



Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

January 19, 2022

Ms. Nancy Marconi
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission
EPCOR Natural Gas Limited Partnership
South Bruce 2022 Rate Application
OEB File Number: EB-2021-0216**

Please find attached OEB staff's submission in the above referenced proceeding, regarding the draft accounting order for the Other Revenues Deferral Account, pursuant to the December 9, 2021 Decision and Order- Phase 1.

EPCOR Natural Gas Limited Partnership is reminded that its reply argument is due by January 26, 2022.

Yours truly,

Arturo Lau
Advisor, Natural Gas

Encl.

cc: All parties in EB-2021-0216



ONTARIO ENERGY BOARD

OEB Staff Submission Regarding the Draft Accounting Order – Other Revenues Deferral Account

EPCOR Natural Gas Limited Partnership

South Bruce 2022 Rate Application

EB-2021-0216

January 19, 2022

Application Summary and Process

On September 27, 2021, EPCOR Natural Gas Limited Partnership (EPCOR) 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 in South Bruce to be effective January 1, 2022 (Application).

The decision and order related to Phase 1 (Decision) was issued on December 9, 2021. Phase 1 included all elements of the Application, with the exception of the Municipal Tax Variance Account (MTVA) issue. Phase 2 included the MTVA issue. The Decision therefore did not address the MTVA issue.

The Decision provided for the filing of a draft accounting order for the Other Revenues Deferral Account (ORDA), an OEB staff submission, and a reply submission. The OEB ordered EPCOR to prepare and file a draft accounting order for the ORDA by January 12, 2022. EPCOR filed the draft accounting order for the ORDA on January 13, 2022.

This document contains OEB staff's submission on the draft accounting order regarding the ORDA.

Background

Other revenues relate to revenues from other activities or work performed, such as bill reprint and returned cheque/payments charges.¹

In the decision and order on the unsettled issues² with respect to EPCOR's Custom IR application, the OEB set other revenues at zero for ratemaking purposes for the years 2019 to 2021. The OEB stated that the determination as to whether a deferral account to capture other revenues should be established starting in 2022 should take place in the 2022 IRM rate proceeding (i.e. the current proceeding, and in particular the issues covered in Phase 1).

The Decision stated that as part of its 10-year rate stability period, EPCOR was approved to collect other minor revenues and that these revenues were to be considered as an offset to its overall revenue requirement.

Although the OEB determined that the amount of other revenues was not material at this point, the OEB approved the establishment of the ORDA in the Decision. The OEB also deferred the decision to dispose the balance in the ORDA to EPCOR's application for 2023 rates. The OEB directed EPCOR to file a draft accounting order regarding the ORDA for the OEB's approval.

EPCOR's draft accounting order regarding the ORDA, filed on January 13, 2022, used the following language:

The ORDA is to record customer service charge revenue amounts (as per the schedule of Miscellaneous and Service Charges on the Distributors approved rate order). As part of its 10-year rate stability period, EPCOR was approved to collect specific service charges as part of the Settlement Proposal. The OEB approved \$0 in Other Revenues for ratemaking purposes for the periods of 2019-2021 and the establishment of a deferral account to track the impact for the remain years of the rate stability period.

The effective date of this account is January 1, 2022 and is expected to be in effect until EPCOR's next rate filing for rates after the 10 year stability period.

OEB Staff Submission

OEB staff submits the following modifications (in bold) to EPCOR's draft accounting order regarding the ORDA:

The ORDA is to record customer service charge revenue amounts (as per the schedule of Miscellaneous and Service Charges on the Distributor's approved rate order). As part

¹ EB-2018-0264, Decision and Order, November 28, 2019, pg. 9

² Ibid.

of its 10-year rate stability period, EPCOR was approved to collect specific service charges as part of the Settlement Proposal. The OEB approved \$0 in Other Revenues for ratemaking purposes for the periods of 2019-2021 and the establishment of a deferral account to track the **actual other revenues for the remaining** years of the rate stability period.

The effective date of this account is January 1, 2022 and is expected to be in effect until **the effective date of EPCOR's first** rate filing for rates after the 10-year stability period³ **(currently scheduled to be January 1, 2029)**.

OEB staff notes that the other revenues amount in base rates, until the end of the rate stability period (December 31, 2028), remains at zero. OEB staff submits that EPCOR's proposed language in the accounting order should be modified to OEB staff's proposed language to clarify the intended use of the account.

OEB staff understands that EPCOR will seek to incorporate other revenues into base rates upon EPCOR's first rate filing after its 10-year rate stability period. OEB staff requests that EPCOR confirm this understanding in its reply submission.

OEB staff has reviewed the remainder of the accounting order for the ORDA and has no further comments.

~All of which is respectfully submitted~

³ EB-2018-0264