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BY EMAIL

October 8, 2024

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 2025 Rates – South Bruce Service Area  
Ontario Energy Board File Number: EB-2024-0238**

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 October 22, 2024.

Any questions relating to this letter should be directed to Arturo Lau, Advisor at [Arturo.Lau@oeb.ca](mailto: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 Partnership**  
**EB-2024-0238**

Please note, EPCOR Natural Gas Limited Partnership 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 – Municipal Tax Variance Account (MTVA)**

Ref: 2025 Incentive Rate Adjustment Application, pg 16-17  
Appendix D- Auditor's Report, pg. 73

The MTVA records the difference between the actual annual municipal taxes paid, net of municipal contributions related to municipal taxes, and the net municipal taxes billed to customers by ENGLP. ENGLP has requested the disposition of its 2023 MTVA balance of a debit of \$ 77,670 (including interest).

OEB staff notes that the previous MTVA balances approved for disposition are as follows:

<b>Proceeding #</b>	<b>Description</b>	<b>MTVA Balance Approved for Disposition (not including interest)</b>
EB-2023-0161	2022 MTVA year-end balances	\$(336,285)
EB-2022-0184	2021 MTVA year-end balances	\$(280,946)

The following was taken from Appendix D- Auditor report.

EPCOR Natural Gas Limited Partnership Southern Bruce Deferral Municipal Tax variance account													
	2023 January	2023 February	2023 March	2023 April	2023 May	2023 June	2023 July	2023 August	2023 September	2023 October	2023 November	2023 December	2024 Year
Billed Distribution revenue													5,034,240
Distribution Revenue per CIP													6,645,722
Municipal taxes per CIP													581,587
Ratio													8.8%
Property taxes collected through revenues													440,561
Other													
Property taxes paid	118	293	-	-	202,644	43,027	209	256,669	50	-	-	-	
Difference	118	293	-	-	202,644	43,027	209	256,669	50	-	-	-	(440,561)
Cumulative	118	411	411	411	203,055	246,082	246,292	502,961	503,011	503,011	503,011	62,450	62,450
Opening Interest	-	-	0	2	4	6	848	1,869	2,892	4,979	7,280	9,581	11,883
Interest calculation on disposal balance	-	0	2	2	2	843	1,021	1,022	2,087	2,301	2,301	2,301	3,341
Closing Interest	-	0	2	4	6	848	1,869	2,892	4,979	7,280	9,581	11,883	15,224
OEB Prescribed Interest Rate	4.73%	4.73%	4.73%	4.98%	4.98%	4.98%	4.98%	4.98%	4.98%	5.49%	5.49%	5.49%	5.35%

  

	2022 January	2022 February	2022 March	2022 April	2022 May	2022 June	2022 July	2022 August	2022 September	2022 October	2022 November	2022 December	2023 Year
Billed Distribution revenue													3,469,603
Distribution Revenue per CIP													5,818,265
Municipal taxes per CIP													565,324
Ratio													9.7%
Property taxes collected through revenues													337,120
Property taxes paid	-	106	260	-	-	-	-	439	30	-	-	-	
Difference	-	106	260	-	-	-	-	439	30	-	-	-	(337,120)
Cumulative	-	106	366	366	366	366	366	805	835	835	835	835	(336,285)
Opening Interest	-	-	-	0	0	1	1	2	2	4	6	9	12
Interest calculation on disposal balance	-	-	0	0	0	0	1	1	1	3	3	3	(16,337)
Closing Interest	-	-	0	0	1	1	2	2	4	6	9	12	(16,325)
OEB Prescribed Interest Rate	0.37%	0.37%	0.37%	1.02%	1.02%	1.02%	2.20%	2.20%	2.20%	3.87%	3.87%	3.87%	4.92%

  

	2021 January	2021 February	2021 March	2021 April	2021 May	2021 June	2021 July	2021 August	2021 September	2021 October	2021 November	2021 December	2022 Year
Billed Distribution revenue													1,897,887
Distribution Revenue per CIP													4,620,572
Municipal taxes per CIP													546,701
Ratio													11.8%
Property taxes collected through revenues													224,556
Property taxes paid								525					
Difference								525					(224,556)
Cumulative	(56,915)	(56,915)	(56,915)	(56,915)	(56,915)	(56,915)	(56,915)	(56,390)	(56,390)	(56,390)	(56,390)	(56,390)	(280,946)
Opening Interest	-	(27)	(54)	(81)	(108)	(135)	(162)	(189)	(216)	(243)	(270)	(297)	(323)
Interest calculation on disposal balance	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(4,207)
Closing Interest	(27)	(54)	(81)	(108)	(135)	(162)	(189)	(216)	(243)	(270)	(297)	(323)	(4,531)
OEB Prescribed Interest Rate	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	0.37%	1.50%

Questions:

- a) Please explain why in the previous two years (2021 and 2022) there were substantial credit balances in the MTVA account and now there is a debit balance in 2023.
- b) Please explain what occurred in May 2023 and August 2023 that incurred debit balances of \$202,644 and \$256,669, respectively.

**OEB Staff.2- Customer Volume Variance Account (CVVA)**

Ref: 2025 Incentive Rate Adjustment Application, page 20-22  
Excel file: ENGLP\_APPL\_2025 Custom IR\_SB\_CVVA\_20240815 (CVVA Workbook)  
EB-2022-0184, ENGLP\_Addl EVD\_CVVA\_20221114.PD, November 14, 2022 (CVVA Process)

ENGLP utilized the services of Power Advisory Inc. to complete the weather normalization calculation as part of the balance determination.

ENGLP included a workbook with the calculations of the CVVA (CVVA Workbook).

In ENGLP's 2023 Custom IR update proceeding, ENGLP provided a document describing how the CVVA is calculated (CVVA Process). In the CVVA Process, ENGLP stated that due to the timing of year-end close and delays in data availability, amounts consumed in November/December would not be fully billed until the following calendar year. For this reason, ENGLP intended to book an accrual in the CVVA using the available regression results based on actual data and apply to the weather normal heating degree day, providing a weather normalized average consumption that can be used to reasonably estimate year end results.

ENGLP's regulated net income was (\$2.484M) loss in 2023, resulting in a calculated ROE of (7.34%).

ENGLP proposes to recover the CVVA balances through the implementation of a twelve-month fixed rate rider commencing on January 1, 2025. ENGLP noted that a fixed rate rider was chosen as it appears to be more equitable, as a variable rate rider would be punitive to customers who are using more gas, which is counter-intuitive to the purpose of the CVVA.

Questions:

- a) Please provide rationale to why Power Advisory was chosen to complete the weather normalization calculation.
  - i. Please provide credentials.
- b) Please confirm that the CVVA Accounting Order was followed when calculating the balances in CVVA.
- c) Please confirm that the CVVA Process was followed when calculating the CVVA balances.
- d) OEB staff notes that in the CVVA Process, the amounts consumed in November/December would not be fully billed and ENGLP intends to book an accrual. Please confirm if the October 2023 numbers are actuals or accruals.
  - i. If the October 2023 numbers are accruals please explain why there is a deviation from the CVVA Process.
- e) In the CVVA Workbook, under Tab "2023 R1\_RES", and "2023 R1\_AG", in cells K14, L14 and M14, each cell's formula refer to the Tab "2021 R1\_COM". In the CVVA Process, Step 3, states: "take the most recent average annual consumption for each rate class and category of customers, then remove the baseload consumption from these values." Please explain why when calculating

the actual average (with CIP Heat Value) the Rate 1 commercial numbers are referred in the residential and agricultural calculations cells.

- i. If required, please correct any errors.
- f) Please provide a step-by-step example to show how “NAC w/ actual connections” are calculated (i.e. Tab “2023 R1\_RES”, cell B23)
- g) Please provide detailed calculations on the ROE.
- h) ENGLP stated that a fixed rate rider is more equitable, please provide further discussion on the equity considerations in selecting a fixed rate vs variable rate.
  - i. Provide the annual cost impact for a variable rate under the following scenarios for residential:
    - i. Customers in the bottom 10% of gas usage.
    - ii. Customers that average usage.
    - iii. Customers in the top 10% of gas usage.
  - ii. Compare the annual bill impacts of the fixed rate to the three scenarios above.

### OEB Staff.3- Bill Impacts

Ref: 2025 Incentive Rate Adjustment Application, page 24  
OEB Handbook for Utility Rate Applications (October 13, 2016); see Introduction (page 1) and Rate Mitigation (Appendix 3, page v) (OEB Handbook)

ENGLP provided a table summarizing bill impacts for each rate class assuming the average consumption level of the rate class based on the forecasted 2025 customer connections and volumes.

**Table 20 – Illustrative Bill Impact Summary**

Rate Class	Description	Fixed Charge	Fixed Charge	Volumetric Charge	Volumetric Charge	Rate Riders	Rate Riders	Total	Total
		(\$/year)	(%)	(\$/year)	(%)	(\$/year)	(%)	(\$/year)	(%)
Rate 1 <sup>(1)</sup>	Existing Residential	\$7	2%	\$13	2%	\$122	322%	\$141	8%
Rate 1 <sup>(1)</sup>	New Residential	\$7	2%	\$12	2%	\$119	329%	\$138	8%
Rate 1	Small Commercial	\$7	2%	\$27	2%	\$189	229%	\$223	7%
Rate 1	Small Agricultural	\$7	2%	\$27	2%	\$190	229%	\$224	7%
Rate 6	Medium Commercial	\$27	2%	\$137	2%	\$747	1677%	\$910	5%
Rate 6	Large Commercial	\$27	2%	\$371	2%	\$3,042	2431%	\$3,439	7%
Rate 11	Sample Dryer 1	\$54	2%	\$342	2%	\$910	180%	\$1,306	3%
Rate 11	Sample Dryer 2	\$54	2%	\$1,141	2%	\$3,032	180%	\$4,227	3%
Rate 16	Contracted Demand	\$395	2%	\$13,484	2%	\$40,263	-784%	\$54,143	6%

Residential customers are expected to see an 8% increase in their annual bill impact.

In the OEB Handbook, it states:

The OEB expects utilities to mitigate bill impacts through the pacing and prioritizing of investments and activities. For electricity distributors, the OEB has a policy requiring the filing of a mitigation plan when the total bill impact is 10% or more for any customer class. The OEB expects all other utilities to propose mitigation plans, or explain why a plan is not required when their proposals result in material impacts to customers.

Questions:

- a) Even though ENGLP is not an electricity distributor, does ENGLP believe that ENGLP South Bruce should file a mitigation plan when the total bill impact is 10% or more for any rate class?
- b) When ENGLP implements the approved 2025 rates and if at that time the total bill impacts for customers are over 10%, will ENGLP propose a mitigation plan?