,991

Key differences in actual versus forecast costs were noted in two expense categories:

- a) Staffing Resources – actual FTE costs required to setup and administer the program were significantly less than anticipated. The 2019 FCPP application had forecasted 0.5 FTE, whereas ENGLP found that the effort required was less than half the forecasted amount.
- b) Consulting and External Legal – actual costs were significantly higher due to higher external legal costs incurred to interpret and review our implementation of the GGPPA.

Staff IR-13

Topic: Administration Costs For Other Federal/Provincial Regulations Ref: EB-

2020-0076, Exhibit D, Tab 1, Schedule 1, Page 2 of 2

EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 8 of 14

Preamble:

ENGLP requests approval to use the existing GGEADA account (Account No. 179-60) to record the administrative costs associated with the impacts of the GGPPA, as well as any other federal and/or provincial regulations related to GHG emission requirements.

Questions:

- a) OEB staff note that the Accounting Order for the GGEADA account indicates its purpose as being "to record the administrative costs associated with the impacts of the Greenhouse Gas Pollution Pricing Act (GGPPA) for EPCOR Gas' Aylmer Operation." Is ENGLP specifically requesting a change to the purpose of this deferral account to enable recovery of administrative costs associated with other federal and/or provincial regulations related to GHG emission requirements?

ENGLP Response: ENGLP is not requesting a change to the purpose of this deferral account.

- b) Please indicate whether any of the 2019 administrative costs in the GGEADA that are requested for disposition are associated with activities other than the GGPPA. If so, please provide a quantum of those costs and an explanation of what they relate to.

ENGLP Response: ENGLP confirms that all of the 2019 administrative costs in the GGEADA that are requested for disposition are associated with the GGPPA.

Staff IR-14

Topic: Forecast 2020 Administration Costs For ENGLP Southern Bruce

Ref: EB-2020-0076, Exhibit C, Tab 1, Schedule 1 / p.1 of 4; EB-2020-0076, Exhibit A- S, Tab 1, Schedule 1 / p. 2 of 4

Preamble:

ENGLP forecasts 2020 FCPP administration costs of \$70,850 for its Aylmer operations. ENGLP indicates that it will provide a forecast of 2020 administration costs for the Southern Bruce operations as part of an evidence update, and that for 2020, ENGLP foresees the incremental administration costs to be minimal.

Questions:

- a) A forecast of incremental 2020 administration costs for Southern Bruce operations has not been provided. Does ENGLP still foresee any incremental 2020 administration costs (beyond those forecast for 2020 for ENGLP Aylmer) to be minimal?

ENGLP Response: ENGLP expects incremental 2020 Southern Bruce administration costs to be minimal.

- b) What approach is ENGLP taking towards allocating administration costs (in 2020 and onwards) between the Aylmer or South Bruce franchise areas, for future disposition?

ENGLP Response: ENGLP proposes to allocate administration costs on a monthly basis between the Aylmer and Southern Bruce franchise areas based on customer counts.

Staff IR-15

Topic: Bill Impacts

Ref: EB-2020-0076, 2020 Federal Carbon Pricing - Additional Evidence / p. 10 of 14, EB-2020-0231, p. 22 of 26, EB-2020-0234, 2021 Incentive Rate Adjustment Application / p. 26 of 84

Preamble:

ENGLP provides a bill impact estimate for its Aylmer operations due to the rate changes requested in each of EB-2020-0076, EB-2020-0231, and EB-2020-0234.

Questions:

- a) Please provide a similar table showing the combined bill impact estimates for ENGLP Aylmer customers based on a comparison between approved rates as of October 1, 2020, and rates should ENGLP's rate requests in all three of these proceedings be approved as filed.

ENGLP Response: Refer to table 15-1 on the next page for the breakdown as requested.

Table 15-1 Bill Impact Comparison

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	EB-2020-0076 2020 FCPP	EB-2020-0231 2021 FCPP	EB-2020- 0234 2021 IRM	Total Annual Customer Impact	% Variance
RATE 1 - General Service Rate - Residential	\$907	2,113	\$29	\$41	\$25	\$96	10.6%
RATE 1 - General Service Rate - Commercial	\$3,920	11,854	\$121	\$233	\$75	\$428	10.9%
RATE 1 - General Service Rate - Industrial	\$10,472	32,113	\$311	\$618	\$185	\$1,114	10.6%
RATE 2 - Seasonal Service - Apr to Oct	\$4,654	14,067	\$142	\$276	\$99	\$517	11.1%
RATE 2 - Seasonal Service - Nov to Mar	<u>\$3,481</u>	<u>8,917</u>	<u>\$93</u>	<u>\$175</u>	<u>\$81</u>	<u>\$350</u>	10.0%
RATE 2 - Seasonal Service - Annual	\$8,136	22,984	\$226	\$451	\$181	\$858	10.5%
RATE 3 - Special Large Volume Contract Rate	\$72,664	257,421	\$2,429	\$5,052	\$1,884	\$9,365	12.9%
RATE 4 - General Service Peaking - Apr to Dec	\$13,831	44,132	\$424	\$866	\$333	\$1,624	11.7%
RATE 4 - General Service Peaking - Jan to Mar	<u>\$2,103</u>	<u>5,328</u>	<u>\$60</u>	<u>\$105</u>	<u>\$55</u>	<u>\$219</u>	10.4%
RATE 4 - General Service Peaking - Annual	\$15,934	49,460	\$474	\$971	\$388	\$1,833	11.5%
RATE 5 - Interruptible Peaking Contract Rate	\$55,638	198,871	\$1,879	\$3,903	\$1,230	\$7,012	12.6%
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$921,422	62,382,456	\$0	\$1,558	(\$160,649)	(\$159,091)	-17.3%

**Note, rate impacts presented include the updated carrying charges as noted in Staff IR-8*