



Ontario
Energy
Board

Commission
de l'énergie
de l'Ontario

BY EMAIL

February 11, 2021

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

Dear Ms. Long:

**Re: EPCOR Natural Gas Limited Partnership
Aylmer 2021 Rate Application
OEB Staff Submission on Draft Rate Order
Ontario Energy Board File Number: EB-2020-0234**

In accordance with Ontario Energy Board's Decision and Order for the above proceeding that was issued January 28, 2021, please find attached the OEB staff submission on EPCOR Natural Gas Limited Partnership's draft rate order. This document has been sent to EPCOR Natural Gas Limited Partnership.

EPCOR Natural Gas Limited Partnership is reminded that its reply submission is due by February 18, 2021.

Yours truly,

Arturo Lau
Advisor, Natural Gas

Encl.

c. EPCOR Natural Gas Limited Partnership



Aylmer 2021 Rate Application

EPCOR Natural Gas Limited Partnership

EB-2020-0234

OEB Staff Submission on Draft Rate Order

February 11, 2021

1 INTRODUCTION

On October 8, 2020 EPCOR Natural Gas Limited Partnership (ENGLP) applied to the Ontario Energy Board (OEB) under section 36(1) of the *Ontario Energy Board Act, 1998* for changes to its natural gas distribution rates to be effective January 1, 2021.

The OEB approved ENGLP's application on January 28, 2021. The OEB ordered ENGLP to file a draft Rate Order that reflects the findings in the Decision and Order.

On February 4, 2021, ENGLP filed its draft Rate Order.

2 SUBMISSIONS

2.1 Price Cap Adjustment

OEB staff has reviewed the price cap adjustments and has no concerns with the proposed monthly fixed and delivery charges in each of the rate schedules.

2.2 Disposition of Deferral and Variance Account Balances

ENGLP updated the amounts sought for disposition to include carrying charges as of April 1, 2021. OEB staff has no issues with the amounts being sought for disposition. OEB also submits that the associated allocation and disposition methodologies for the Regulatory Expense Deferral Account, the Purchased Gas Transportation Variance Account and the Approved Deferral/Variance Disposal Variance Account are consistent with the Decision and Order.

2.3 Foregone Revenue Recovery

ENGLP proposed to implement a combination of fixed and variable rate riders to recover the three months of foregone revenue over the April 1 to June 30, 2021 period. The monthly fixed rate riders for Rate 1 and Rate 6 were calculated using the difference between the current fixed monthly charge and the proposed fixed monthly charge.

The variable rate riders for Rates 1, 2 and 4 were calculated using the difference between the current and proposed variable charges over the first quarter divided by the volumes over the second quarter. ENGLP used 2020 volumes by rate class to project consumption over the first and second quarter of 2021.

Rate 3 customers are subject to: 1) a monthly demand charge for each m³ of daily contracted firm demand; and 2) a monthly firm delivery charge for all firm volumes per

m³. ENGLP proposed to implement two variable rate riders derived by taking the difference between the current and proposed monthly demand and monthly delivery charges.

OEB staff has no issues with how ENGLP has calculated the rate riders to recover forgone revenue over the period of April 1 to June 30, 2021 period. Regarding the derivation of variable rate riders, OEB staffs accepts the use of 2020 volumes as a reasonable proxy for volumes to be consumed over the first and second quarter of 2021.

2.4 Federal Carbon Charge

ENGLP included in the rate schedules the proposed Federal Carbon Charge and Facility Carbon Charge of 7.8 cents per m³ and 0.0052 cents per m³ respectively effective April 1, 2021 and the proposed rate riders for the associated deferral and variance account balances included in ENGLP's 2021 Federal Carbon Pricing Program application.¹ OEB staff submits that it is premature for ENGLP to include these proposed charges and rate riders in its rates schedules in this application as they have not yet been approved by the OEB. OEB staff requests that ENGLP file an updated rate order to exclude these items from its proposed rate schedules.

All of which is respectfully submitted.

¹ EB-2020-0231