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September 21, 2023

Sent by EMAIL, RESS e-filing

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

Dear Ms. Marconi:

**Re: EB-2023-0160: EPCOR Natural Gas Limited Partnership's ("EPCOR") 2024
Incentive Rate Adjustment Application - Aylmer**

In accordance with Procedural Order #1, please find attached EPCOR's responses to the Ontario Energy Board (OEB) Staff interrogatories received September 1, 2023.

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

Sincerely,

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

**EPCOR Natural Gas Limited Partnership
Responses to OEB Staff Questions
EB-2023-0160**

OEB Staff.1 – Inflation Factor

Ref: 2024 Incentive Rate Adjustment Application, page 9

EPCOR stated: For the purposes of this Application, EPCOR has used an inflation factor of 4.8%, which is the IPI issued by the Board for the year 2024. EPCOR proposes to update the PCA and rates as part of this proceeding once the 2023 value is announced.

Question(s):

- a) Please confirm that the 4.8% IPI used by EPCOR is the final inflation factor and requires no further updates.

EPCOR Response: Confirmed

OEB Staff.2 – Earnings Dead Band Off-Ramp

Ref: 2024 Incentive Rate Adjustment Application, page 13 EPCOR's 2022 regulated return on equity (ROE) was 4.24%, which is below the +/- 300 basis points dead band of the approved deemed return on equity of 8.98%.

Question(s):

- a) What contributed to the reduced ROE in 2022? i. Does EPCOR expect the reduced earnings to persist into 2023 and beyond?

EPCOR Response: During the review of this question, it was determined that the ROE for 2022 was incorrectly reported in 2.1.5 of the RRR, as the 4.24% result was calculated using an incorrect version of the regulatory net income. The actual ROE for 2022 was 7.60%, not the 4.24% as originally reported, which is within the +/-300 basis point dead band.

	2020	2021	2022	Cumulative
Deemed	8.98%	8.98%	8.98%	8.98%
Actual	5.42%	7.03%	7.60%	6.74%
Variance	-3.56%	-1.95%	-1.38%	-2.24%

OEB Staff.3 – Regulatory Expense Deferral Account (REDA)

Ref: 2024 Incentive Rate Adjustment Application, page 16-17 EPCOR proposed to recover the costs related to the Demand Side Management Evaluation Process 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, 2024. The calculation of the proposed rate rider is shown in Table 9. EPCOR stated that Rate 6 has been excluded from this recovery as the amounts requested for disposition relate to a hearing that does not impact this rate class.

Question(s):

- a) Please confirm that Rate 6 was omitted from the REDA rate rider calculation due to EB-2015-0245- DSM Evaluation Process not being applicable to Rate 6 customers.

EPCOR Response: Confirmed. This approach is consistent with previous disposition requests & approvals (EB-2022-0183 & EB-2021-0215).