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BY EMAIL

November 5, 2021

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 (EPCOR)
Application for 2022 Rates – South Bruce Service Area
Ontario Energy Board File Number: EB-2021-0216**

In accordance with Procedural Order #1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

EPCOR Natural Gas Limited Partnership's responses to interrogatories are due by November 15, 2021.

Any questions relating to this letter should be directed to Arturo Lau, Advisor at 416-440-8109 or Arturo.Lau@oeb.ca. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Arturo Lau
Applications Division

Encl.

**OEB Staff Interrogatories
EPCOR Natural Gas Limited Partnership
EB-2021-0216**

Please note, EPCOR Natural Gas Limited Partnership is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

OEB Staff.1 – Other Revenue

Ref: 2022 Incentive Rate Adjustment Application, page 12

EPCOR noted “other revenue” was collected in 2020 and 2021 and that due to the “immaterial amounts of other revenue collected, EPCOR recommends to defer the decision regarding the approval of a deferral account until the 2023 filing.”

The Custom IR Decision and Order¹ stated, “For the years 2019 to 2021, Other Revenues will be set at zero, given the greenfield nature of the utility. Whether a deferral account should be approved for 2022 for incremental net revenues can be determined in the 2022 IRM rate application.”

- a) Please confirm that other revenues are not included in EPCOR's OEB-approved revenue requirement for the Custom IR term and that actual other revenues are not tracked in any deferral or variance account.
- b) Please provide EPCOR's forecast of other revenues for 2022. If a precise forecast is not available, please advise whether EPCOR believes that other revenues will continue to be immaterial in 2022 (as was the case in 2020 and 2021).

OEB Staff.2- Energy Content Variance Account (ECVA)

Ref: 2022 Incentive Rate Adjustment Application, page 14-15
2019 Custom Incentive Rate Application (EB-2018-0264), Exhibit 3, Tab 1,
Schedule 2, Table 3-9- Throughput Volumes by Rate Class

EPCOR has proposed to dispose of the ECVA balances as of December 31, 2020. EPCOR proposed that “the balance in this account will be apportioned to Rates 1, 6 and 11 based on forecasted volumes underpinning CIP revenues for each rate class”. EPCOR also stated that the recovery of the cost be based on the revised forecast volumes.

¹ EB-2018-0264, Decision and Order, Nov 28, 2019, pg.10

- a) Please provide the forecasted volumes underpinning CIP revenues for each rate class (and a citation to the evidence where this amount can be found).
- b) EPCOR in this application proposed the balance to be apportioned to Rates 1, 6 and 11 based on the forecasted volumes underpinning the CIP. In EPCOR South Bruce's 2019 Custom IR application Table 3-9 provided a forecasted throughput volume by rate class, however EPCOR's 2022 Rates Application Table 5 volume does not reflect these numbers. Please explain where the volumes in Table 5 came from or explain how these numbers were derived.
- c) Please provide the "revised forecast volumes" for each rate class and explain what these volumes are.
- d) EPCOR requested that the balance be allocated based on the forecasted volumes underpinning the CIP revenues and that the balance be recovered based on the revised forecasted volumes. OEB staff understood these statements together as allocating the balances based on the CIP forecasted volumes by rate class then dividing the allocated balance to each rate class by the revised forecast volumes for each rate class to achieve a rate class specific unit rate. However, Table 5 appears to indicate that the balance was allocated to rate classes by a total revised forecasted volume. Please clarify what EPCOR is requesting.
- e) Please explain why the account balance is only allocated to Rates 1, 6 and 11?

OEB Staff.3- Contribution in Aid of Construction Variance Account (CIACVA)

Ref: 2022 Incentive Rate Adjustment Application, page 15-16

EPCOR has proposed to dispose of the CIACVA balances as of December 31, 2020 including interest as of the same date. EPCOR proposed to recover the balance in the CIACVA from all rate classes based on revised forecast volumes allocated by distribution rate base assumptions included in the CIP. EPCOR requested a 12-month volumetric rate rider for disposition of the account.

- a) Please provide a detailed calculation of the allocation to rate classes based on "distribution rate base assumptions included in the CIP" (and provide citation to the evidence where the allocations can be found). Please confirm that this same calculation is applicable to the EFVA.
- b) Please explain why the volumes used in calculating the rate riders for ECVA and CIACVA/EFVA are different (i.e. 10,121,579 m³ for the ECVA and 38,301,632 m³ for the CIACVA and the EFVA).

OEB Staff.4- External Funding Variance Account (EFVA)

Ref: 2022 Incentive Rate Adjustment Application, page 17-18

EPCOR requested to dispose the EFVA balance as of December 31, 2020 including associated carrying charges. Final payment was received in 2020.

- a) Please confirm once the final payment was completed in 2020 there were no other amounts booked in this account aside from carrying charges.
- b) If this balance is approved for disposition, will EPCOR continue to require this account? When will EPCOR request to close the EFVA account.

OEB Staff.5- Approved Deferral/Variance Disposal Account (ADVADA)

Ref: 2022 Incentive Rate Adjustment Application, page 18
2022 Incentive Rate Adjustment Application, Appendix E, page 66

EPCOR requested to approve of the ADVADA, which is consistent with EPCOR Aylmer's accounting process.

- a) Please confirm that requested ADVADA is identical to the ADVADA account EPCOR has for Aylmer. If not please do a side-by-side comparison of the two Accounting Orders.

OEB Staff.6- Municipal Tax Variance Account (MTVA)

Ref: 2022 Incentive Rate Adjustment Application, page 18-21

The approved Accounting Order for the MTVA states:

The Municipal Tax Variance Account ("MTVA") is to record the difference between the actual annual municipal taxes paid, net of municipal contributions related to municipal taxes, and the net municipal taxes included in the annual revenue requirement for EPCOR's South Bruce operations as approved in EB-2018-0264 for each year of the rate stability period. The effective date of this account is January 1, 2019.

The proposed Accounting Order for the MTVA states:

The purpose of the MTVA is to record any impacts to ENGLP resulting from changes in municipal tax rates or levies, or the introduction of any new municipal tax or levies that occur during the period covered by this application.

- a) Please explain the difference between what would be tracked in the proposed account relative to the approved account.
- b) Please provide rationale for the following changes in the proposed Accounting Order (relative to the approved Accounting Order).
 - I. The removal of language that describes that the account tracks variances between actual tax amounts paid and amounts included in revenue requirement.
 - II. The removal of language that described that the account tracks "net" tax amounts (i.e. taxes net of municipal contributions).
 - III. The change to the wording to focus on changes to "tax rates."

- IV. The addition of the wording to include “new municipal tax or levies”. Is EPCOR expecting that a new tax or levy will be imposed?
- c) Please specify what period is referenced by the statement, “the period covered by this application” in the proposed Accounting Order.