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March 12, 2024

Sent by EMAIL, RESS e-filing

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

Dear Ms. Marconi:

**Re: EB-2024-0100: Quarterly Rate Adjustment Mechanism (“QRAM”) Application
ENGLP Natural Gas LP (“ENGLP”) Southern Bruce for rates effective April 1, 2024
Responses to OEB Staff Interrogatories**

Please find enclosed responses to OEB staff questions received March 11, 2024.

Sincerely,

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

EPCOR Natural Gas Limited Partnership
EB-2024-0100
Responses to OEB Staff Questions

Staff. 1

Ref: EB-2024-0100 Application, p. 10

EB-2024-0100 Application, Schedule 2

EB-2023-0338 Application, Schedule 2

Preamble:

EPCOR noted that, while preparing the current QRAM, it discovered an error in the reference price recorded for October 2023 to December 2023. In Schedule 2 of EB-2023-0388 the reference price was erroneously recorded as \$0.179429 per m3. In this QRAM application, the reference price for the period has been corrected to the approved rate of \$0.161348 per m3. By correcting the reference price for October to December 2023 in schedule 2 in this application, the proposed reference price and inventory rate to clear the PGCVA and the GPRA would capture the discrepancy caused by the incorrect rate recorded in schedule 2.

Questions:

- a) Please confirm that the application where the error was recorded is EB-2023-0338 (not EB-2023-0388).

ENGLP Response: Confirmed.

- b) Please confirm that the error was in favour of ratepayers and confirm that the calculation set out below that attempts to quantify the magnitude of the error (i.e., ratepayers were refunded \$67,994 more than they should have been refunded) is correct.

Jan 2024 QRAM	Oct (m3)	Nov (m3)	Dec (m3)	Total (m3)	Ref Price Applied (\$)	Approved Ref Price (\$)	Var Ref Price (\$)	Var Total (\$)
	546,132.00	1,984,503.00	1,229,869.00	3,760,504.00	0.179429	0.161348	(0.018081)	\$ (67,993.67)

ENGLP Response: Confirmed.

- c) Please confirm that the calculation below that attempts to show the impact of EPCOR’s proposed approach to correcting the error in the current application (i.e., ratepayers will now pay back \$71,138 to fix the error from the previous period) is correct.

April 2024 QRAM	Oct (m3)	Nov (m3)	Dec (m3)	Total (m3)	Ref Price Applied (\$)	Approved Ref Price (\$)	Var Ref Price (\$)	Var Total (\$)
	546,132.00	1,987,286.00	1,400,996.00	3,934,414.00	0.179429	0.161348	0.018081	\$ 71,138.14

ENGLP Response: Confirmed.

- d) Please explain why collecting an additional \$3,144 (based on the difference between the totals calculated in the above tables) is appropriate.

ENGLP Response: The difference in the PGCVA balance calculated in Staff 1.b and Staff 1.c is due to the use of estimated volumes (EB-2023-0338) versus actual volumes (EB-2024-0100) for November and December 2023.

Estimated volumes are used as the actual data is not available at the time of filing. As a result, a variance in the PGCVA balance ending December 2023 is expected, even if the ‘correct’ reference price was used in the calculation in EB-2023-0338. There will always be a delta between the estimate and actual in each QRAM filing. This situation is not exceptional to EB-2024-0100.

- e) Please confirm that EPCOR’s proposed approach to correct the error makes the company whole related to the error but does not enrich the utility relative to the situation where the error was not made in the first place.

ENGLP Response: Confirmed.

- f) Please advise whether simply debiting the PGCVA the \$67,994 amount instead of correcting the reference price (from \$0.179429/m3 to \$0.161348/m3) would more accurately correct the error.

ENGLP Response: ENGLP agrees a debit of the difference in the reference would accurately correct the error, should there be no volume variance. However ENGLP is requesting a debit of \$71,138 as it captures the actual volume recorded in the PGCVA compared to the estimated volume reported in EB-2023-0338.

- g) Please provide the bill impacts for all rate classes (not only residential) based on EPCOR's proposal as set out in its application.

ENGLP Response: Please refer to ENGLP_EB-2024-0100_IRR_APR2024_20240312, Tab Staff_1G

- h) Please provide the bill impacts for all rate classes (not only residential) based on not making a change to correct the reference price error in the current application (i.e., maintain the \$0.179429/m³ in schedule 2 with no correction).

ENGLP Response: Please refer to ENGLP_EB-2024-0100_IRR_APR2024_20240312, Tab Staff_1H. Note that revised versions of Schedules 2, 5 & 8 have also been included on the excel workbook to show the calculations for the Gas Supply Charge & Reference Price, and inventory rate in the scenario where a change is not made to correct the reference price error in the current application .

Staff. 2

Ref: EB-2024-0100 Application, pp. 12-13

EB-2024-0100 Application, Schedule 8

Preamble:

In January 2024, EPCOR discovered a billing issue whereby a number of system gas customers were incorrectly billed a lower volume during the period of April 2021 to January 2024. Approximately 75 customers were impacted. (Note that customers were still connecting to EPCOR’s Southern Bruce gas system at various times during this period, so some of the customers were not impacted for the duration of this entire period). While this error does not impact volumes and cost associated with commodity purchase, it impacts throughput volume and the cumulative inventory recorded in Schedule 8. The cumulative impact of the volume up to the end of March 2023 was 540,880.52 m3, which is subtracted from the March 2023 cumulative inventory balance of 256,947 m3 recorded in the previous QRAM filing (EB-2023-0338). Adjustments to the throughput volume for April 2023 through to January 2024 are recorded below:

	Throughput reported in EB-2023-0338 (m3)	Billing Adjustment (m3)	Corrected Throughput reported in EB-2024-0100 (m3)
Apr-23	503,241	98,428	601,669
May-23	383,032	51,409	434,441
Jun-23	146,736	40,686	187,422
Jul-23	101,202	19,176	120,378
Aug-23	227,229	16,034	243,263
Sep-23	141,333	23,071	164,404
Oct-23	757,820	20,264	778,084
Nov-23*	2,068,321	49,171	2,117,493
Dec-23*	1,458,455	151,378	1,609,833
Jan-24*	1,678,266	124,631	1,802,897

* Throughput reported in EB-2023-0338 for November 2023 to January 2024 were estimated values. Values shown in the table above are actuals

As a result, throughput volume recorded in Schedule 8 for April 2023 through January 2024, and the cumulative inventory reported as of March 2023, differs from the previous quarters’ filing. The billing adjustment which lead to an increase in historical throughput volume reduces the inventory recorded in Schedule 8, leading to a reduction in the inventory rate.

Questions:

- a) Please confirm that this error only impacts the period April 2023 to January 2024 (as opposed to April 2021 as referenced in the above preamble). If this is not correct, please explain why the adjustment is only being made during the April 2023 to January 2024 period.

ENGLP Response: ENGLP clarifies that the billing error started in April 2021. The total monthly breakdown is listed in the table below:

Years	Month	Unbilled volume (m3)
2021	Apr	175.22
2021	May	300.69
2021	Jun	302.99
2021	Jul	227.97
2021	Aug	1,090.48
2021	Sep	1,623.24
2021	Oct	4,006.29
2021	Nov	3,191.62
2021	Dec	5,391.96
2022	Jan	8,404.76
2022	Feb	9,617.82
2022	Mar	9,696.14
2022	Apr	8,807.45
2022	May	6,830.88
2022	Jun	26,860.63
2022	Jul	14,150.16
2022	Aug	7,008.80
2022	Sep	9,616.82
2022	Oct	13,958.34
2022	Nov	63,815.08
2022	Dec	57,672.65
2023	Jan	72,817.24
2023	Feb	122,300.00
2023	Mar	93,013.31
2023	Apr	98,427.92
2023	May	51,409.17
2023	Jun	40,686.48
2023	Jul	19,175.88
2023	Aug	16,033.61
2023	Sep	23,070.98
2023	Oct	20,264.44
2023	Nov	49,171.28
2023	Dec	151,378.20
2024	Jan	124,631.41
	Total	1,135,129.90

- b) Please further describe the billing issue as follows:
- i) Why were customers billed a lower volume (e.g., was this a metering issue, a billing system issue, etc.)?

ENGLP Response: The issue was caused by an incorrect programming of a digital Encoder receiver transmitter (“ERT”). The meters were reading correctly, but the ERT used an incorrect multiplier resulting in an artificially low consumption value (i.e. 20 instead of 200 m³ used in a billing cycle).

- ii) Please explain why this error only impacts the throughput value (and cumulative inventory) and not volumes and the costs collected from customers associated with the natural gas commodity.

ENGLP Response: When purchasing gas for South Bruce under the M17 contract, the monthly volume purchasing requirement is based on the volume registered through the Enbridge meter at the custody transfer station, which is not impacted by the billing issue. Therefore the billing issue have no impact on the PGCVA.

The billing issue both impacts the cumulative inventory (gas purchased compared to system gas volume sold to ENGLP customers), as well as the amount recorded in the GPRA. As such, the YTD GPRA Balance ending March 2023 (as recorded at the bottom of Schedule 8) should have been adjusted by -\$5,841.56 as well. Please see table below for the calculation.

Years	Month	Billing volume correction (m3)	Inventory Rate (\$ per m3)	Inventory Value (\$)
2021	Apr	175.22	(0.006337)	\$(1.11)
2021	May	300.69	(0.006337)	\$(1.91)
2021	Jun	302.99	(0.006337)	\$(1.92)
2021	Jul	227.97	0.000771	\$0.18
2021	Aug	1,090.48	0.000771	\$0.84
2021	Sep	1,623.24	0.000771	\$1.25
2021	Oct	4,006.29	(0.005780)	\$(23.16)
2021	Nov	3,191.62	(0.005780)	\$(18.45)
2021	Dec	5,391.96	(0.005780)	\$(31.17)
2022	Jan	8,404.76	(0.005971)	\$(50.18)
2022	Feb	9,617.82	(0.005971)	\$(57.43)
2022	Mar	9,696.14	(0.005971)	\$(57.90)
2022	Apr	8,807.45	(0.006740)	\$(59.36)
2022	May	6,830.88	(0.006740)	\$(46.04)
2022	Jun	26,860.63	(0.006740)	\$(181.04)
2022	Jul	14,150.16	(0.038173)	\$(540.15)

2022	Aug	7,008.80	(0.038173)	\$(267.55)
2022	Sep	9,616.82	(0.038173)	\$(367.10)
2022	Oct	13,958.34	(0.029825)	\$(416.31)
2022	Nov	63,815.08	(0.029825)	\$(1,903.28)
2022	Dec	57,672.65	(0.029825)	\$(1,720.09)
2023	Jan	72,817.24	(0.000346)	\$(25.19)
2023	Feb	122,300.00	(0.000346)	\$(42.32)
2023	Mar	93,013.31	(0.000346)	\$(32.18)
2023	Apr	98,427.92	0.000486	\$47.84
2023	May	51,409.17	0.000486	\$24.98
2023	Jun	40,686.48	0.000486	\$19.77
2023	Jul	19,175.88	0.003684	\$70.64
2023	Aug	16,033.61	0.003684	\$59.07
2023	Sep	23,070.98	0.003684	\$84.99
2023	Oct	20,264.44	0.002226	\$45.11
2023	Nov	49,171.28	0.002226	\$109.46
2023	Dec	151,378.20	0.002226	\$336.97
2024	Jan	124,631.41	0.001615	\$201.28
	Total	1,135,129.90		\$(4,841.45)

- i. Please explain whether EPCOR has sought additional payments from these 75 customers (or this is an internal error related to the QRAM only and customers have actually been billed the correct amounts).

ENGLP Response: EPCOR has made billing adjustments and is recovering additional payments in alignment with our conditions of service:

"A retroactive billing adjustment is required to correct the error when a Customer has been billed incorrectly. Billing errors may arise due to a Customer's error or EPCOR's error. Regardless of whether the Customer or EPCOR is responsible for the error, or whether the error results in an over or underbilling, errors will be corrected retroactively for a period of up to two (2) years for Residential Customers. For all other Customers, the error will be corrected retroactively for a period of up to six (6) years."

- ii. Please explain the statement that "the cumulative impact of the volume up to the end of March 2023 was 540,880.52 m3, which is subtracted from the March 2023 cumulative inventory balance of 256,947 m3 recorded in the previous QRAM filing (EB-2023-0338)" and reconcile the statement to the table provided (as copied in the preamble above).

ENGLP Response: Please see response to Staff 2.A.

- c) Please provide the total impact (in dollars) resulting from the correction proposed by EPCOR.

ENGLP Response: Please refer to table in Staff B 2 ii. The dollar impact to the GPRA between April 2023 and January 2024 is (\$4,841.45).

- d) Please provide the bill impacts for all rate classes (not only residential) based on EPCOR's proposal as set out in its application (maintaining the proposal for the reference price correction).

ENGLP Response: Please refer to ENGLP_EB-2024-0100_IRR_APR2024_20240312, Tab Staff_1G.

- e) Please provide the bill impacts for all rate classes based on not making a change to correct the billing error in the current application (maintaining the proposal for the reference price correction).

ENGLP Response: Please refer to ENGLP_EB-2024-0100_IRR_APR2024_20240312, Tab Staff_2E. Note that revised versions of Schedules 2, 5 & 8 have also been included on the excel workbook to show the calculations for the Gas Supply Charge & Reference Price, and inventory rate in the scenario where a change is not made to correct the billing error in the current application (maintaining the proposal for the reference price correction).

Staff. 3

Ref: EB-2024-0100 Application

Questions:

- a) Please advise whether EPCOR has any concerns with the OEB approving the rates resulting from the application on an interim basis only (and creating additional process to deal with the errors in the coming months to conclude prior to the filing of the July 2024 QRAM).

ENGLP Response: ENGLP believes that it has provided the necessary clarifications to address the queries raised by OEB Staff and does not think an interim approval is necessary. ENGLP would also be willing to have further discussion with OEB Staff in short order if helpful.