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BY EMAIL

October 24, 2025

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

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

On August 1, 2025 EPCOR filed its seventh Custom IR update to establish 2026 rates.

Procedural Order No. 1 was issued on September 11, 2025. OEB staff filed written interrogatories on October 3, 2025. EPCOR filed responses to interrogatories on October 17, 2025.

OEB staff has reviewed EPCOR's responses to interrogatories and finds them to include potential typographical errors, lack some requested information and require clarification. In particular, OEB staff finds that the hybrid interest rate methodology proposed in EPCOR's interrogatory responses needs further clarification. OEB staff is of the view that further discovery is required in order to ensure a complete and clear record.

OEB staff requests that the OEB issue a new procedural order providing for an additional round of interrogatories and appropriate adjustment to submission dates, accordingly. OEB staff suggests the following dates for the OEB's consideration:

- October 31, 2025 – EPCOR's reply to incremental interrogatories
- November 10, 2025 – OEB staff submission
- November 19, 2025 - EPCOR reply submission

In the interests of efficiency, OEB staff has prepared the proposed additional interrogatories, included in Appendix A. In the event that the OEB makes provision for the additional interrogatories as requested, OEB staff recommends that EPCOR's responses to the additional interrogatories include an amended/updated version of its original interrogatory responses, as appropriate.

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

Attachment(s): APPENDIX A- INCREMENTAL INTERROGATORIES

APPENDIX A
INCREMENTAL INTERROGATORIES
EPCOR NATURAL GAS LIMITED PARTNERSHIP (SOUTHERN BRUCE)
EB-2025-0178
OCTOBER 24, 2025

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.14- Miscellaneous

Ref: IR Responses, October 17, 2025, OEB Staff.1.a

EPCOR states that “An updated table has been included on the following page, which also includes the adjustment to the S&TVA balance as noted in Staff 4.a ...”

Question:

- a) Please confirm if the above statement should reference Staff 3.a, instead of Staff 4.a.
 - i) If the above statement is true, please update the original IR response accordingly, in the amended IR submission.

Ref: IR Responses, October 17, 2025, OEB Staff.2.h

EPCOR states that “In ENGLP’s *original application*, the methodology of using historical volumes was chosen as there was a 0% UFG allocation built into the rate design and as such, actual contributions seemed to be most appropriate.

But, given the opportunity to review further and compare the treatment of other previously approved deferral accounts, ENGLP staff have noted that with the exception of the Customer Volume Variance Account (CVVA), (which had been approved after the *original Custom IR application*), all deferral accounts have been allocated based on values in the *original application*.”

OEB staff notes three occurrences of “original” with respect to applications, in the above paragraphs.

Question:

- b) Please amend the original IR response to OEB Staff.2.h to clearly identify for each of the three occurrences of “original”, which application is being referred to each time, using footnotes. Please include applicable case number and date of document referenced.

Ref: IR Responses, October 17, 2025, OEB Staff.4.i

In Staff.4.i , OEB Staff requested revised versions of tables 29 and 30 using each of the alternative allocation methods listed.

OEB staff notes EPCOR's response did not include these updated tables.

Question:

- c) Please amend the IR response to OEB Staff.4.i to include the missing tables.

Ref: IR Responses, October 17, 2025, OEB Staff.4.i

EPCOR states "Note that the values included in the table above are revised based [sic] from the original application based on the response to question 4a."

Question:

- d) Please confirm if the above statement should reference Staff 3a, instead of Staff 4a.
- i. If the above statement is true, please update the original IR response accordingly, in the amended IR submission.

Ref: IR Responses, October 17, 2025, OEB Staff.7.a and Staff.7.b

EPCOR supplied the following table.

Carrying Charges	Scenario 1 - LTD	Scenario 2 - OEB Rates	Variance \$	Variance %
TVA R16	\$15,080	\$12,055	\$3,025	20%
S&TVA R16	<u>\$122,928</u>	<u>\$103,265</u>	<u>\$19,663</u>	<u>16%</u>
Total	\$138,008	\$115,320	\$22,688	16%
Total Principal	\$4,070,048	\$4,070,048	\$4,070,048	
% of total amount	3.39%	2.83%	0.56%	

EPCOR states "The difference in the two scenarios is a 15% variance in total carrying charges of 0.51% of the total balance of the account (combined)."

Question:

- e) OEB staff notes that the 15% and 0.51% values stated by EPCOR differ from those of the provided table (16% and 0.56%). Please reconcile and amend the IR response to Staff.7.a and Staff.7.b accordingly. Please ensure that the provided workbooks reflect the correct numbers related to this issue.

Ref: IR Responses, October 17, 2025, OEB Staff.13

OEB staff notes that EPCOR's response to OEB staff.13 does not contain assigned responses to parts a-g of the IR.

Question:

- f) Please amend IR responses to OEB staff.13 to ensure all parts (a-g) of the original IR contain an assigned response.

OEB Staff.15- Unaccounted for Gas Variance Account (UFGVA) Follow-up

Ref 1: EB-2018-0264, Exhibit 4, Tab 1, Schedule 1, pg. 5

Ref 2: 2026 Incentive Rate Adjustment Application, pgs. 96 and 114

Ref 3: IR Responses, October 17, 2025, OEB Staff.2.i

In the current accounting order for the UFGVA, EPCOR states "The UFGVA is to record the cost of gas for EPCOR Southern Bruce that is associated with volumetric variances between the actual volume of Unaccounted for Gas ("UFG") and the Board- approved UFG volumetric forecast included in the determination of rates".

Per EB-2018-0264, the approved UFG volumetric forecast is 0%.

OEB staff notes that assuming gas can only be lost in the system and not gained, that the UFGVA should contain a debit balance.

In EPCOR's IR responses to the current proceeding, EPCOR states that the UFGVA contains a credit balance, which is inconsistent with the expected balance of the UFGVA.

OEB staff notes that the continuity schedules for the UFGVA include negative charges to the account for several months.

Question:

- a) Please explain why there were negative charges to the UFGVA for several months and why the UFGVA contains a credit balance, opposed to the expected debit balance.

OEB Staff.16- S&TVA and TVA Interest Rates - Hybrid approach

Ref 1: IR Responses, October 17, 2025, OEB Staff.5.d

Ref 2: IR Responses, October 17, 2025, OEB Staff.6.d

Ref 3: IR Responses, October 17, 2025, OEB Staff.7.b

In its pre-filed evidence, EPCOR applied a long term debt rate (LTDR) of 3.72% to calculate carrying charges on the S&TVA and TVA deferral accounts. This rate was approved by the OEB in EPCOR's last rebasing¹ and applies throughout the 2019-2028 rate period.

In References 1 and 2, EPCOR proposes a hybrid interest rate methodology, applying:

- The Board-approved LTDR (3.72%) to the upstream cost portion, and
- The prescribed quarterly interest rate to the transportation and storage portion.

EPCOR provides the rationale for the hybrid interest rate method: *“as the balance is planned to be disposed of annually, there is no additional deferral element of the transportation and storage amounts, and it makes sense to have similar treatment to ENGLP Aylmer's Purchased Gas Transportation Variance Account.”*

Questions:

- a) Please provide any correspondence, filings, Board guidance, or any OEB precedent that supports the use of a hybrid interest rate methodology for deferral accounts with mixed recovery timelines.
- b) Please clarify how EPCOR plans to distinguish and separately track the two types of carrying charges within each account.
- c) Please confirm whether the upstream CIAC-related balances included in the S&TVA and TVA accounts are treated as Construction Work in Progress (CWIP) for accounting purposes.
- d) Please provide a year-by-year comparison of carrying charges for the transportation and storage portion of the S&TVA and TVA accounts from 2019 to 2024 using the proposed hybrid interest rate methodology. The response should include, for each year, the carrying charges calculated using the current method

¹ EB-2018-0264, Exhibit 5, Tab 1, Schedule 1, Tables 5-1, April 11, 2019, Pages 1 of 2

(3.72% LTDR), the hybrid method (quarterly prescribed interest rate), and the dollar difference between the two.

- e) Please clarify whether the customers of the utility get the benefit or not from the updated hybrid method.