



39 Beech St
Aylmer, Ontario
Canada
ENGLP.com

April 25, 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-2024-0124: Ontario Energy Board's (OEB) Own Motion Regarding EPCOR Natural Gas Limited Partnership's (ENGLP) Request to Correct Certain Historical Quarterly Rate Adjustment Mechanism Errors Responses to OEB Staff Interrogatories

Please find enclosed ENGLP Southern Bruce's responses to questions received April 17, 2024. A supporting excel workbook has also been included with this submission.

Sincerely,

Tim Hesselink, CPA
Senior Manager, Regulatory Affairs
EPCOR Natural Gas Limited Partnership
(705) 445-1800 ext. 2274
thesselink@ENGLP.com

Encl.

**OEB Motion Regarding ENGLP's Request to Correct Certain Historical Quarterly
Rate Adjustment Mechanism Errors EB-2024-0124**

Responses to OEB Staff Interrogatories

Staff. 1- Reference Price Error

Ref: EB-2024-0100 Application, Pg. 10
EB-2024-0100 IRRs, Staff 1-f
EB-2024-0100 Application, Schedule 2
EB-2023-0338 Application, Schedule 2
The OEB's October 31, 2019 letter on the correction of pass-through costs

Preamble:

There are two approaches ENGLP identified to correct the reference price error.

Approach 1: In the April 2024 QRAM application, ENGLP stated that by correcting the reference price for October to December 2023 in Schedule 2 of its application (i.e., from the erroneous reference price of \$0.179429/m³ to the approved reference price of \$0.161348/m³), the proposed reference price and inventory rate to clear the PGCVA and the GPRA starting in April 2024 would capture the discrepancy caused by the incorrect reference price recorded in Schedule 2 historically.

Approach 2: In ENGLP's response to interrogatories, ENGLP stated that applying a debit to the PGCVA of \$71,138 would also operate to correct the historical error.
The OEB's October 31, 2019 letter regarding the correction of pass-through costs states:

The OEB will determine on a case-by-case basis whether to make a retroactive adjustment based on the particular circumstances of each case, including factors such as:

- whether the error was within the control of the distributor
- the frequency with which the distributor has made the same error
- failure to follow guidance provided by the OEB
- the degree to which other distributors are making similar errors

Questions:

- a) Please describe in detail how ENGLP would implement Approach 2.
 - i. Please provide an updated schedule 2 reflecting this change.

ENGLP Response: Refer to the supporting excel attachment, tab Staff 1A.

- b) Please confirm that Approach 1 and Approach 2 result in the same debit to the PGCVA and the impact on customers is the same.

ENGLP Response: Approach 1 and Approach 2 would result in minor differences to both the debit to the PGCVA on customers. Refer to the table below:

	Total cumulative PGCVA balance by March 31, 2024 (\$)	Estimated Impact on Average Residential Customer
Approach 1 (as filed)	\$37,770.70	\$5.56
Approach 2 (debit of \$71,138 to PGCVA)	\$38,025.59	\$5.59
Difference	\$254.89	\$0.03

- c) Please advise which approach is preferred by ENGLP.

ENGLP Response: ENGLP prefers Approach 1 as this is what was originally brought forward and the variances between the two methods are not material.

- d) Please provide a detailed discussion as to why ENGLP should be allowed to recover the debit associated with the Reference Price Error in the context of the OEB's October 31, 2019 letter.

ENGLP Response: This is the first time this error occurred in the filing of the QRAM. As provided below, ENGLP has a robust procedure to ensure the data quality of the application. ENGLP has identified the source of the error, and introduced further validation checks into the QRAM application process to minimize the risk of producing future errors. ENGLP cannot comment on the degree to which other distributors are making similar errors.

- e) Please provide ENGLP South Bruce's ROE from 2019-present.

ENGLP Response: ENGLP Southern Bruce's historical ROE was provided as part of the Customer Volume Variance Account hearing (EB-2022-0184). ENGLP_Affidavit_Motion to Review_20230510, Page 8. ENGLP's 2023 ROE calculation is not yet finalized.

ENGLP also notes that it does not believe that ROE is not a relevant metric as part of a review of a commodity rate application.

f) Please provide a detailed discussion of the following:

i. How the error Reference Price Error occurred.

ENGLP Response: The reference price was not properly updated in ENGLP's PGCVA tracking file for October through December 2023 after the approval of the 2023 Q4 QRAM, and the error persisted through to the filing of the 2024 Q1 QRAM.

ii. The review process that ENGLP applies to its QRAM applications to ensure that its evidence is accurate prior to filing with the OEB.

ENGLP Response: ENGLP currently conducts the following review process prior to the filing of the QRAM:

- 1) Ensures natural gas purchases are properly tracked for each transaction, including volume and spend per transaction;
- 2) Updates heat value with the appropriate heat value for the month;
- 3) Ensures price forecast working sheet accurately reflect market price forecast as well as procured volumes;
- 4) Ensures data from natural gas purchase tracker and price forecast working sheet are properly transferred to PGVA tracking sheet;
- 5) Checks that data from PGVA tracking sheet is properly transferred to QRAM application working file;
- 6) Performs a line-by-line comparison for Schedules 2,3,4, and schedule 8 to ensure the prepared scheduled matches the most recent approved application;
- 7) Checks that all data linkages between the application schedules are aligned and correct;
- 8) Calculates the reference price and the inventory rate;
- 9) Reviews correctness for historical rates used in the Bill Impact calculation in Schedule 9;
- 10) Confirms all relevant data is corrected inputted from Schedules 2 through 9 to schedule 1;

- 11) Manager, Energy Supply & Procurement reviews the completeness and correctness of application through steps 1 through 10;
- 12) Senior Manager, Regulatory reviews the co reviews the completeness and correctness of application; and,
- 13) ENGLP submits the application to the OEB.

- iii. Whether ENGLP believes it has a rigorous QRAM preparation process that limits the potential for errors.

ENGLP Response: ENGLP believes it has a rigorous QRAM preparation process that limits the potential for errors and continuously reviews and improves the application process and the review process at each filing. This is further evident given ENGLP has very limited staffing resources and two separate applications are required quarterly.

- iv. Any changes that ENGLP has made to its QRAM preparation process to ensure errors of this nature do not occur in the future.

ENGLP Response: ENGLP has added an additional step (Step 6) to complete a line-by-line comparison for Schedules 2,3,4, and 8 to ensure the prepared scheduled matches the most recent approved application. ENGLP believe it has a rigorous QRAM preparation process that limits the potential for errors and continuously reviews and improves the application process and the review process at each filing.

Staff. 2- Billing Error

Ref: EB-2024-0100, IR Responses, Staff 2 b) iii)

Preamble:

In January 2024, ENGLP 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.

ENGLP stated that 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 GPRA balance ending March 2023 (as recorded at the bottom of Schedule 8) should have been adjusted by -\$5,841.56 as well.

ENGLP noted that it has made billing adjustments and is recovering additional payments in alignment with its 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 ENGLP's error. Regardless of whether the Customer or ENGLP 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.

Questions:

- a) Please provide the number of customers impacted by the Billing Error by rate class.

ENGLP Response:

Rate Class	# of Customers
Rate 1	60
Rate 6	15
Rate 11	1

- b) If there are residential customers that were impacted by the Billing Error and are past the two-year retroactive period, please confirm that ENGLP's shareholder is responsible for the cost variance related to the underbilling?

ENGLP Response: Confirmed

- c) Are there any customers that were impacted by the Billing Error and that are no longer served by ENGLP?

ENGLP Response: There were three customers.

- i. If so, please confirm that ENGLP's shareholder is responsible for the cost variance related to the underbilling?

ENGLP Response: Confirmed

- d) Please confirm that the -\$5841.56 adjustment has already been included in Schedule 8 as filed with ENGLP's April 2024 QRAM. If not, please advise whether further updates are necessary.

ENGLP Response: The -\$5841.56 adjustment was not included in Schedule 8 as filed with the April 2024 QRAM. ENGLP recommends to include this adjustment in the Q3 2024 QRAM Filing on a prospectus basis and notes that the GRPA will capture any variances between projected and actual costs.

Staff. 3- Heat Value

Ref: EB-2024-0100, OEB staff letter, March 14, 2024

Preamble:

OEB staff stated that on March 13, 2024, ENGLP filed responses to OEB staff questions with respect to ECPOR's April 2024 QRAM for its Aylmer service area. In the response, ENGLP noted that it used a heat value of 39.09 MJ/m³ for both its Aylmer and South Bruce service areas as this was the heat value shown on Enbridge Gas Inc.'s (Enbridge Gas) website.

Enbridge Gas confirmed in response to OEB staff's questions with respect to its April 2024 QRAM application that the correct heat value for the Union South rate zone is 39.17 GJ/103m³.

Questions:

- a) Please advise whether ENGLP maintains the heat value used in its application (i.e. 39.09 MJ/m³) is correct or if ENGLP believes that the heat value for the period covered by the April 2024 QRAM should be the value used in the Union South rate zone (i.e. 39.17 GJ/103m³).

ENGLP Response: As per Enbridge's Interrogatory response for EB-2024-0093 filed March 13, 2024, ENGLP confirms the heat value for the period covered by the April 2024 QRAM should be the value used in the Union South rate zone of 39.17 GJ/10³m³.

- b) Please provide the impact on the commodity rates and bill impact schedules of changing the heat value to Union South rate zone's heat value.

ENGLP Response: A bill impact analysis is presented on tab 'Staff 2B (HV ADJ)' of the supporting excel workbook. The bill impact of the changes to the heat value is an increase of \$0.54 per year for a typical residential customer, when compared to the interim approved rate.

- c) Please advise whether ENGLP's QRAM methodology for the South Bruce service area will true-up to actual heat values (through the volume true-up) at the time of its next QRAM application.

ENGLP Response: ENGLP confirms the existing QRAM methodology for the South Bruce service area will true-up to actual heat values (through the volume true-up) at the time of its next QRAM application.