



**EPCOR NATURAL GAS LIMITED PARTNERSHIP  
SOUTHERN BRUCE**

**RESPONSES TO ADDITIONAL OEB STAFF INTERROGATORIES**

**EB-2025-0178**

**SUBMITTED: OCTOBER 31, 2025**

### **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

**ENGLP Response:** Confirmed and updated.

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.
-

**ENGLP Response:** See below and on the amended submission.

“In ENGLP’s *original application*<sup>2</sup>, 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*<sup>3</sup> *Custom IR application*), all deferral accounts have been allocated based on values in the *original*<sup>4</sup> *application*.”

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.

**ENGLP Response:** Refer to the tables included on the following page and on the amended IR submission. Note that the calculations for the tables below are included on Tab ‘Staff 4i’ on the updated DVA excel workbook.

---

<sup>2</sup> EB-2025-0178, Application, August 1, 2025

<sup>3</sup> EB-2018-0264, Exhibit 4, Tab 1 Schedule 1, Page 5 of 65, April 11, 2019

<sup>4</sup> EB-2018-0264, Exhibit 4, Tab 1 Schedule 1, Page 5 of 65, April 11, 2019

<b>Table 27</b>	<b>Unit</b>	<b>Row Sum</b>	<b>Rate 1</b>	<b>Rate 6</b>	<b>Rate 11</b>
Scenario 1:	000's m <sup>3</sup>	127,861	90,784	26,453	10,624
2019-2028 CIP Volumes	%	100%	71%	21%	8%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$2,628,546</b>	<b>\$1,866,333</b>	<b>\$543,814</b>	<b>\$218,399</b>
Scenario 2:	000's m <sup>3</sup>	26,881	17,704	4,764	4,414
Actual Historical Volumes	%	100%	66%	18%	16%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$2,628,546</b>	<b>\$1,731,145</b>	<b>\$465,824</b>	<b>\$431,577</b>
Scenario 3:	000's m <sup>3</sup>	60,598	43,176	12,211	5,210
2019-2024 CIP Volumes	%	100%	71%	20%	9%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$2,628,546</b>	<b>\$1,872,862</b>	<b>\$529,676</b>	<b>\$226,008</b>

<b>Table 29</b>	<b>Unit</b>	<b>Row Sum</b>	<b>Rate 1</b>	<b>Rate 6</b>	<b>Rate 11</b>
Scenario 1:	%	100%	68%	26%	6%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$3,737,727</b>	<b>\$2,556,290</b>	<b>\$963,037</b>	<b>\$218,399</b>
Scenario 2:	%	100%	65%	24%	12%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$3,737,727</b>	<b>\$2,421,102</b>	<b>\$885,048</b>	<b>\$431,577</b>
Scenario 3:	%	100%	69%	25%	6%
<b>S&amp;TVA Allocation</b>	<b>\$</b>	<b>\$3,737,727</b>	<b>\$2,562,819</b>	<b>\$948,900</b>	<b>\$226,008</b>

<b>Table 30</b>	<b>Unit</b>	<b>Row Sum</b>	<b>Rate 1</b>	<b>Rate 6</b>	<b>Rate 11</b>
Scenario 1:	\$000's	13,162	8,868	2,468	1,826
2019-2028 CIP Volumes	%	100%	68%	26%	6%
<b>Total</b>	<b>\$</b>	<b>\$150,009</b>	<b>\$102,594</b>	<b>\$38,650</b>	<b>\$8,765</b>
<b>Rate Rider</b>	<b>¢/m<sup>3</sup></b>		<b>1.1569</b>	<b>1.5659</b>	<b>0.4799</b>
Scenario 2:	000's m <sup>3</sup>	13,162	8,868	2,468	1,826
Actual Historical Volumes	%	100%	65%	24%	12%
<b>Total</b>	<b>\$</b>	<b>\$150,009</b>	<b>\$97,168</b>	<b>\$35,520</b>	<b>\$17,321</b>
<b>Rate Rider</b>	<b>¢/m<sup>3</sup></b>		<b>1.0958</b>	<b>1.4391</b>	<b>0.9484</b>
Scenario 3:	000's m <sup>3</sup>	13,162	8,868	2,468	1,826
2019-2024 CIP Volumes	%	100%	69%	25%	6%
<b>Total</b>	<b>\$</b>	<b>\$150,009</b>	<b>\$102,856</b>	<b>\$38,083</b>	<b>\$9,071</b>
<b>Rate Rider</b>	<b>¢/m<sup>3</sup></b>		<b>1.1599</b>	<b>1.5429</b>	<b>0.4967</b>

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.

**ENGLP Response:** Confirmed and updated.

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	<u>\$138,008</u>	<u>\$115,320</u>	<u>\$22,688</u>	<u>16%</u>

  

<b>Total Principal</b>	\$4,070,048	\$4,070,048	\$4,070,048
<b>% of total amount</b>	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.

**ENGLP Response:** The table in 7a) is correct, and consistent with the S&TVA workbook. The response to 7b) has been updated in the amended submission as it was incorrectly referring to the results of a preliminary calculation.

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.

**ENGLP Response:** Question 13 has been revised and a formatting issue has been corrected on the amended submission.

## **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.

**ENGLP Response:** The credit balance can be attributed to the differences between the heat values used by Enbridge (which are updated annually) and the values used by ENGLP (which always assumes the same heat content). The UFGVA continuity schedule is calculated using the variance between the volumes as per the Enbridge Limited Balancing Agreement (which are converted to m3 from GJ) and ENGLP’s billed data (which is converted from MCF metered amounts to m3).

ENGLP has added a tab to the updated DVA workbook that recalculates the billed Southern Bruce volumes using the Enbridge heat values. The result is a m3 value

lower than the Enbridge value, which aligns with the expected outcome. (Refer to DVA workbook tab 'Staff 15').

This does not change the UFG balance, as the billed volumes are ultimately the basis of what ENGLP has used to bill commodity to customers, but can explain the credit position.

Individual month credit balances can be attributed to either prior month adjustments or limitations of prorating data.

## 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 rebasing<sup>5</sup> 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.

**ENGLP Response:** ENGLP is not aware of any guidance or precedent for the hybrid rate setup, but submits that it is appropriate given the unique and complex nature of this deferral account for the reasons included in the application and interrogatory responses.

- b) Please clarify how EPCOR plans to distinguish and separately track the two types of carrying charges within each account.

**ENGLP Response:** For the calculation of future balances, ENGLP would prepare and provide a continuity schedule similar to what was used in the TVA/S&TVA

---

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

workbook in this application, where the Transportation/Storage components and upstream components are separated.

For the purposes of the ADVADA account, the balances and carrying charges would be combined as a future disposition would be based on the total ADVADA balance for the vintage year.

- 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.

**ENGLP Response:** The CIAC-related balances were treated as Construction Work in Progress, until the assets were put into service in 2020.

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

**ENGLP Response:** Refer to the table below. The calculations are included on the updated S&TVA workbook under 'Staff 16'.

<b>TVA</b>	Current (3.72%)	Hybrid	Variance \$
<b>2019</b>	\$0	\$0	\$0
<b>2020</b>	\$67	\$10	(\$57)
<b>2021</b>	\$1,089	\$167	(\$923)
<b>2022</b>	\$3,333	\$1,941	(\$1,393)
<b>2023</b>	\$5,536	\$6,365	\$829
<b>2024</b>	<u>\$7,831</u>	<u>\$9,550</u>	<u>\$1,720</u>
<b>Total</b>	<b>\$17,856</b>	<b>\$18,033</b>	<b>\$177</b>

<b>STVA</b>	Current (3.72%)	Hybrid	Variance \$
<b>2019</b>	\$0	\$0	\$0
<b>2020</b>	\$3,514	\$743	(\$2,771)
<b>2021</b>	\$21,079	\$3,228	(\$17,851)

<b>2022</b>	\$40,104	\$22,249	(\$17,855)
<b>2023</b>	\$59,168	\$79,775	\$20,607
<b>2024</b>	<u>\$74,470</u>	<u>\$101,026</u>	<u>\$26,555</u>
<b>Total</b>	<b>\$198,336</b>	<b>\$207,021</b>	<b>\$8,686</b>

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

**ENGLP Response:** Based on historical interest rates, customers would pay more under the hybrid rate calculation. As ENGLP is not proposing the hybrid rate for this disposition, customers as a result benefit. Future benefits would be based on future interest rates.

ENGLP will implement what the Board ultimately determines to be the most appropriate measure for the calculation of future carrying charges for this deferral account.