



Ontario
Energy
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BY EMAIL

August 22, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Marconi:

**Re: EPCOR Natural Gas Limited Partnership (EPCOR)
Application for 2023 Rates – Aylmer Service Area
Ontario Energy Board File Number: EB-2022-0183**

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 September 6, 2022.

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

Yours truly,

Arturo Lau
Advisor, Natural Gas

Encl.

**OEB Staff Interrogatories
EPCOR Natural Gas Limited
EB-2022-0183**

Please note, EPCOR Natural Gas Limited Partnership (EPCOR) 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 – Rate Classes 2-5 Fixed and Volumetric Charge Ratios

Ref: 2023 Incentive Rate Adjustment Application, page 10-13

EPCOR noted that the price cap adjustment (PCA) for rate classes 2-5 did not follow the terms of the settlement agreement in the previous two IRM filings (EB-2020-0215 and EB-2021-0233). Fixed rates did not increase with inflation and instead, only the volumetric charges were adjusted to achieve a total projected revenue for the IR year equivalent to the prior year OEB approved revenue increased by the PCA.

OEB staff notes that there appear to be three methodologies for the implementation of the PCA referenced in the application:

- I. Historical Methodology- only the volumetric rates are adjusted to achieve a total projected revenue for the IR year. Fixed rates are not adjusted.
- II. Methodology A- using the current (2022) OEB-approved rates, both fixed and volumetric rates are adjusted by the PCA in 2023.
- III. Methodology B- using the OEB-approved cost of service rates (2020), both fixed and volumetric rates are adjusted according to the PCAs for their respective years (2021-2023).

EPCOR proposed to use Methodology B which recalculates rates for 2021 and 2022 based on the application of the PCA to both fixed and volumetric rates. For 2023, the PCA is then applied to the recalculated 2022 fixed and volumetric rates for rate classes 2-5.

EPCOR provided two sets of tables using Methodology A and B respectively: A) the inflationary increase per the settlement agreement going forward from the current 2022 rates (Tables 1a, 2a, 3a, and 4a) and B) the inflationary increase per the settlement agreement starting from the beginning of the cost of service (2020) (Tables 1b, 2b, 3b, and 4b).

EPCOR also provided the average bill calculation of the Methodology B compared to using the currently approved methodology without **corrective adjustment** for the following rate classes:

Rate Class	Average Bill Difference (%)	Average Bill Difference (\$)
2	-0.5%	-\$46.08
3	-0.8%	-\$864.82
4	-0.4%	-\$92.67
5	-0.04%	-\$39.96

- a) Please confirm OEB staff's understanding of the three methodologies referenced in the application.
- b) Please explain how the average bill differences in the table above were calculated.
 - i. Please provide detailed calculations on how the average bill difference was determined for all rate classes.
 - ii. Please provide a definition of the term "corrective adjustments".
- c) For typical customers in rate classes 2-5, please provide:
 - i. The 2022 annual bill based on current approved rates.
 - ii. The 2023 average annual bills for the three methodologies (i.e. (i) Historical Methodology (2023), (ii) Methodology A (2023) and (iii) Methodology B (2023)).
 - iii. The bill impact between the current OEB-approved (2022) rates and the three aforementioned methodologies. Please see the table below for an example of a table that may be used to display the request (Table X).
 - iv. Please provide detailed calculations, along with the excel files, for each rate class.

Table X: Bill Impacts for a Typical Customer Consumption

#		Class 2	...	Class 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX		
2	Annual Bill- Historical Methodology (2023)	AAA		
3	Annual Bill- Methodology A (2023)	BBB		
4	Annual Bill- Methodology B (2023)	CCC		
5	Annual Bill impact- Historical Methodology (\$/%)	\$AAA-XXX		
6	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX		
7	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX		

- d) For customers in the bottom 10th percentile of consumption in each rate class, please provide:
 - i. The 2022 annual bill based on current approved rates.

- ii. The 2023 average annual bills for the three methodologies (i.e. (i) Historical Methodology (2023), (ii) Methodology A (2023) and (iii) Methodology B (2023)).
- iii. The bill impact between the current OEB-approved (2022) rates and the three aforementioned methodologies. Please see the table below for an example of a table that may be used to display the request (Table Y).
- iv. Please provide detailed calculations, along with the excel files, for each rate class.

Table Y: Bill Impacts for Bottom 10th Percentile Customer Consumption

#		Class 2	...	Class 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX		
2	Annual Bill- Historical Methodology (2023)	AAA		
3	Annual Bill- Methodology A (2023)	BBB		
4	Annual Bill- Methodology B (2023)	CCC		
5	Annual Bill impact- Historical Methodology (\$/%)	\$AAA-XXX		
6	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX		
7	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX		

- e) For customers in the top 10th percentile of consumption in each rate class, please provide:
 - i. The 2022 annual bill based on current approved rates.
 - ii. The 2023 average annual bills for the three methodologies (i.e. (i) Historical Methodology (2023), (ii) Methodology A (2023) and (iii) Methodology B (2023))
 - iii. The bill impact between the current OEB-approved (2022) rates and three aforementioned methodologies. Please see the table below for an example of a table that may be used to display the request (Table Z).
 - iv. Please provide detailed calculations, along with the excel files, for each rate class.

Table Z: Bill Impacts for Top 10th Percentile Customer Consumption

#		Class 2	...	Class 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX		
2	Annual Bill- Historical Methodology (2023)	AAA		
3	Annual Bill- Methodology A (2023)	BBB		
4	Annual Bill- Methodology B (2023)	CCC		
5	Annual Bill impact- Historical Methodology (\$/%)	\$AAA-XXX		

6	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX		
7	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX		

- f) When comparing the average annual bill impact of the Methodology B option (line 6), if customers in the bottom 10th percentile threshold has a greater than 10% annual bill impact, would EPCOR consider Methodology A (assuming the impact is under 10%)?

OEB Staff.2 – Regulatory Expense Deferral Account (REDA)

Ref: 2023 Incentive Rate Adjustment Application, page 20-21

EPCOR proposed to recover the costs related to the proceeding from customers in Rates 1-5. The REDA balances are proposed to be recovered through the implementation of a twelve-month fixed rate rider commencing on January 1, 2023. The calculation of the proposed rate rider is shown in Table 9 below.

Table 9 - Calculation of Proposed REDA Rate Rider

		A Unit	B Row Sum	C Rate 1	D Rate 2	E Rate 3	F Rate 4	G Rate 5
1	Connections	m3	9,711	9,610	50	6	41	4
2	Allocation	%	100%	99.0%	0.5%	0.1%	0.4%	0.0%
3	Sum	\$	2,148	2,126	11	1	9	1
4	Rate Rider	¢/m3		0.02	0.02	0.02	0.02	0.02

Table 13 - Proposed Aylmer Rate Riders

Description	REDA	PGTVA
	Effective for 12 months	Effective for 12 months
	\$ /Customer / Month	cents / m3
Rate Group		
RATE 1 - General Service Rate - Residential	0.02	0.4355
RATE 1 - General Service Rate - Commercial	0.02	0.4355
RATE 1 - General Service Rate - Industrial	0.02	0.4355
RATE 2 - Seasonal Service - Apr to Oct	0.02	0.4355
RATE 2 - Seasonal Service - Nov to Mar	0.02	0.4355
RATE 3 - Special Large Volume Contract Rate	0.02	0.4355
RATE 4 - General Service Peaking - Apr to Dec	0.02	0.4355
RATE 4 - General Service Peaking - Jan to Mar	0.02	0.4355
RATE 5 - Interruptible Peaking Contract Rate	0.02	0.4355
RATE 6 - Integrated Grain Processors Co-Operative Aylmer Ethanol Production Facility		

- Please confirm that EPCOR proposes to recover the REDA through a fixed rate rider. Please reconcile Table 9 (showing a volumetric rate rider) and Table 12 (showing a fixed rate rider). If there is an error, please correct the error.
- Please confirm whether Rate 6 was omitted from the REDA rate rider calculation.
 - If omitted, please explain why Rate 6 was omitted.
 - If omitted in error, please correct it.
- Please reconcile and discuss the REDA balances as of December 31, 2022 in Tables 7 and 8.

OEB Staff.3- Purchase Gas Transportation Variance Account (PGTVA)

Ref: 2023 Incentive Rate Adjustment Application, page 21-22
Ibid. Auditor Report, PGTVA Rates 1-5 2021 Activities
January 1, 2022 Aylmer QRAM, EB-2021-0310, Schedule 3

The volumes of natural gas transported were found in the following tables in the Auditor Report and the Aylmer QRAM respectively.

EPCOR Natural Gas Limited Partnership
Purchased Gas Transportation Variance Account Calculation
Rates 1-5 2021 Activity

PGTVA - 2021

	2021 JAN	2021 FEB	2021 MAR	2021 APR	2021 MAY	2021 JUN	2021 JUL	2021 AUG	2021 SEP	2021 OCT	2021 NOV	2021 DEC
Transportation Cost												
Enbridge/Union Gas - Delivery	\$ 5,097	\$ 5,415	\$ 3,406	\$ 2,016	\$ 978	\$ 208	\$ 177	\$ 361	\$ 486	\$ 3,486	\$ 8,180	\$ 6,204
Enbridge/Union Gas - Adjustments										2,314		
Lagasco - Demand	56,124	56,124	56,124	56,124	56,124	56,124	58,018	58,018	58,018	58,018	58,018	58,018
Lagasco - Delivery	7,699	7,730	7,730	7,730	7,723	7,723	7,983	7,983	8,240	7,983	7,983	8,078
Total Cost (A)	1,660	1,586	1,471	1,258	1,101	648	624	798	1,112	1,853	2,242	1,940
Volumes Transported (m3) (B)	4,354,300	4,499,132	3,172,198	2,035,482	1,332,188	590,458	614,557	848,238	1,093,832	2,569,175	4,912,250	3,855,298

Jan. 2022
EB-2021-0310
Schedule 3

EPCOR NATURAL GAS LIMITED PARTNERSHIP

COMPOSITION AND COST OF GAS BY SUPPLY SOURCE

HISTORICAL TWELVE MONTH PERIOD - JANUARY, 2021 TO DECEMBER, 2021

	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
Volumes (m3)													
Local Production (A)	0	0	0	0	0	0	0	0	0	0	0	0	0
Local Production (B)	58,255	57,616	62,884	57,193	59,475	56,094	83,282	85,649	59,926	64,040	56,481	55,728	756,624
Local Production (C)	1,112,320	1,058,999	982,175	801,456	702,007	413,202	421,923	540,232	734,288	910,307	925,920	956,784	9,559,613
Parkway Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Western Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0
Enbridge Gas	2,809,091	3,008,335	1,850,783	968,678	453,964	61,320	35,307	80,124	73,568	1,242,190	3,256,115	3,238,718	17,078,192
Total	3,979,666	4,124,950	2,895,842	1,827,327	1,215,446	530,617	540,513	706,004	867,782	2,216,536	4,238,516	4,251,230	27,394,429

- Please discuss the differences in volumes between the Auditor report and the QRAM noted above.
- Please reconcile and discuss the PGTVA balances as of December 31, 2022 in Tables 7 and 10.