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BY EMAIL

January 28, 2025

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Nancy Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission on the Draft Rate Order
EPCOR Natural Gas Limited Partnership (ENGLP)
Application for 2025-2029 natural gas distribution rates and other charges
for the Aylmer service territory
OEB File Number: EB-2024-0130**

In accordance with the OEB's Decision and Order in the above referenced proceeding, please find attached OEB staff's comments on ENGLP's Draft Rate Order and supporting schedules filed on January 21, 2025.

ENGLP and all registered intervenors have been copied on this filing.

Yours truly,

Tina Zhu
Senior Advisor, Generation & Transmission

Encl.

cc: All parties in EB-2024-0130



ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION ON DRAFT RATE ORDER AND SUPPORTING SCHEDULES

EPCOR NATURAL GAS LIMITED PARTNERSHIP (ENGLP)

**APPLICATION FOR 2025-2029 NATURAL GAS DISTRIBUTION RATES
AND OTHER CHARGES FOR THE AYLMER SERVICE TERRITORY**

EB-2024-0130

JANUARY 28, 2025

INTRODUCTION

EPCOR Natural Gas Limited Partnership (ENGLP) filed an application with the Ontario Energy Board (OEB) on July 18, 2024, seeking approval for changes to the rates it charges for natural gas distribution in its Aylmer service territory, pursuant to section 36 of the Ontario Energy Board Act, 1998 (Act), for an effective date of January 1, 2025. A Settlement Proposal representing a complete settlement of all issues was filed with the OEB on November 20, 2024. The OEB issued its Decision and Order on January 14, 2025 accepting the Settlement Proposal as filed.

In accordance with the process set out in the Decision and Order, ENGLP was required to file a draft Revenue Requirement and Charge Determinant Order (DRO) by January 21, 2025 with detailed calculations and supporting material, including:

- a rate implementation date of March 1, 2025
- incorporation of the OEB's decision in ENGLP's 2025 Q1 quarterly rate adjustment mechanism proceeding¹
- proposed rate riders to recover the foregone revenue requirement from January 1, 2025, to February 28, 2025 over the remaining 10 months of 2025
- 2025 total bill impacts for each rate class.

ENGLP filed its DRO on January 21, 2025, pursuant to the Decision and Order.

OEB staff does not have concerns with the detailed calculations and supporting material provided by ENGLP in the DRO. OEB staff's specific comments on the DRO are as follows:

1. Proposed 10-month rate riders to recover the foregone revenue requirement from January 1, 2025, to February 28, 2025

In accordance with the OEB's Decision and Order, ENGLP has calculated the total foregone distribution revenue to be \$4,863, which is a combination of \$75,551 in fixed charges, \$1,092 related to Rate 3 contract demand offset by a credit of \$71,779 in volumetric charge for the 2025 test year.

The recovery of foregone revenue does not change the service revenue requirement for the 2025 test year, the amount remains consistent with the Settlement Proposal.

¹ EB-2024-0337 [OEB Decision and Interim Rate Order, December 19, 2024](#)

OEB staff submits that ENGLP's proposed 10-month rate riders to recover the foregone revenue requirement from January 1, 2025, to February 28, 2025, have been calculated as required by the Decision and Order.

2. Proposed 10-month rate riders to recover the Purchased Gas Transportation Variance Account (PGTVA) and Unaccounted for Gas Variance Account (UFGVA) balances

ENGLP is proposing to revise the PGTVA and UFGVA balance recovery from a 12-month period to a 10-month period to align with the fiscal year. This will prevent the overlap of additional rate riders that may be included in ENGLP's incentive rate-setting application for the 2026 year.

OEB staff submits that the proposed 10-month PGTVA and UFGVA rate riders are reasonable given the rate implementation date of March 1, 2025.

3. Bill Impacts

The DRO presents updated bill impacts for each rate class.

For the transportation charge bill impacts, ENGLP has been historically recovering amounts related to the transportation of natural gas via a reference price embedded within distribution rates. As part of ENGLP's current application, a stand-alone transportation rate was proposed and ultimately agreed by the parties through settlement.

For the purposes of the bill impacts calculation, ENGLP has calculated an effective rate to capture the use of the reference price in January - February 2025 and the use of the transportation rate from March - December 2025.

ENGLP has confirmed that it is not proposing to adjust the transportation charge from the current value of \$0.0292 per m³ as there is an existing process to capture variances the using the PGTVA.

OEB staff takes no issue with the bill impact calculations provided by ENGLP. However, OEB staff notes the updated bill impacts incorporate the 2025 Q1 quarterly commodity rate adjustment impact which were previously approved, and was already communicated to customers at the time that the OEB issued its decision and interim rate order in that proceeding².

² EB-2024-0337 [OEB Decision and Interim Rate Order, December 19, 2024](#)

4. A rate implementation date of March 1, 2025

OEB staff submits that it in this case it is beneficial for rate payers to have an implementation date of March 1, 2025, even though it has been the common practice to implement rates with the quarterly rate adjustment mechanism proceedings (in this circumstance, April 1, 2025 is the next available implementation date).

A rate implementation date of April 1, 2025 would result in 9-month PGTVA, UFGVA and foregone revenue rate riders (from April 1, 2025 to December 2025) to customers, versus the 10-month rate riders under the implementation plan (from March 1, 2025 to December 2025) which is more beneficial as to smooth the 2025 monthly customer bill impacts.

~All of which is respectfully submitted~