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January 25, 2022

Sent by EMAIL, RESS e-filing

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

Dear Ms. Marconi:

**Re: EB-2020-0268: EPCOR Natural Gas Limited Partnership's ("ENGLP")
2022 Federal Carbon Pricing Program Application
Responses to OEB Staff Interrogatories**

Pursuant to Procedural Order No. 1, please find attached the responses to OEB staff interrogatories in the above referenced proceeding. As an outcome of the questions received, ENGLP will be withdrawing the request for disposition of the Federal Carbon Charge - Customer Variance Account ("FCCCVA") included in the original submission of this application due to required adjustments to the balances remitted to CRA. Additional detail can be found in the response to Staff IR-3.

Yours truly,

A handwritten signature in blue ink, appearing to read "Tim Hesselink", is written over a light blue horizontal line.

Tim Hesselink
Senior Manager, Regulatory Affairs
EPCOR Natural Gas Limited Partnership
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Encl.

EPCOR Natural Gas Limited Partnership

2022 Federal Carbon Pricing Program Application

Responses to OEB Staff Interrogatories

EB-2021-0268

January 25, 2022

Staff IR-1

Reference(s): EB-2021-0268 Application and Evidence, Appendix A

Preamble: According to the schedule provided in the Appendix A auditor's report, eligible customers (i.e., customers not exempt from the Federal Carbon Charge) in the South Bruce rate zone began consuming natural gas in December 2020, however federal fuel charges payments to the CRA and balances in the Federal Carbon Charge - Customer Variance Account (FCCCVA) and begin accruing in September 2020.

Question(s):

- (a) Please explain why EPCOR Natural Gas Limited Partnership (ENGLP) is making federal fuel charge payments to the CRA and accruing balances in the FCCCVA corresponding to the South Bruce rate zone in advance of those customers actual consumption of natural gas.

ENGLP Response: ENGLP's first South Bruce customers were connected in August 2020. The category of 'Exempt Customer Volume' on the audit report refers both to exempt customers and eligible greenhouse customers who would only be subject to the Federal Carbon Charge based on 20% of eligible volumes.

- (b) Considering the lack of historical natural gas consumption data for the South Bruce rate zone, please explain how the federal fuel charge payments to the CRA and the recording of balances in the FCCCVA were calculated.

ENGLP Response: Federal fuel charge payments are calculated based on actual volumes of gas consumed. During the initial rollout of the program, an incorrect data source was used to determine the amounts to remit to CRA. This will be corrected in 2022. This error will be corrected in 2022 and as explained further in STAFF IR-3, ENGLP is withdrawing its request in this application to dispose of the 2020 FCCCVA balance."

Staff IR-2

Reference(s): EB-2021-0268 Application and Evidence, Clause 48

Preamble: ENGLP noted that South Bruce is not expecting any costs associated with company-use volumes for ENGLP's buildings and natural gas vehicle fleet and therefore, is not requesting a Facility Carbon Charge for the South Bruce rate zone.

Question(s):

(a) Please confirm that customers in the South Bruce rate zone do not receive any benefit from ENGLP's Aylmer rate zone buildings and natural gas vehicle fleet.

ENGLP Response: ENGLP Aylmer and South Bruce have separate vehicle fleets. There would be some residual benefit for South Bruce customers for some building costs in the Aylmer facility, (i.e. management and billing functions), a portion of which could be allocated to South Bruce. As the Aylmer facility also contains the operations staff and equipment, a suitable allocation method would need to be determined. While customer count could be a suitable allocation determinant, it would not be appropriate to allocate the full facility cost and a means of prorating the cost would be required.

Due to the on going construction and lack of materiality, ENGLP did not allocate any facility volumes to South Bruce in 2020. South Bruce customers accounted fewer than 2% of the combined customer count in 2020, the majority of who were connected in December.

Staff IR-3

- Reference(s):** (i) EB-2021-0268 Application and Evidence, Table 1
(ii) EB-2021-0268 Application and Evidence, Appendix A

Preamble: The Federal Fuel Charge is essentially a pass-through cost, where the amount charged to customers is equal to the amount remitted to the CRA. Any deviations from this are recorded in the FCCCVA or FCCFVA for the respective rate zone. In the current proceeding, ENGLP is seeking to recover from Aylmer rate zone ratepayers a total FCCCVA balance of \$56,044 and a total FCCFVA balance of \$3,053.

Question(s):

- (a) Considering the preamble above, please explain how such a large balance has accumulated in the Aylmer rate zone FCCCVA.
- (b) According to the auditor's report in Appendix A, the amount collected from customers with respect to the Customer and Facility Federal Carbon Charges and the amount remitted to the CRA for any given month are not equal for all twelve months audited. Considering the preamble above, please explain why significant deviations exist in the same month between the amount collected from customers and the amount remitted to the CRA for both the Aylmer and South Bruce rate zones.
- (c) Please confirm whether the outstanding amounts responsible for the 2020 balance in the Aylmer rate zone FCCCVA have subsequently been collected from the responsible customers in 2021 and recorded as a credit in the Aylmer rate zone 2021 FCCCVA.

(Combined response for all questions)

ENGLP Response: Upon review of the questions received, ENGLP has determined that amounts remitted to CRA include data errors which have resulted in an over-remittance to CRA, leading to the variances in the FCCCVA account. There are two sources of error:

- 1) Amounts remitted in April 2020 were not properly prorated for consumption amounts applicable to March 2020. This resulted in an overpayment to CRA.
- 2) An incorrect data source was used to account for the exempt and eligible greenhouse amounts.

Accordingly, ENGLP is withdrawing its request to dispose of the 2020 FCCCVA balance as part of this application until such time that the corrections can be made. Our historical review is still ongoing, but ENGLP expects that by withdrawing the disposition request,

ENGLP will avoid unnecessarily collecting the \$56k FCCCVA balance and then repaying it back to customers in subsequent years once the corrections are made.

ENGLP has included a revised summary of rate changes and bill impacts as Appendix E of this submission which have removed the FCCCVA impact.

Staff IR-4

Reference(s): EB-2021-0268 Application and Evidence, Clauses 53 and 54

Preamble: ENGLP stated that it incurs upstream costs associated with Enbridge's Facility Carbon Charge. These upstream costs are then recovered from ENGLP customers.

Question(s):

- (a) Please confirm that ENGLP is not requesting approval for any rate changes or disposition of any deferral or variance accounts associated with upstream costs (i.e., the Purchased Gas Transportation Variance Account or the Purchased Gas Commodity Variance Account) as part of the current application.

ENGLP Response: Confirmed.

Staff IR-5

Reference(s): EB-2021-0268 Application and Evidence, Clause 34

Preamble: ENGLP calculated a total forecast cost associated with eligible greenhouse natural gas consumption volumes of \$184,244. An effective natural gas consumption volume of 18,820 m³ and a Federal Carbon Charge of \$0.0979 per m³ were noted as the inputs to this calculation.

Question(s):

(a) OEB staff repeated the calculation for the total forecast cost associated with eligible greenhouse natural gas consumption volumes and arrived at a total cost of \$1,842.48. Please confirm the value for the total forecast cost associated with eligible greenhouse natural gas consumption volumes.

ENGLP Response: The amount of \$184,244 should have been divided by 100 to properly reflect the presentation of '¢/m³' on the table. A corrected table has been included below.

Line No.	Customer-Related Costs	Volumes (m ³)	FCC Rate (¢/m ³)	Cost Forecast (\$)
1	Customer-Related Forecast Volume	28,507,279	9.79	\$2,790,863
2	<i>Eligible Greenhouse Volumes</i>	<i>94,098</i>		
3	Effective Volumes (20%)	18,820	9.79	\$1,842
4	Total Customer-Related Costs (\$)			\$2,792,705

(b) As it may be required, please update all downstream calculations that may be impacted resulting from part (a) of this question above.

ENGLP Response: No adjustments are necessary. The above table was intended to summarize the expected federal carbon charge costs which are based on a pre-determined rate. There is no resulting impact on the facility charge or DVA balances.

Staff IR-6

Reference(s): (i) EB-2021-0268 Application and Evidence, Clause 39
 (ii) EB-2020-0076/EB-2021-0231, Staff IR-4 and Applicant IR Response

Preamble: The table that follows summarizes ENGLP’s forecast facility related natural gas consumption volumes from company use buildings and natural gas vehicles for the years 2020, 2021, and 2022.

Table 1: Summary of ENGLP’s Forecast Natural Gas Consumption Values for 2020, 2021, and 2022

Year	Natural Gas Use Case	Natural Gas Consumption Volume (m³)
2020	Buildings	38,316
	Natural Gas Vehicles	8,245
	Total	46,561
2021	Buildings	64,275
	Natural Gas Vehicles	2,245
	Total	66,520
2022	Buildings	10,833
	Natural Gas Vehicles	20,381
	Total	31,214

Question(s):

(a) Please explain why ENGLP experiences such year-over-year fluctuations in its forecast facility related natural gas consumption volumes. In the response, please explain why the allocation of volumes between buildings and natural gas vehicles also experiences such year-over-year fluctuations.

ENGLP Response: While there is some expected variation annually, ENGLP inadvertently gathered incorrect forecast data which was not properly allocated to buildings and vehicles. ENGLP has corrected the error and expects to have a more consistent reporting data reporting process for future years. The 2022 forecast reflects what is expected to be a more accurate forecast.

(b) Please comment as to whether ENGLP expects its forecast facility related natural gas consumption volumes to normalize to a consistent yearly amount in the future. If so, please identify when such normalization is expected.

ENGLP Response: Normalization is expected for 2022 forecast data as data anomalies have been identified and corrected.

Staff IR-7

- Reference(s):** (i) EB-2021-0268 Application and Evidence, Clause 45
(ii) EB-2021-0268 Application and Evidence, Table 6

Preamble: References 1 and 2 were included as part of the Application and Evidence that discusses the GGEADA. Table 6 indicated that ENGLP is seeking to dispose of its Aylmer rate zone 2020 Greenhouse Gas Emissions Administration Deferral Account (GGEADA) balance with a fixed per customer rate rider. However, Clause 45 stated that FCCCVA balances are proposed to be recovered through a twelve-month fixed rate rider based on 2019 customer volumes, which does not appear to be related to the GGEADA.

Question(s):

- (a) Please confirm whether ENGLP is proposing to recover the 2020 balance in the GGEADA through a fixed rate rider per customer or a fixed rate rider based on 2019 customer volumes.

ENGLP Response: ENGLP is proposing to recover the 2020 balance in the GGEADA through a fixed rate rider per customer based on 2020 customer counts.

- (b) Considering the material in the preamble, please identify why the disposition of the FCCCVA is discussed in Clause 45.

ENGLP Response: This is a clerical error. The reference should have read 'GGEADA' instead of 'FCCCVA'.

- (c) As needed by the responses to parts (a) and (b) of this question, please update any impacted rate rider table(s) and bill impact calculations.

ENGLP Response: N/A based on the above response.

Staff IR-8

- Reference(s):** (i) EB-2021-0268 Application and Evidence, Clause 43
(ii) EB-2021-0268 Application and Evidence, Table 4

Preamble: Table 4 indicated that ENGLP is seeking to dispose of its Aylmer rate zone 2020 FCCFVA balance with a fixed per customer rate rider. Clause 43 stated that FCCFVA balances are proposed to be recovered through a twelve-month fixed rate rider based on projected customer volumes.

Question(s):

- (a) Please confirm whether ENGLP is proposing to recover the 2020 balance in the FCCFVA through a fixed rate rider per customer or a fixed rate rider based on projected customer volumes. If the latter, please identify the period for the projected customer volumes.

ENGLP Response: ENGLP is proposing to recover the 2020 balance in the FCCFVA through a fixed rate rider per customer.

- (b) As needed by the responses to part (a) of this question, please update any impacted rate rider table(s) and bill impact calculations.

ENGLP Response: N/A based on the above response.

Staff IR-9

Reference(s): EB-2021-0268 Application and Evidence, Clauses 41 and 50

Preamble: ENGLP has calculated rate riders for the disposition of both the Aylmer and South Bruce rate zone FCCCVAs using projected customer volumes.

Question(s):

- (a) For both the Aylmer and South Bruce rate zone FCCCVA rate riders, please identify the period for the projected customer volumes.

ENGLP Response: Projected customer volumes for Aylmer are based on 2020 volumes to represent the April 1 2022 to March 31, 2023 period. This is consistent with the IRM filing for 2022 rates and the most accurate data available at the time of submission.

Project volumes for South Bruce are projected based on the 2021 Gas Supply Plan update for the 2022 period. This is also consistent with the 2022 IRM filing and the most accurate data available at the time of submission.

ENGLP is aware that the requested period of disposition for the FCCCVA is April – May and the projected volumes are based on a calendar year, but has proposed the customer volumes as submitted in the application as they were the most accurate data available at the time.

Staff IR-10

Reference(s): EB-2021-0268 Application and Evidence, Clauses 41 and 50

Preamble: ENGLP has calculated the Aylmer and South Bruce FCCCVA rate riders for eligible greenhouses.

Question(s):

- (a) Please confirm whether the proposed FCCCVA rate riders for eligible greenhouses are applicable to their actual natural gas consumption or their reduced natural gas consumption (i.e., 20% effective volumes).

ENGLP Response: The rate riders are applicable to their reduced natural gas consumption (i.e. 20% effective volumes).

ENGLP intends to include the following footnote on the final rate order (consistent with the 2021 FCPP application. *“The Federal Carbon Charge is only “applicable” to 20% of the natural gas volumes used by eligible greenhouses, reducing their effective Federal Carbon Charge rate.”*

Staff IR-11

Reference(s): EB-2021-0268 Application and Evidence, Tables 1, 3, 5, and 7

Preamble: ENGLP has calculated forecast carrying charges on all outstanding DVA balances up to March 31, 2022.

Question(s):

(a) Please confirm the carrying charge interest rate used to calculate the 2022 carrying charge in Tables 1, 3, 5, and 7.

ENGLP Response: 2022 carrying charges were calculated using an interest rate of 0.57%, which was the most current OEB prescribed interest rate.

Staff IR-12

Reference(s): EB-2021-0268 Application and Evidence, Clauses 26 and 35

Preamble: Effective January 1, 2022, the Government of Canada announced that the Ontario Emissions Standards (EPS) program will replace the Government of Canada's OBPS. EPCOR has one Rate 6 customer that holds an Exemption Certificate from the CRA under the OBPS.

Question(s):

- (a) Please confirm whether ENGLP's Rate 6 customer with an existing OBPS Exemption Certificate will be subject to the Ontario EPS.

ENGLP Response: Confirmed. ENGLP has received confirmation from the customer.

- (b) If the response to part (a) of this question above is currently unknown, is ENGLP proposing to continue not charging the Rate 6 customer the Federal Carbon Charge, pending the CRA's determination?

ENGLP Response: N/A based on the above response.

Staff IR-13

Reference(s): EB-2021-0268 Application and Evidence, Table 9

Preamble: ENGLP records administrative costs associated with administering the Federal Carbon Charge in its Greenhouse Gas Emissions Administration Deferral Account (GGEADA). The administrative costs recorded in the GGEADA for the 2020 period was reduced by 96% compared to the administrative costs recorded in the GGEADA for the 2019 period.

Question(s):

(a) Please explain why the administrative costs recorded in the GGEADA for the 2020 period were 96% less than that recorded in the GGEADA for the 2019 period.

ENGLP Response: The majority of the 2019 GGEADA balance was for program setup, legal interpretation and implementation. The table below compares the principal balances by expense category:

	Expense Category	2019	2020	Variance
1	Billing System Costs	\$0	\$0	\$0
2	Staffing Resources	\$16,505	\$1,616	(\$14,889)
3	Consulting and External Legal	\$63,419	\$1,590	(\$61,829)
4	Bad Debt Expense	\$0	\$0	\$0
5	Customer Communication	\$835	\$0	(\$835)
6	Other	\$3,450	\$0	(\$3,450)
7	Total	\$84,209	\$3,206	(\$81,003)

As the program setup has stabilized and is being administered in a consistent manner, administrative costs have been significantly reduced. The 2020 consultant and external legal costs were incurred for the financial audit as part of this application.

Staff IR-14

Reference(s): EB-2021-0209 Application and Evidence, Exhibit C, Attachment 1

Preamble: In its Federal Carbon Charge application, Enbridge Gas Inc. has proposed minor Accounting Order amendments to its Federal Carbon Charge DVAs to reflect the transition from the Government of Canada's OBPS to the Ontario EPS.

(Note the original submission from OEB Staff had listed EB-2021-0219 instead of EB-2021-0209. The updated reference was confirmed with OEB Staff).

Question(s):

- (a) Is ENGLP proposing similar amendments to its Federal Carbon Charge Accounting Orders to reflect the transition from the Government of Canada's OBPS to the Ontario EPS?

ENGLP Response: After review of the documents in the above reference, ENGLP is proposing to amend the Accounting Orders to reflect the transition from the Government of Canada's OBPS to the Ontario EPS.

Aylmer:

Federal Carbon Charge – Customer Variance Account (FCCCVA)
Federal Carbon Charge – Facility Variance Account (FCCFVA)

Southern Bruce:

Federal Carbon Charge – Customer Variance Account ("FCCCVA")
Federal Carbon Charge – Facility Deferral/Variance Account ("FCCFVA")

Appendixes A-D include the proposed edits along with a 'clean' version for each account listed above. No changes are required for the Greenhouse Gas Emissions Administration Deferral Account as there were no specific references to the Federal program.

Appendix A - Proposed Amended Accounting Orders

Aylmer

(Revisions)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Customer Federal Carbon Charge – Customer Variance Account (CCCVA)
(FCCCVA)

The purpose of the CCCVA FCCGVA is to address costs for EPCOR Gas' Aylmer operation arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (GGPPA) associated with the natural gas that EPCOR Gas delivers to its customers. This account will record the variances between EPCOR Gas' actual customer-related GGPPA costs and customer-related GGPPA costs recovered in rates for distribution volumes delivered by EPCOR Gas.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner approved by the OEB.

Accounting Entries

To record the GGPPA customer related costs:

Debit/Credit CCCVA FCCGVA (Account 179.62)
Credit/Debit: Gas Sales (Account 529)

To record variances between EPCOR Gas' actual customer-related GGPPA costs and customer-related GGPPA costs recovered in rates for distribution volumes delivered to customers.

Interest Accrual

Debit/Credit: Interest on CCCVA FCCGVA (Account 179.63)
Credit/Debit: Interest expense (Account 323)

To record simple interest on the opening monthly balance of the CCCVA FCCGVA using the OEB approved EB-2006-0117 interest rate methodology.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Facility Federal Carbon Charge – Facility Variance Account (FCCVA) (FCGFVA)

The purpose of the FCCVA FCGFVA is to address costs for EPCOR Gas' Aylmer operation arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (GGPPA) associated with EPCOR Gas' facilities (i.e., its company use volumes) for its Aylmer operation. This account will record the differences between actual facility-related GGPPA costs and facility-related GGPPA costs recovered in rates.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner approved by the OEB.

Accounting Entries

To record the GGPPA customer related costs:

Debit/Credit FCCVA FCGFVA (Account 179.64)

Credit/Debit: Gas Sales (Account 529)

To record variances between EPCOR Gas' actual facility-related GGPPA costs and facility-related GGPPA costs recovered in rates.

Interest accrual:

Debit/Credit: Interest on FCCVA FCGFVA (Account 179.65)

Credit/Debit: Interest expense (Account 323)

To record simple interest on the opening monthly balance of the FCCVA FCGFVA using the OEB approved EB-2006-0117 interest rate methodology.

Appendix B - Proposed Amended Accounting Orders

Aylmer

(Clean Versions)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Customer Carbon Charge – Variance Account (CCCVA)

The purpose of the CCCVA is to address costs for EPCOR Gas' Aylmer operation arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (GGPPA) associated with the natural gas that EPCOR Gas delivers to its customers. This account will record the variances between EPCOR Gas' actual customer-related GGPPA costs and customer-related GGPPA costs recovered in rates for distribution volumes delivered by EPCOR Gas.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner approved by the OEB.

Accounting Entries

To record the GGPPA customer related costs:

Debit/Credit CCCVA (Account 179.62)

Credit/Debit: Gas Sales (Account 529)

To record variances between EPCOR Gas' actual customer-related GGPPA costs and customer-related GGPPA costs recovered in rates for distribution volumes delivered to customers.

Interest Accrual

Debit/Credit: Interest on CCCVA (Account 179.63)

Credit/Debit: Interest expense (Account 323)

To record simple interest on the opening monthly balance of the CCCVA using the OEB approved EB-2006-0117 interest rate methodology.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Facility Carbon Charge –Variance Account (FCCVA)

The purpose of the FCCVA is to address costs for EPCOR Gas' Aylmer operation arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (GGPPA) associated with EPCOR Gas' facilities (i.e., its company use volumes) for its Aylmer operation. This account will record the differences between actual facility-related GGPPA costs and facility-related GGPPA costs recovered in rates.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner approved by the OEB.

Accounting Entries

To record the GGPPA customer related costs:

Debit/Credit FCCVA (Account 179.64)

Credit/Debit: Gas Sales (Account 529)

To record variances between EPCOR Gas' actual facility-related GGPPA costs and facility-related GGPPA costs recovered in rates.

Interest Accrual

Debit/Credit: Interest on FCCVA (Account 179.65)

Credit/Debit: Interest expense (Account 323)

To record simple interest on the opening monthly balance of the FCCVA using the OEB approved EB-2006-0117 interest rate methodology.

Appendix C - Proposed Amended Accounting Orders
Southern Bruce
(Revisions)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

CUSTOMER FEDERAL-CARBON CHARGE – CUSTOMER-VARIANCE ACCOUNT
(“FCCCVA”)

The Customer Federal-Carbon Charge – Customer-Variance Account (“FCCCVA”) is to address costs for EPCOR’s Southern Bruce operations arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (“GGPPA”) associated with the natural gas that EPCOR delivers to its customers. This account will record the variances between EPCOR’s actual customer related GGPPA costs and customer related GGPPA costs recovered in rates for distribution volumes delivered by EPCOR. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the FCCCVA in accordance with the methodology approved by the Board in EB-2006-0117. The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record EPCOR’s actual facility related GGPPA costs (prior to approval to include a GGPPA facility related charge in rates) or the variances between EPCOR’s actual facility related GGPPA costs and facility related GGPPA costs recovered in rates:

Debit/Credit FCCCVA (Account 179.62)

Credit/Debit: Gas Sales (Account 529)

To record simple interest on the opening monthly balance of the FCCFVA:

Debit/Credit: Interest on FCCCVA (Account 179.63)

Credit/Debit: Interest expense (Account 323)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ACCOUNTING ORDER

FACILITY FEDERAL CARBON CHARGE – FACILITY DEFERRAL/VARIANCE

ACCOUNT (“FCCFVA”)

The Facility Federal–Carbon Charge – Facility Deferral/Variance Account (“FCCFVA”) is to address costs arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (“GGPPA”) associated with EPCOR’s facilities for its Southern Bruce operation. Until such time that EPCOR has received Board approval to include a Facility Federal–Carbon Charge – related charge in its rates charged to customers this account will record actual facility associated GGPPA costs incurred by EPCOR Southern Bruce. After EPCOR receives approval to include a Facility Federal–Carbon Charge –Facility related charge in its rates, this account will record the differences between actual facility associated GGPPA costs and facility associated GGPPA costs recovered in rates. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the FCCFVA in accordance with the methodology approved by the Board in EB-2006-0117.

The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record EPCOR’s actual facility related GGPPA costs (prior to approval to include a GGPPA facility related charge in rates) or the variances between EPCOR’s actual facility related GGPPA costs and facility related GGPPA costs recovered in rates:

Debit/Credit FCCFVA (Account 179.64)

Credit/Debit: Gas Sales (Account 529)

To record simple interest on the opening monthly balance of the FCCFVA:

Debit/Credit: Interest on FCCFVA (Account 179.65)

Credit/Debit: Interest expense (Account 323)

Appendix D - Proposed Amended Accounting Orders
Southern Bruce
(Clean Versions)

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

CUSTOMER CARBON CHARGE –VARIANCE ACCOUNT (“CCCVA”)

The Customer Carbon Charge –Variance Account (“CCCVA”) is to address costs for EPCOR’s Southern Bruce operations arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (“GGPPA”) associated with the natural gas that EPCOR delivers to its customers. This account will record the variances between EPCOR’s actual customer related GGPPA costs and customer related GGPPA costs recovered in rates for distribution volumes delivered by EPCOR. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the CCCVA in accordance with the methodology approved by the Board in EB-2006-0117. The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition on an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record EPCOR’s actual facility related GGPPA costs (prior to approval to include a GGPPA facility related charge in rates) or the variances between EPCOR’s actual facility related GGPPA costs and facility related GGPPA costs recovered in rates:

Debit/Credit CCCVA (Account 179.62)

Credit/Debit: Gas Sales (Account 529)

To record simple interest on the opening monthly balance of the FCCFVA:

Debit/Credit: Interest on CCCVA (Account 179.63)

Credit/Debit: Interest expense (Account 323)

EPCOR NATURAL GAS LIMITED PARTNERSHIP
ACCOUNTING ORDER
FACILITY CARBON CHARGE –VARIANCE ACCOUNT (“FCCVA”)

The Facility Carbon Charge –Variance Account (“FCCVA”) is to address costs arising from the obligations resulting from the Greenhouse Gas Pollution Pricing Act (“GGPPA”) associated with EPCOR’s facilities for its Southern Bruce operation. Until such time that EPCOR has received Board approval to include a Facility Carbon Charge in its rates charged to customers this account will record actual facility associated GGPPA costs incurred by EPCOR Southern Bruce. After EPCOR receives approval to include a Facility Carbon Charge in its rates, this account will record the differences between actual facility associated GGPPA costs and facility associated GGPPA costs recovered in rates. The effective date of this account is April 1, 2019.

Simple interest is to be calculated monthly on the opening balance in the FCCVA in accordance with the methodology approved by the Board in EB-2006-0117.

The audited balance of this account, together with carrying charges, will be brought forward for approval for disposition on an annual basis, unless otherwise directed by the Board. The manner in which the account will be disposed of will be proposed at the time the account is brought forward for disposition.

Accounting Entries

i. To record EPCOR’s actual facility related GGPPA costs (prior to approval to include a GGPPA facility related charge in rates) or the variances between EPCOR’s actual facility related GGPPA costs and facility related GGPPA costs recovered in rates:

Debit/Credit FCCVA (Account 179.64)

Credit/Debit: Gas Sales (Account 529)

To record simple interest on the opening monthly balance of the FCCFVA:

Debit/Credit: Interest on FCCVA (Account 179.65)

Credit/Debit: Interest expense (Account 323)

Appendix E - Revised Rate Summaries and Bill Impacts
Aylmer & Southern Bruce

Current and Proposed Federal Carbon Pricing Plan Rates (Revised)

Aylmer Rates 1-5	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Federal Carbon Charge	cents per m ³	7.83	9.79	1.96	25%
Facility Carbon Charge	cents per m ³	0.0052	0.0034	(0.0018)	-35%
FCCCVA Recovery	cents per m ³	0.9416	-	(0.9416)	-100%
FCCFVA Recovery	\$ per month	0.01	0.03	0.02	200%
GGEADA Recovery	\$ per month	0.78	0.03	(0.75)	-96%

Aylmer Rate 6	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Facility Carbon Charge	cents per m ³	0.0052	0.0034	(0.0018)	-35%
FCCFVA Recovery	\$ per month	0.01	-	(0.01)	-100%
GGEADA Recovery	\$ per month	0.78	0.03	(0.75)	-96%

South Bruce (All rates)	Type	Current Rate	Proposed Rate	Variance	Variance (%)
Federal Carbon Charge	cents per m ³	7.83	9.79	1.96	25%
FCCCVA Recovery	cents per m ³	-	-	-	N/A

AYLMER Bill Impacts (Revised)

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in FCC Impact \$/m3 0.01960	Change in FFC Impact \$/m3 -0.00002	Change in FCCCVA \$/m3 -0.00942	Change in FCCFVA \$/month 0.02	Change in GGEADA \$/month -0.75	Total Annual Customer Impact	% Variance
RATE 1 - General Service Rate - Residential	\$1,060	2,113	\$41.41	(\$0.04)	(\$19.90)	\$0.24	(\$9.00)	\$12.72	1.2%
RATE 1 - General Service Rate - Commercial	\$4,669	11,854	\$232.34	(\$0.21)	(\$111.62)	\$0.24	(\$9.00)	\$111.75	2.4%
RATE 1 - General Service Rate - Industrial	\$12,551	33,574	\$658.05	(\$0.60)	(\$316.13)	\$0.24	(\$9.00)	\$332.55	2.6%
RATE 2 - Seasonal Service - Apr to Oct	\$5,648	15,792	\$309.52	(\$0.28)	(\$148.70)	\$0.14	(\$5.25)	\$155.43	2.8%
RATE 2 - Seasonal Service - Nov to Mar	<u>\$4,113</u>	<u>9,737</u>	<u>\$190.85</u>	<u>(\$0.18)</u>	<u>(\$91.68)</u>	<u>\$0.10</u>	<u>(\$3.75)</u>	<u>\$95.34</u>	2.3%
RATE 2 - Seasonal Service - Annual	\$9,762	25,529	\$500.37	(\$0.46)	(\$240.38)	\$0.24	(\$9.00)	\$250.77	2.6%
RATE 3 - Special Large Volume Contract Rate	\$89,052	257,421	\$5,045.45	(\$4.63)	(\$2,423.87)	\$0.24	(\$9.00)	\$2,608.18	2.9%
RATE 4 - General Service Peaking - Apr to Dec	\$16,653	44,132	\$864.99	(\$0.79)	(\$415.55)	\$0.18	(\$6.75)	\$442.08	2.7%
RATE 4 - General Service Peaking - Jan to Mar	<u>\$2,459</u>	<u>5,328</u>	<u>\$104.43</u>	<u>(\$0.10)</u>	<u>(\$50.17)</u>	<u>\$0.06</u>	<u>(\$2.25)</u>	<u>\$51.97</u>	2.1%
RATE 4 - General Service Peaking - Annual	\$19,113	49,460	\$969.42	(\$0.89)	(\$465.72)	\$0.24	(\$9.00)	\$494.05	2.6%
RATE 5 - Interruptible Peaking Contract Rate	\$64,178	198,871	\$3,897.87	(\$3.58)	(\$1,872.57)	\$0.24	(\$9.00)	\$2,012.96	3.1%
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility	\$759,313	62,382,456	N/A	(\$1,123)	N/A	\$0.24	(\$9.00)	(\$1,132)	-0.1%

SOUTHERN BRUCE Bill Impacts (Revised)

Rate Class	Average Customer Annual Billings	Average Customer Annual Volume (m3)	Change in FCC Impact	Change in FCCVA	Total Annual Customer Impact	% Variance
			\$/m3 0.01960	\$/m3 0.00000		
Rate 1 Existing Residential	\$1,492	2,149	\$42.12	\$0.00	\$42.12	2.8%
Rate 1 New Residential	\$1,446	2,066	\$40.49	\$0.00	\$40.49	2.8%
Rate 1 Small Commercial	\$2,864	4,693	\$91.98	\$0.00	\$91.98	3.2%
Rate 1 Small Agricultural	\$2,878	4,720	\$92.51	\$0.00	\$92.51	3.2%
Rate 6 Medium Commercial	\$16,005	26,933	\$527.89	\$0.00	\$527.89	3.3%
Rate 6 Large Commercial	\$42,002	75,685	\$1,483.43	\$0.00	\$1,483.43	3.5%
Rate 11 Sample Dryer 1	\$42,682	101,499	\$1,989.39	\$0.00	\$1,989.39	4.7%
Rate 11 Sample Dryer 2	\$123,097	338,332	\$6,631.30	\$0.00	\$6,631.30	5.4%
Rate 16 Contracted Demand	\$894,989	600,000	\$11,760	\$0	\$11,760	1.3%