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BY EMAIL

October 3, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Mr. Murray:

**Re: EPCOR Natural Gas Limited Partnership (EPCOR)
Application for 2026 Rates – Southern Bruce Service Area
Ontario Energy Board File Number: EB-2025-0178**

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 17, 2025.

Any questions relating to this letter should be directed to Randy Doradat, Advisor at randy.doradat@oeb.ca. The Board's toll-free number is 1-888-632-6273.

Yours truly,

Randy Doradat
Advisor, Natural Gas

Encl.

**OEB Staff Interrogatories
EPCOR Natural Gas Limited Partnership
EB-2025-0178**

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 – Deferral Accounts Summary

Ref: 2026 Incentive Rate Adjustment Application, pg. 11, Table 3

Table 3 – Deferral Accounts Requested for Disposition

	2024		2025 Carrying Charges				Total
	Principal	Carrying Charges	Q1 3.64%	Q2 3.16%	Q3 2.91%	Q4 2.91%	
CIACVA	\$300,025	\$0	\$2,730	\$2,370	\$2,183	\$2,183	\$309,491
ECVA	\$21,913	\$0	\$199	\$173	\$159	\$159	\$22,604
MTVA	(\$78,984)	\$13,239	(\$719)	(\$624)	(\$575)	(\$575)	(\$68,237)
ORDA	(\$28,358)	(\$615)	(\$258)	(\$224)	(\$206)	(\$206)	(\$29,868)
CVVA	\$552,604	\$15,719	\$5,029	\$4,366	\$4,020	\$4,020	\$585,757
UFGVA	(\$79,913)	(\$8,908)	(\$727)	(\$631)	(\$581)	(\$581)	(\$91,343)
	2024		2025 Carrying Charges				Total
	Principal	Carrying Charges	Q1 3.72%	Q2 3.72%	Q3 3.72%	Q4 3.72%	
S&TVA	\$3,271,747	\$308,464	\$30,427	\$30,427	\$30,427	\$30,427	\$3,701,919
TVA	\$381,952	\$48,121	\$3,552	\$3,552	\$3,552	\$3,552	\$444,282
Total	\$3,959,033	\$327,898	\$36,682	\$35,857	\$35,427	\$35,427	\$4,430,324

Questions:

- a) The sums in the “Total” row appear to not include the values from the TVA row. Please confirm if this is true,
 - a. If yes, please provide an updated table with the corrected values

OEB Staff.2 – Unaccounted for Gas Variance Account (UFGVA)

Ref: 2026 Incentive Rate Adjustment Application, pg. 25-26, pg. 87, 89, 91, 93, 95 and 96

Excel file: ENGLP_APPL_2026 Custom IR_SB_DVA_Excel_20250801, Tabs UFGVA and Load Forecast

EPCOR proposes to allocate the UFGVA balance based on actual volumes from 2021–2024, as indicated in Table 21 of the application and cell A28 of the UFGVA tab. However, the Load Forecast tab in the DVA Excel file appears to label volumes as 2022–2024, creating a discrepancy.

Additionally, EPCOR proposes to recover the UFGVA balance from customers in Rates 1, 6, 11, and 16 based on revised forecast volumes, as shown in Table 22.

OEB staff compiled the following tables to compare between actual volumes for Rates 1 and 6 over the 2022–2024 period, as reported in EPCOR’s 2025 Annual Gas Supply Plan Update and in Table 21 of the current application.

Actual Volumes (000's M ³)	R1 Residential	R1 Commercial	R1 Agriculture	Total Rate 1
2022 per 2025 Annual GSP	3,577	125	3	3,705
2023 per 2025 Annual GSP	5,395	386	4	5,784
2024 per 2025 Annual GSP	6,459	544	4	7,007
Total actual volume per 2025 Annual GSP	15,430	1,055	12	16,497
Per Table 21 in current application				16,497
Variance				(0)

Actual Volumes (000's M ³)	R6 Medium Commercial	R6 Large Commercial	Total Rate 6
2022 per 2025 Annual GSP	208	602	811
2023 per 2025 Annual GSP	422	1,332	1,754
2024 per 2025 Annual GSP	627	1,387	2,013
Total actual volume per 2025 Annual GSP	1,257	3,321	4,578
Per Table 21 in current application			4,578
Variance			0

Actual Volumes (000's M ³)	R1 Residential	R1 Commercial	R1 Agriculture	Total Rate 1
2021 per 2025 Annual GSP	1,177	30	-	1,207
2022 per 2025 Annual GSP	3,577	125	3	3,705
2023 per 2025 Annual GSP	5,395	386	4	5,784
2024 per 2025 Annual GSP	6,459	544	4	7,007
Total actual volume per 2025 Annual GSP	16,607	1,085	12	17,704
Per Table 21 in current application				16,497
Variance				1,207

Actual Volumes (000's M ³)	R6 Medium Commercial	R6 Large Commercial	Total Rate 6
2021 per 2025 Annual GSP	35	102	138
2022 per 2025 Annual GSP	208	602	811
2023 per 2025 Annual GSP	422	1,332	1,754
2024 per 2025 Annual GSP	627	1,387	2,013
Total actual volume per 2025 Annual GSP	1,292	3,423	4,716
Per Table 21 in current application			4,578
Variance			138

In the accounting order for the UFGVA, EPCOR states that the effective date of the UFGVA is January 1, 2019 and that the audited balance in this account, along with any carrying charges, will be brought forward for approval for disposition on an annual basis.

Questions:

- a) Please confirm whether the actual volumes used for UFGVA allocation are from 2021–2024 or 2022–2024.
- b) If the correct years are 2021–2024, please revise the volumes used for rate rider calculation and any other applicable corrections.
- c) Please provide the source data and supporting calculations for the actual volumes used in Table 21 for Rates 11 and 16, including whether they are based on metered consumption, billing determinants, or another source.
- d) Please provide the source data and supporting calculations for the revised forecast volumes used in Table 22 for rates 11 and 16, including whether it is based on metered consumption, billing determinants, or another source.
- e) Please confirm the year(s) for the projected volumes in Table 22.
- f) Please confirm whether EPCOR is referring to Table 22 in line 9 on page 26, which currently cites Table 9.
- g) Please explain why EPCOR believes that the UFGVA should be allocated based on the following
 - i. actual historical volumes
 - ii. 2021-2024
- h) Please provide EPCOR's view in allocating the UFGVA balance to rate classes based on Common Infrastructure Plan (CIP) volumes (2021-2024), as per EB-

2018-0264, Exhibit 3, Tab 1, Schedule 2, pg. 3 instead of actual historical volumes.

- i) Please explain why the UFGVA, along with carrying charges, is proposed to be disposed of for the first time, in this application and has not been previously disposed of, on an annual basis, as per the accounting order.

OEB Staff.3- Storage and Transportation Variance Account (S&TVA) - General

Ref: 2026 Incentive Rate Adjustment Application, page 27-33 and Appendix D

EPCOR states that “The S&TVA Rates 1, 6 & 11 will record ... the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment 15 Mechanism (QRAM) process”.

Question:

- a) Where in the breakdown for the S&TVA is “the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment 15 Mechanism (QRAM) process” accounted for? Please provide supporting explanation.

Per October 1, 2020 QRAM filing¹, EPCOR was requested to maintain detailed tracking and records to support amount that have been recorded, with respect to administrative costs, also referred to as “Gas Supply” costs in the current filing, accrued on the S&TVA.

Question:

- b) Please provide specific details and further breakdown for the costs identified as Gas Supply costs.

EPCOR states, “Consistent with the accounting order, ENGLP proposes to bring forward the balance in this account, together with any carrying charges for disposition after the maximum balance has been reached.”. In Appendix D, the accounting order for the S&TVA states that the under-recovery related to upstream costs would accrue in the account and estimated that the balance would reach its maximum in 2024.

Questions:

¹ EB-2020-0206 Decision & Interim Rate Order, September 24, 2020, pages 3-4

- c) Please confirm whether the S&TVA balance reached its maximum in 2024 as projected.
 - i) If not, please explain why.
- d) Please provide the maximum balance allowed in this account.
- e) Please confirm if this account is being disposed of for the first time due to the maximum balance being reached.

OEB Staff.4- Storage and Transportation Variance Account (S&TVA) - Allocation

Ref: 2026 Incentive Rate Adjustment Application, page 28-33

Excel file: ENGLP_APPL_2026 Custom IR_SB_STVA_Excel_20250801

EPCOR explains that the S&TVA consists of several components including Transportation and Storage, and Nomination/ECNG. Regarding Transportation and Storage, EPCOR states that as part of the M17 Transportation rate from Enbridge Gas, they incur costs based on the Rate 1/6/11 customers share of the overall contract demand (CD). Regarding Nomination/ECNG, EPCOR states that they pay a nomination fee for all volumes (\$0.04/GJ) along with a fee for consulting services.

In the STVA Excel file under the Allocation worksheet, EPCOR includes the following table indicating how M17 Transportation and ECNG costs are allocated between System Gas customers (R1/R6/R11) and R16 customers.

Billing Period		2020 Total	2021 Total	2022 Total	2023 Total	2024 Total
M17 Transportation	System Gas	75%	64%	62%	62%	63%
	R16	25%	36%	38%	38%	37%
	Total	100%	100%	100%	100%	100%
ECNG	System Gas	58%	56%	59%	63%	65%
	R16	42%	44%	41%	37%	35%
	Total	100%	100%	100%	100%	100%

The 2025 Gas Supply Plan filing² indicates that the CD for R16 customers is 95,824 m³/day and for system gas (R1/R6/R11) customers, 132,075 m³/day. Also indicated is that this CD allocation has been consistent since Winter 2021/22. This means that approximately 42% of CD is assigned to system gas customers while approximately 58% is assigned to R16 customers.

In the allocation tab of the Excel file, invoice numbers for M17 transportation and ECNG costs are provided for each month.

EPCOR is disposing of the S&TVA for the first time and proposes to allocate the Upstream Costs and Revenue portion of the S&TVA based on the Enbridge CIAC

² EB-2025-0140, 2025 Annual Gas Supply Plan Update (2023-2025 Gas Supply Plan) Southern Bruce, page 27

allocation of rate base. EPCOR proposes to allocate the Transportation & Storage portion of the S&TVA based on CIP throughout volumes.

Questions:

- a) Please explain why the allocation regarding M17 Transportation between rate 16 and rates 1/6/11 shown in the STVA Excel file do not align with contract demand indicated in the GSP.
- b) Please explain the allocation between rate 16 and rate 1/6/11 with respect to ECNG costs.
- c) Please confirm that the \$0.04/GJ nomination fee is currently being charged by ECNG or another service provider.
- d) Please confirm the source of the \$0.04/GJ rate.
- e) Please indicate whether this fee (\$0.04/GJ rate) is fixed or subject to change, and describe how it is applied to nominated volumes.
- f) Please confirm whether this fee is included in the calculation of the Upstream Recovery Charge or tracked exclusively in the S&TVA and TVA accounts.
- g) Please provide the invoices for Invoice Numbers: 1136316, 1140946, E194CC-2409-1 and E194CC-2309-1
- h) Please explain why EPCOR believes that the S&TVA costs should be allocated as follows:
 - i. Upstream Costs and Revenue portion of the S&TVA based on the Enbridge CIAC allocation of rate base
 - ii. Transportation & Storage portion of the S&TVA based on CIP throughout volumes.
- i) Please provide EPCOR's view in allocating the Transportation & Storage portion of the S&TVA based on the potential alternatives listed below. Please also provide revised versions of tables 27, 29 and 30 using each of these potential alternatives.
 - i. Actual historical volumes
 - ii. CIP throughput volumes for the period during which the S&TVA balance accumulated (2019–2024), as opposed to the currently proposed CIP throughput volumes spanning 2019–2028.

OEB Staff.5- Storage and Transportation Variance Account (S&TVA) – Future Years

Ref: 2026 Incentive Rate Adjustment Application, page 33-34

ENGLP has calculated a rate rider for the 2024 balance based on the 2024 weather normalized volumes prorated as a portion of the remaining duration of the 30-year upstream contract.

Agreement Commence	19-Nov-20	
Agreement Conclude	19-Nov-50	(30 years)
Rate Rider Commence	1-Jan-26	
Rate Rider Conclude	19-Nov-50	
Months		299

EPCOR states “ENGLP is proposing to recover an equivalent portion of the balance annually until November 30, 2050 (12 of 119 months equaling \$148,572 in a full year).”

EPCOR states that they propose to track the recovery in a separate sub-account in the existing Approved Deferral and Variance Account Disposition Account (“**ADVADA**”).”

EPCOR states “For the remaining years, ENGLP proposes to dispose of the S&TVA on an annual basis, consistent with the basis of the accounting order. The calculation of the S&TVA balance for disposition will be the equivalent of the annual total, with the appropriate share of the initial disposition included. For example, if the December 2025 balance is \$100,000, the total disposition request will be the \$100,000 + \$148,572 calculated above for a total of \$248,572. This will compensate for changes in load/CD that will be experienced.”

Questions:

- a) Please justify using a recovery period of the remaining duration of the 30-year upstream contract
 - i. Please describe how it is appropriate to use a recovery period that exceeds the IRM period, ending December 31, 2028.
- b) Please confirm that in the following quote from EPCOR, “119” should be replaced with “299”. “ENGLP is proposing to recover an equivalent portion of the balance annually until November 30, 12 2050 (12 of 119 months equaling \$148,572 in a full year).”
- c) The accounting order for the ADVADA indicates “Once the approved period for recovery/refund has ended, balances resulting from over or under collection/refund, together with any carrying charges, will be brought forward for disposition at a future proceeding”³.
Please provide the balance of the ADVADA.
 - i. If balance is non-zero, please explain why it is not being disposed of this year.

³ EB-2021-0216 Decision and Order (Phase 1), December 9, 2021, Schedule B

- d) For future years, where the S&TVA balance will be disposed of annually, what will be used as the interest rate in calculating carrying charges? Please explain rationale behind interest rate chosen.
- e) For future years, is the allocation method proposed to be the same as currently proposed for disposition of the balance until the end of 2024? Please provide rationale for allocation methods proposed.
 - i. If the proposed allocation method for the transportation and storage portion of the S&TVA is not based on actual historical volumes, please provide EPCOR's thoughts on using this allocation method instead
- f) EPCOR states that it recommends recalculating the rate rider annually to reflect changes in customer volumes. Please provide further details on the methodology EPCOR intends to use for this recalculation, including the timing, data sources, and whether the recalculated rate rider will be filed annually for approval.
- g) Please confirm whether EPCOR intends to track the annual recovery amounts for S&TVA in sub-accounts within the ADVADA. If so, please provide the rationale for using the ADVADA for long-term recovery tracking and indicate whether this approach has been previously approved or referenced in prior proceedings.

OEB Staff.6- Transportation Variance Account (TVA)

Ref: 2026 Incentive Rate Adjustment Application, pages 35-39

EPCOR states that "Consistent with the accounting order, ENGLP proposes to bring forward the balance in this account, together with any carrying charges for disposition after the maximum balance has been reached. The balance in this account together with any carrying charges will be collected over the remaining life of the 30-year upstream transportation contract with Enbridge Gas/Union Gas.

ENGLP has calculated a rate rider for the 2024 balance based on the current CD levels prorated as a portion of the remaining lives of the 15-year contracts with Rate 16 customers."

EPCOR states "For remaining years, ENGLP proposes to dispose of the TVA on an annual basis, consistent with the basis of the accounting order. The calculation of the TVA balance for disposition will be the equivalent of the annual total, but the appropriate share of the initial disposition. For example, if the December 2025 balance is \$100,000, the total disposition request will be the \$100,000 + \$44,802 calculated above for a total of \$144,802. This will compensate for changes in load/CD that will be experienced."

Questions:

- a) Please confirm if this account is being brought forward for disposal now due to the account maximum being achieved.

- b) Please provide the maximum amount allowed for this account.
- c) Please confirm that the proposed recovery period is that of the remaining duration of the 15-year contracts with Rate 16 Customers, opposed to the remaining life of the 30-year upstream transportation contract with Enbridge Gas/Union Gas, as per the accounting order
 - i. Please justify using the proposed recovery period
 - ii. Please describe how it is appropriate to use a recovery period that exceeds the IRM period, ending December 31, 2028.
- d) For future years, where the TVA balance will be disposed of annually, what will be used as the interest rate in calculating carrying charges? Please explain rationale behind interest rate chosen.

OEB Staff.7- S&TVA and TVA Interest Rates

Ref: 2026 Incentive Rate Adjustment Application, pages 32 and 38

Excel File: EB-2018-0264, ENGLP_Ex9_DeferralVarianceAccounts_20181003.pdf, Tab 1, Schedule 1, pg. 3

Excel File: EB-2018-0264, Rate Order, January 9, 2020, Draft Rate Order Addendum, pg. 8 and 10

Excel File: EB-2006-0117, Letter on approval of Accounting Interest Rates, November 28, 2006, pg. 2

In the Rate Order dated January 9, 2020, the Board approved the use of the interest rate for long-term debt for calculating interest on deferral accounts. Specifically, the Order stated:

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved interest rate for long term debt. EPCOR is proposing to use the Board approved interest rate for long term debt as the balance of this deferral account will be financed over a long term period (i.e. remaining life of 30-year upstream transportation contract).

In the current application, EPCOR Southern Bruce is using the interest rate for long-term debt to calculate carrying charges for the S&TVA and TVA, consistent with the interest rate approved in its last cost of service proceeding.

Question(s):

- a) For each of the S&TVA and TVA, please provide a comparative calculation of the total carrying charges for 2025 using:
 - The long-term debt rate approach (3.72%)

- The approach using the prescribed interest rates posted on the OEB's website which is approved in the generic cost of service decision and order EB-2024-0063

b) Please quantify the difference in carrying charges between the two approaches and comment on the materiality of the impact.

OEB Staff.8- 2026 Annual Incentive Rate Adjustment Model

Ref: 2026 Incentive Rate Adjustment Application, Appendix A

The Annual Incentive Rate Adjustment model indicates that for Delivery Bill Impacts, delivery charges and rate riders are calculated using the following annual volumes.

- Rate 1 – Residential: 1424 m³
- Rate 1 – Small Commercial: 4185.30 m³
- Rate 1 – Small Agricultural: 7493 m³
- Rate 6 – Medium Commercial: 21924.30 m³
- Rate 6 – Large Commercial: 78872.10 m³

For Rate 1 – Residential, Delivery Bill Impacts compare the current rate to the proposed rate, and both are calculated using annual volumes of 1424 m³.

Questions:

a) OEB staff note that in last year's IRM application ⁴ under Rate 1, there were separate and different rates for "New Residential" and "Existing Residential", which aligns with the cost-of-service application⁵. "New Residential" and "Existing Residential" appear to have been combined into "Residential" in this application.

Please explain the reasoning behind this change.

b) Regarding Rate 1 – Residential, please explain where the "current rates" originate from in the delivery bill impact calculations, seeing that Rate 1 – Residential did not exist in last year's IRM.

c) OEB Staff note that the annual volumes used for calculating Rate classes 1 and 6 Delivery Bill Impacts differ from those used in last year's IRM application⁶. It is

⁴ EB-2024-0238, August 15, 2025, page 24

⁵ EB-2018-0264, Exhibit 8, Tab 1, Schedule 9, October 2, 2018, Pages 1 of 2

⁶ EB-2024-0238, August 15, 2025, Appendix A

also noted that the volumes in last year's IRM are the same as used in the Cost of Service application⁷.

Please explain why these volumes are different in the current application.

OEB Staff.9- RATE 11 - Large Volume Seasonal Service

Ref: 2026 Incentive Rate Adjustment Application, Appendices A and B

The Draft Rate Schedule for RATE 11 - Large Volume Seasonal Service indicates that the MTVA Rate Rider is (0.4372) ¢ per m³ while the rate model indicates this value to be (0.1135) ¢ per m³.

Questions:

- a) Please reconcile the identified discrepancy.

OEB Staff.10- Proposed Customer Notice

Ref: 2026 Incentive Rate Adjustment Application, Appendix C

The Proposed Customer Notice indicates an annual rate change for a "typical residential customer" using an annual volume of 1400 m³. OEB Staff note that in last year's IRM, the Proposed Customer Notice used an annual volume of 2100 m³.

Questions:

- a) Please explain the reasoning behind this change.

OEB Staff.11- Continuity Schedule – S&TVA

Ref:

Excel file: ENGLP_APPL_2026 Custom IR_SB_STVA_Excel_20250801, Tab S&TVA Continuity

OEB staff has compiled below tables based on the Continuity Schedule:

⁷ EB-2018-0264, Exhibit 8, Tab 1, Schedules 9 & 10, October 2, 2018

S&TVA Revenue	September 2020	October 2020	November 2020	December 2020	2020 Total
TRANSPORTATION	\$90	(\$357)	\$1,166	\$1,230	\$2,129
UPSTREAM CHARGES	\$2	(\$266)	\$23	\$69	(\$173)
COMBINED	\$91	(\$623)	\$1,189	\$1,299	\$1,956

S&TVA Gas Supply	September 2021	October 2021	November 2021	December 2021	2020 Total
TRANSPORTATION	\$18,211	\$18,211	\$18,211	(\$841)	\$53,790

TRANSPORTATION (Nomination)	January	February	March	April	May	June	July	August	September	October	November	December	Total
2021	\$3,133	\$3,236	\$3,209	\$3,150	\$3,117	\$3,057	\$3,077	\$3,096	\$3,133	\$3,309	\$3,723	\$3,800	\$39,042
2022	\$4,210	\$4,026	\$3,918	\$3,592	\$3,248	\$3,159	\$3,202	\$3,310	\$3,336	\$4,262	\$4,561	\$4,755	\$45,579
2023	\$4,825	\$4,800	\$4,751	\$4,017	\$3,706	\$3,365	\$3,356	\$3,730	\$3,599	\$4,428	\$6,998	\$5,715	\$53,288
2024	\$5,927	\$5,486	\$5,217	\$4,471	\$3,830	\$3,623	\$3,699	\$3,776	\$3,799	\$5,603	\$5,336	\$6,189	\$56,956

UPSTREAM CHARGES (Revenue)	January	February	March	April	May	June	July	August	September	October	November	December	Total
2021	\$364	\$809	\$1,671	\$1,848	\$1,524	\$1,099	\$642	\$550	\$573	\$749	\$1,697	\$4,841	\$16,368
2022	\$8,632	\$10,936	\$10,652	\$10,318	\$7,131	\$6,886	\$3,120	\$3,557	\$1,027	\$1,671	\$4,449	\$8,566	\$76,945
2023	\$16,259	\$15,189	\$16,043	\$16,213	\$10,116	\$6,262	\$2,387	\$1,617	\$2,272	\$2,400	\$6,732	\$15,503	\$110,993
2024	\$19,114	\$29,035	\$23,034	\$22,268	\$12,085	\$5,831	\$3,032	\$2,755	\$3,063	\$2,796	\$8,708	\$17,583	\$149,306

- Please provide an explanation for the negative revenue amounts recorded under Transportation and Upstream charges in October 2020.
- Please clarify why the Gas Supply charge for December 2021 is -\$841, while the charge in all other months of 2021 is consistently \$18,211.
- Please explain the reason for the higher nomination of \$6,998 reported in November 2023, compared to other months.
- Please explain the reason for the higher upstream charges revenue of \$29,035 reported in February 2024, compared to other months.

OEB Staff.12- Continuity Schedules - Other

Ref:

2026 Incentive Rate Adjustment Application, Appendix E

Excel file: ENGLP_APPL_2026 Custom IR_SB_STVA_Excel_20250801

In the Municipal Tax Variance Account (MTVA), EPCOR indicates that in November 2024, property taxes paid amounted to \$(188,241).

In the Other Revenues Deferral Account (ORDA), EPCOR indicates that in July 2024, \$4,302 was charged under miscellaneous revenue. OEB Staff note that this amount is considerably higher than it is during other months, many of which have a \$0 value.

In the Transportation Variance Account (TVA), EPCOR indicates that in April 2024, \$28,585.63 was debited under transportation. OEB staff note that the transportation amount is usually \$19,000-20,000.

In the TVA, EPCOR indicates that in December 2022, billed R16 transportation was \$40,969. OEB staff note that the billed R16 transportation is normally \$15,000-20,000.

In the S&TVA Excel file, Tab S&TVA – Continuity, the 2021–2024 CICA revenue requirement (cells O23, AB23, AO23, and BB23) only reflects the total of Depreciation and Return on Rate Base for a single year. However, the 2020 CICA revenue requirement (cell B23) appears to include amounts from both 2019 and 2020.

Questions:

- a) Please explain the \$(188,241) charge to the MTVA in November 2024.
- b) Please explain the \$4,302 charge to the ORDA in July 2024 and why it is substantially higher than it normally is.
- c) Please explain the charges to the TVA in April 2024, under transportation and why the transportation charge is substantially higher than it normally is.
- d) Please explain why the billed R16 transportation in December 2022 is substantially higher than this normally is.
- e) Please confirm why the 2020 CICA revenue requirement includes 2019, while the revenue requirements for 2021–2024 do not include prior year amounts.
- f) Please explain why revenues are negative for October 2020, as per the S&TVA Excel file.

OEB Staff.13- CNG Analysis

Ref: 2026 Incentive Rate Adjustment Application, Appendices E & F

1. Regarding Alternative option C - Installation of a Compressor Station, EPCOR states that the approximate equipment cost is \$1.8M, excluding installation and that they've attempted to validate that cost figure. However, at the time of the report, vendor pricing quotes had not been received.
2. Regarding Alternative Option E - Acquire local gas supply system ("LGSS") and tie-into ENGLP piping at Lucknow, EPCOR states that this option was eliminated as a contender for reasons including uncertainties surrounding the cost for Enbridge Reinforcement.
3. Table 5 below compares the budgeted and actual costs for CNG use in 2024.

Table 5 – CNG Cost Analysis

	Budget 2024	Actuals 2024	% Difference
Equipment Rental	\$162,500	\$105,583	42%
Mob/Demob	\$5,060	\$7,150	34%
TSSA Fee	\$0	\$2,120	200%
Service Callouts	\$0	\$3,300	200%
Commodity Charge	\$0.56/m ³	\$0.45/m ³	22%
Total Cost of CNG	\$191,008	\$130,863	37%

EPCOR states “The total gas supplied by CNG amounted to 28,586 m³ while the total cost incurred for equipment rentals, service call outs, TSSA application and variable cost of gas, amounted to \$130,863.52. It should be noted that only 10% of the costs incurred were from the variable cost of gas, and the bulk of the total cost was due to equipment rentals.”

The continuity schedules in Appendix E indicate that during 2024, \$127,333.18 was logged under CNG, within the S&TVA. OEB staff note that this implies commodity costs were \$3,530.4 (130,863.52-127,333.18).

4. EPCOR states “Hydraulic modelling was performed to estimate the system shortfall that would be required to be replaced with CNG, caused by significant pressure losses throughout the system from Kincardine Station during the Fall drying season. Through this analysis, it was determined that 1,117 m³/hr was required to supplement the ENGLP gas network...”
5. EPCOR indicates the CNG option has a NPV of \$4.9M

Questions:

- a) Regarding Alternative option C, Installation of a Compressor Station, has EPCOR received a vendor pricing quote as yet?
 - i. If yes, please provide updated figures for this alternative option including the equipment cost, capital cost and NPV
- b) With respect to Alternative Option E, Acquire local gas supply system (“LGSS”) and tie-into ENGLP piping at Lucknow, please explain what is referred to by “Enbridge Reinforcement”
- c) Table 5 indicates the majority of the CNG costs is attributed to equipment rental. Has EPCOR investigated purchasing the equipment that is rented?
 - i. If yes, please provide a financial comparison between purchasing the equipment and renting the equipment required for the CNG option.
 - ii. If no, please explain why purchasing this equipment was not examined.
- d) Per table 5, EPCOR’s commodity costs in 2024 were approximately 9.7% (\$12,710) of the total cost (\$130,863), which aligns with EPCOR’s statement that

“only 10% of the costs incurred were from the variable cost of gas”. OEB staff note that in the most recent QRAM⁸, the 2024 actual cost for the commodity portion of the CNG was indicated to be \$3,530, which aligns with the calculation performed in the pre-ambles referencing the S&TVA.

Please provide a breakdown of the commodity costs including what the \$3,530 and what the \$12,710 values represent.

- e) In the hydraulic modelling performed to determine the CNG flow rate of 1,117 m³/hr, please specify the time period of system operation used to define the input parameters.
 - i. If this time period was 2025 or in the past, please explain why this modelling did not use input parameters for future planning years, where total customers and volumes are anticipated to increase.
 - ii. If this time period was 2025 or in the past, please update the hydraulic modelling to accommodate for projected customer volumes over the time period in which this analysis covers and provide updated cost figures for the CNG option
- f) Please provide an explanation and breakdown including the components that comprise the “commodity charge” in Table 5.
 - i. Please identify the portion of the “commodity charge” that is passed through the QRAM opposed to the S&TVA
- g) In calculating the NPV for CNG, were projected volumes due to customer and system growth considered for future years?
 - i. If not, please provide an updated NPV that accounts for customer and system growth over the timeframe that the estimate was provided for.

⁸ EB-2025-0176, June 10, 2025, Schedule 3