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September 6, 2022

Sent by EMAIL, RESS e-filing

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2022-0183: EPCOR Natural Gas Limited Partnership's ("ENGLP") 2023
Incentive Rate Adjustment Application - Aylmer**

In accordance with Procedural Order #1, please find attached ENGLP's responses to the Ontario Energy Board (OEB) Staff interrogatories received August 22, 2022. As the 2023 PCI value has yet to be released, the values remain presented based on the 2022 PCI value. ENGLP will provide updated rate calculation and rate order submissions once the 2023 value is released.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Hesselink", written in a cursive style.

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EPCOR Natural Gas Limited Partnership
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Encl.

EPCOR Natural Gas Limited Partnership
Responses to OEB Staff
Interrogatories
EB-2022-0183

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.

ENGLP Response: Confirmed

- 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.

ENGLP Response:

Two versions of the workbook were prepared. One using methodology A and the other B. The variances were calculated based on the outcome of these workbooks with all other variables remaining the same. Methodology B was submitted as ENGLP_APPL_2023 IRM_Aylmer_Excel_20220627.

ENGLP has included both workbooks as part of this submission. The original submission has been renamed ENGLP_IRM_Excel_Methodology_B_20220906 and includes the tab 'Fixed-Variable Adjust' used to calculate the average bill difference as presented in the original application.

- ii. Please provide a definition of the term "corrective adjustments".

ENGLP Response:

Referring to this the term in this context: *"This will result in an average bill calculation that is 0.5% (\$46.08) less than using the currently approved methodology without corrective adjustment."* (Page 11, line 14 of the original application)

Corrective adjustments refers to the adjustment in Methodology B, correcting to align with the settlement proposal.

Note that in the initial submission, this accidentally referred to a comparison of Methodology A vs. Historical. Please refer to the table below for corrected variances.

- 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		

ENGLP Response:

#		Calculation	Rate 2	Rate 3	Rate 4	Rate 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX	\$8,670	\$104,265	\$21,086	\$89,238
2	Annual Bill- Historical Methodology (2023)	AAA	\$8,716	\$105,129	\$21,259	\$89,933
3	Annual Bill- Methodology A (2023)	BBB	\$8,716	\$105,129	\$21,259	\$89,933
4	Annual Bill- Methodology B (2023)	CCC	\$8,689	\$104,562	\$21,166	\$89,893
5	Annual Bill impact- Historical Methodology (\$)	\$AAA-XXX	46	865	172	695
6	Annual Bill impact- Historical Methodology (%)	\$AAA/XXX	0.5%	0.8%	0.8%	0.8%
7	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX	46	865	172	695
8	Annual Bill impact- Historical Methodology (%)	\$BBB/XXX	0.2%	0.3%	0.4%	0.7%
9	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX	19	297	80	655
10	Annual Bill impact- Historical Methodology (%)	\$CCC/XXX	0.2%	0.3%	0.4%	0.7%

Amounts are taken from each excel workbook submission tab under the bill impacts tab: *G1.X Rate X Bill Impacts*. Note that the 2023 customer impacts under (AAA and BBB) are the same as the Historical Methodology and Methodology A assumes the same annual revenue and billing determinants.

One additional point of clarity, the % in the original application under each rate class (i.e. *This will result in an average bill calculation that is 0.5% (\$46.08) less than using the currently approved methodology without corrective adjustment*) was intended to show the difference between methodology A & B. But it instead show the variance between current rates and Methodology A. The table above should provide better clarity on the differences.

- 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		

ENGLP Response:

#	Staff 1-D Bottom 10th Percentile	Calculation	Rate 2	Rate 3	Rate 4	Rate 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX	\$277	\$38,054	\$809	\$43,580
2	Annual Bill- Historical Methodology (2023)	AAA	\$273	\$38,266	\$810	\$43,908
3	Annual Bill- Methodology A (2023)	BBB	\$280	\$38,311	\$817	\$43,943
4	Annual Bill- Methodology B (2023)	CCC	\$292	\$38,187	\$826	\$43,983
5	Annual Bill impact- Historical Methodology (\$)	\$AAA-XXX	(4)	211	1	328
6	Annual Bill impact- Historical Methodology (%)	\$AAA/XXX	(1.3%)	0.6%	0.1%	0.7%
6	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX	3	257	8	363
6	Annual Bill impact- Historical Methodology (%)	\$BBB/XXX	5.5%	0.3%	2.1%	0.9%
7	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX	15	132	17	402
6	Annual Bill impact- Historical Methodology (%)	\$CCC/XXX	5.4%	0.3%	2.1%	0.9%

Detailed calculations can be found in the respective methodology workbooks accompanying this submission. Refer to the tabs coloured in green with specific reference to “Revised Rate Impacts” and Individual Rate Impacts including “Bottom”.

- 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		

ENGLP Response:

#	Staff 1-E Top 10th Percentile	Calculation	Rate 2	Rate 3	Rate 4	Rate 5
1	Annual Bill- Current OEB Approved Rates (2022)	XXX	\$35,679	\$367,194	\$66,783	\$136,300
2	Annual Bill- Historical Methodology (2023)	AAA	\$35,885	\$369,393	\$67,341	\$137,373
3	Annual Bill- Methodology A (2023)	BBB	\$35,863	\$369,211	\$67,326	\$137,337
4	Annual Bill- Methodology B (2023)	CCC	\$35,713	\$366,856	\$67,004	\$137,215
5	Annual Bill impact- Historical Methodology (\$)	\$AAA-XXX	206	2,199	559	1,073
6	Annual Bill impact- Historical Methodology (%)	\$AAA/XXX	0.6%	0.6%	0.8%	0.8%
6	Annual Bill impact- Methodology A (\$/%)	\$BBB-XXX	184	2,017	543	1,037
6	Annual Bill impact- Historical Methodology (%)	\$BBB/XXX	0.1%	(0.1%)	0.3%	0.7%
7	Annual Bill impact- Methodology B (\$/%)	\$CCC-XXX	34	-337	222	915
6	Annual Bill impact- Historical Methodology (%)	\$CCC/XXX	0.1%	(0.1%)	0.3%	0.7%

Detailed calculations can be found in the respective methodology workbooks accompanying this submission. Refer to the tabs coloured in green with specific reference to “Revised Rate Impacts” and Individual Rate Impacts including “Top”.

- 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%)?

ENGLP Response:

N/A Based on the table in response Staff 1-d.

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		

- a) 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.
- b) Please confirm whether Rate 6 was omitted from the REDA rate rider calculation.
 - I. If omitted, please explain why Rate 6 was omitted.
 - II. If omitted in error, please correct it.
- c) Please reconcile and discuss the REDA balances as of December 31, 2022 in Tables 7 and 8.

ENGLP Response:

- a) This is an error. Table 9 should have included \$/month (fixed) as the rate rider calculation:

		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	\$ / month		0.02	0.02	0.02	0.02	0.02

- b) Rate 6 was not omitted in error. Costs incurred in the REDA balance are almost entirely as a result of EB-2015-0245 - DSM Evaluation Process of Program Results, (with the exception of \$5) which are not applicable to rate 6 customers. This is consistent with the REDA disposition from the previous year's IRM filing (EB-2021-0215).
- c) Table 7 has been adjusted as the previously submitted version contained a calculation of carrying charges that did not take into account the OEB's Q3 rate.

Table 7: Adjusted

Account	Balance Dec 31, 2021	2021 Carrying Charges	2022 Carrying Charges	Balance Dec 31, 2022
REDA	\$ 2,111	\$ 5	\$ 32	\$ 2,148
PGTVA	\$ 125,249	\$ 227	\$ 1,876	\$ 127,352
Total	\$ 127,360	\$ 232	\$ 1,907	\$ 129,500

Table 8: No adjustment needed

REDA	Balance 31-Dec-21	Q1 2022 0.57%	Q2 2022 1.02%	Q3 2022 2.20%	Q4 2022 2.20%	Balance 31-Dec-22
Principal	\$2,111					\$2,111
Carrying Charges	\$5	\$3	\$5	\$12	\$12	\$37
Total	\$2,117	\$3	\$5	\$12	\$12	\$2,148

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

	2021 JAN	2021 FEB	2021 MAR	2021 APR	2021 MAY	2021 JUN	2021 JUL	2021 AUG	2021 SEP	2021 OCT	2021 NOV	2021 DEC
PGTVA - 2021												
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		
Enbridge/Union Gas - 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 - Demand	7,699	7,730	7,730	7,730	7,723	7,723	7,983	7,983	8,240	7,983	7,983	8,078
Lagasco - Delivery	1,660	1,586	1,471	1,258	1,101	648	624	798	1,112	1,853	2,242	1,940
Total Cost (A)	\$ 70,580	\$ 70,855	\$ 68,730	\$ 67,128	\$ 65,925	\$ 64,702	\$ 66,802	\$ 67,160	\$ 67,855	\$ 73,654	\$ 76,423	\$ 74,240
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	2,895,642	1,827,327	1,216,446	530,617	540,513	706,004	867,782	2,216,536	4,238,516	4,251,230	27,394,429

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

ENGLP Response:

- a) The difference in volumes for January through October actuals is due to the PGTVA including volumes related to Enbridge Direct Purchase transportation costs through its SA25050 contract. These volumes were excluded from the QRAM volumes as ENGLP does not pay for the commodity related to these volumes like it does with the Enbridge SA1550 M9 contract and Local Production (B) and (C). For November and December the buildup of the volumes is consistent but the QRAM had

forecasted volumes for that period and the PGTVA schedule has actual volumes.

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	
	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun	21-Jul	21-Aug	21-Sep	21-Oct	21-Nov	21-Dec	2021 Total
Per QRAM	3,980	4,125	2,896	1,827	1,215	531	541	706	868	2,217	4,239	4,251	27,394
Per PGTVA	4,354	4,499	3,172	2,035	1,332	590	615	848	1,094	2,569	4,912	3,855	29,877
Variance	375	374	276	208	117	60	74	142	226	353	674	-396	2,483
SA25050	375	374	276	208	117	60	74	142	226	353	973	394	3,573
Unreconciled	0	0	0	0	0	0	0	0	0	0	-300	-790	-1,090

b) Table 7 has been adjusted as the previously submitted version contained a calculation of carrying charges that did not take into account the OEB's Q3 rate.

Table 7: Adjusted

Account	Balance Dec 31, 2021	2021 Carrying Charges	2022 Carrying Charges	Balance Dec 31, 2022
REDA	\$ 2,111	\$ 5	\$ 32	\$ 2,148
PGTVA	\$ 125,249	\$ 227	\$ 1,876	\$ 127,352
Total	\$ 127,360	\$ 232	\$ 1,907	\$ 129,500

Table 10: No adjustment needed

PGTVA	Balance 31-Dec-21	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Balance 31-Dec-22
Principal	\$125,249	0.57%	1.02%	2.20%	2.20%	\$125,249
Carrying Charges	<u>\$227</u>	<u>\$178</u>	<u>\$319</u>	<u>\$689</u>	<u>\$689</u>	<u>\$2,103</u>
Total	\$125,476	\$178	\$319	\$689	\$689	\$127,352