Ontario Energy Board | Commission de l'énergie de l'Ontario

**BY EMAIL**

November 10, 2025

Mr. Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission**
**EPCOR Natural Gas Limited Partnership**
**Southern Bruce 2026 Rate Application**
**OEB File Number: EB-2025-0178**

---

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

EPCOR Natural Gas Limited Partnership is reminded that its reply submission is due by November 19, 2025.

Yours truly,

Randy Doradat

Digitally signed by Randy Doradat
Date: 2025.11.10 16:30:53 -05'00'

Randy Doradat
Advisor, Natural Gas

Encl.

cc: All parties in EB-2025-0178

# ONTARIO ENERGY BOARD

## OEB Staff Submission

**EPCOR Natural Gas Limited Partnership**

**Southern Bruce 2026 Rate Application**

**EB-2025-0178**

**November 10, 2025**

## Application Summary and Process

On August 1, 2025, EPCOR Natural Gas Limited Partnership (ENGLP) applied to the Ontario Energy Board (OEB) under section 36(1) of the *Ontario Energy Board Act, 1998* for changes to its natural gas distribution rates in South Bruce to be effective January 1, 2026 (the Application).

In the Application, ENGLP requested the following:

- Approval to adjust distribution rates for Southern Bruce effective January 1, 2026 in accordance with the OEB-approved settlement agreement (Settlement Decision)[1] in ENGLP South Bruce's 2019-2028 Custom Incentive Rate (IR) proceeding
- Approval to dispose of certain deferral and variance account balances

On August 22, 2025, the OEB issued a Notice of Hearing. The intervention period ended on September 8, 2025. No persons applied for intervenor status.

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

Procedural Order No. 2 was issued on October 27, 2025. Procedural Order No. 2 allowed for an additional round of interrogatories. OEB staff filed additional written interrogatories on October 27, 2025, and on October 31, 2025, ENGLP filed interrogatory responses.

[1] EB-2018-0264, Decision and Order, October 3, 2019

# OEB Staff Submission

OEB staff provides submissions on ENGLP's proposed IR adjustment and the proposed disposition of certain deferral and variance accounts.

## Incentive Rate Adjustment

ENGLP seeks to increase its rates, effective January 1, 2026, based on a mechanistic IR adjustment pursuant to the Settlement Decision. The formula for determining the IR adjustment is as follows:

*Incentive Rate (IR) Adjustment = [(1.0 – 0.314) x 0.0127] + [0.314 x Inflation (I)]*

Using the approved 2026 inflation factor of 3.7%[2] in the formula yields an IR adjustment of 2.03%.

ENGLP proposed that the distribution rates for the Southern Bruce area be adjusted in accordance with the approved Settlement Decision:

I. Adjusting the monthly fixed charge and delivery charge for each rate class using the approved IR adjustment; and,
II. Adjusting the authorized overrun and unauthorized overrun charges for Rates 11 & 16 using the approved IR adjustment.

OEB staff has reviewed ENGLP's request and model, which used the approved inflation factor of 3.7%. Based on that review, OEB staff submits that the resulting proposed rate changes were calculated in accordance with the Settlement Decision and the OEB should approve the rate changes.

## Deferral and Variance Accounts

ENGLP sought approval to dispose of the 2024 year-end balances in certain deferral and variance accounts with interest up to the time of implementation of the associated rate riders. The total amount sought for recovery from ENGLP Southern Bruce customers is a debit of $4,936,461[3] (including interest to December 31, 2025[4]). The balances in the deferral and variance accounts[5] are summarized as follows.

[2] OEB's 2026 Inflation Parameters Letter
[3] Interrogatory Responses, October 17, 2025, OEB Staff- 1
[4] The Q1 2025 – Q3 2025 carrying charges were calculated using the OEB's prescribed interest rates. The Q4 2025 carrying charges were forecasted using the Q3 2025 prescribed interest rate as a proxy.
[5] ibid

| ENGLP Deferral and Variance Account Balances | | |
|---|---|---|
| Account Acronym | Account Name | Balance with interest to December 31, 2025 |
| CIACVA | Contribution in Aid of Construction Variance Account | $309,491 |
| ECVA | Energy Content Variance Account | $22,604 |
| MTVA | Municipal Tax Variance Account | ($68,237) |
| ORDA | Other Revenue Deferral Account | ($29,868) |
| CVVA | Customer Volume Variance Account | $585,757 |
| UFGVA | Unaccounted for Gas Variance Account | ($91,343) |
| S&TVA | Storage and Transportation Variance Account R1/6/11 | $ 3,737,727 |
| TVA | Transportation Variance Account - R16 | $ 470,330 |
| | | |
| | **Total Deferral Account Balances** | **$ 4,936,461** |

Contribution in Aid of Construction Variance Account (CIACVA)

The CIACVA records the revenue requirement differences between the actual capital contributions ENGLP pays to Enbridge Gas Inc. (Enbridge Gas) related to Enbridge Gas' Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station and the forecasted capital contribution included for the projects in the approved rates.

ENGLP requested approval to dispose of a debit balance of $309,491 including interest to December 31, 2025. ENGLP proposed to allocate the CIACVA balance based on the Common Infrastructure Plan (CIP) distribution and non-distribution rate base for all rate classes. ENGLP proposed to collect the balance, over twelve months, from rate classes 1, 6 and 11 based on revised forecast volumes and from Rate 16 based on contract demand. OEB staff assessed[6] and determined that the revised forecast volumes for rates 1 and 6 are based ENGLP's 2025 Gas Supply Plan[7] filing and for rate 11, based on the 2-year billing determinants average for customers.[8] The table below depicts the proposed CIACVA rate rider.

[6] OEB staff assed ENGLP's interrogatory response to Staff.2d, regarding forecast volumes pertaining to the UFGVA and determined that the same values were used for this account.
[7] EB-2025-0140, 2025 Annual Gas Supply Plan Update, Page 82, April 30, 2025
[8] Interrogatory Responses, October 17, 2025, OEB Staff- 2d

*Table 1: Calculation of Proposed CIACVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 | Unit | Rate 16 |
|---|---|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 | CD | 95,824 |
| Allocation | % | 100% | 59% | 21% | 3% | % | 17% |
| **Total** | **$** | **$309,491** | **$183,944** | **$65,398** | **$7,985** | **$** | **$52,164** |
| **Rate Rider** | **¢/$m^3$** | | **2.0743** | **2.6496** | **0.4372** | **¢/CD/month** | **4.5364** |

OEB staff has no concerns with the proposed CIACVA balance (including interest). OEB staff submits that the proposed allocation and disposition methodologies for the CIACVA are consistent with the decisions in ENGLP Southern Bruce's 2022, 2023, 2024 and 2025 Rates proceedings.[9]

Energy Content Variance Account (ECVA)

The ECVA records the differences in variable revenues resulting from the differences in the energy content of the actual gas delivered and the assumed energy content of 38.89 MJ/$M^3$. The assumed energy content was used in determining the approved revenue requirement and delivery rates in ENGLP's 2019-2028 Custom IR proceeding.[10]

ENGLP requested approval to dispose of a debit balance of $22,604 including interest to December 31, 2025. ENGLP proposed to allocate the ECVA balance to rate classes based on forecasted volumes underpinning CIP revenue for each rate class. ENGLP proposed to collect the balance, over twelve months, from rate classes 1, 6 and 11 based on revised forecast volumes. OEB staff assessed[11] and determined that the revised forecast volumes for rates 1 and 6 are based ENGLP's 2025 Gas Supply Plan[12] filing and for rate 11, based on the 2-year billing determinants average for customers.[13] The table below depicts the proposed ECVA rate rider.

*Table 2: Calculation of Proposed ECVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 |
|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 |
| Allocation | % | 100% | 70% | 21% | 8% |
| **Total** | **$** | **$22,604** | **$15,910** | **$4,811** | **$1,883** |
| **Rate Rider** | **¢/$m^3$** | | **0.1794** | **0.1949** | **0.1031** |

9 EB-2021-0216, EB-2022-0184, EB-2023-0161 and EB-2024-0238
10 EB-2018-0264
11 OEB staff assed ENGLP's interrogatory response to Staff.2d, regarding forecast volumes pertaining to the UFGVA and determined that the same values were used for this account.
12 EB-2025-0140, 2025 Annual Gas Supply Plan Update, Page 82, April 30, 2025
13 Interrogatory Responses, October 17, 2025, OEB Staff- 2d

OEB staff has no concerns with the proposed ECVA balance (including interest). OEB staff has no issues with the proposed allocation methodology as it is consistent with the 2024 and 2025 Rates proceedings.[14, 15] OEB staff also has no concerns with the proposed disposition methodology as it is consistent with the decisions in ENGLP Southern Bruce's 2024 and 2025 Rates proceedings.

Municipal Tax Variance Account (MTVA)

The MTVA records the difference between the actual municipal taxes paid, net of municipal contributions related to municipal taxes, and the net municipal taxes billed to customers by ENGLP Southern Bruce.

ENGLP noted that the net municipal taxes billed to customers is calculated by multiplying the annual distribution revenues billed to customers and accrued for the year by the proportion of annual municipal taxes included in the annual revenue requirement as approved in ENGLP Southern Bruce's 2019-2028 Custom IR[16] for each year of the rate stability period.

The amount recorded in the MTVA is a credit of $68,237 including interest to December 31, 2025. ENGLP proposed to allocate the balance based on the CIP Property Tax allocator.[17] ENGLP proposed to refund the balance, over twelve months, to rate classes 1, 6 and 11 based on revised forecast volumes and to Rate 16 based on monthly contract demand. OEB staff assessed[18] and determined that the revised forecast volumes for rates 1 and 6 are based ENGLP's 2025 Gas Supply Plan[19] filing and for rate 11, based on the 2-year billing determinants average for customers.[20] The table below depicts the proposed MTVA rate rider.

*Table 3: Calculation of Proposed MTVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 | Unit | Rate 16 |
|---|---|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 | CD | 95,824 |
| Allocation | % | 100% | 54% | 25% | 3% | % | 18% |
| **Total** | **$** | **($68,237)** | **($36,705)** | **($16,935)** | **($2,073)** | **$** | **($12,524)** |
| **Rate Rider** | **¢/$m^3$** | | **(0.4139)** | **(0.6861)** | **(0.1135)** | **¢/CD/month** | **(1.0891)** |

14 EB-2023-0161
15 EB-2024-0238
16 EB-2018-0264
17 EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-27
18 OEB staff assed ENGLP's interrogatory response to Staff.2d, regarding forecast volumes pertaining to the UFGVA and determined that the same values were used for this account.
19 EB-2025-0140, 2025 Annual Gas Supply Plan Update, Page 82, April 30, 2025
20 Interrogatory Responses, October 17, 2025, OEB Staff- 2d

In response to interrogatories, ENGLP indicated that a substantial credit to this account, was a refund from the municipality of Kincardine, related to a tax holiday.[21]

OEB staff has no concerns with the proposed MTVA balance (including interest). OEB staff has no concerns with the proposed allocation and disposition methodology as they are consistent with the decision in ENGLP Southern Bruce's 2023, 2024 and 2025 Rates proceedings.[22]

Other Revenue Deferral Account (ORDA)

The ORDA records the revenues generated from the customer service charges (as per the approved schedule of Miscellaneous and Service Charges in ENGLP's tariffs). The OEB approved $0 in Other Revenues for the periods of 2019-2021 in ENGLP Southern Bruce's 2019-2028 Custom IR proceeding.[23] The OEB approved establishment of this deferral account to track actual other revenues for the remaining years in ENGLP's 10-year rate period (until December 31, 2028).[24]

In response to interrogatories, ENGLP confirmed that an unusually high charge to the ORDA included recoveries for a utility strike caused by a third party.[25]

ENGLP requested approval to dispose of a credit balance of $29,868 including interest to December 31, 2025. ENGLP proposed to allocate the ORDA balance based on the CIP OM&A allocation for all rate classes.

ENGLP proposed to distribute the balance, over twelve months, to rate classes 1, 6 and 11 based on revised forecast volumes and to Rate 16 based on contract demand. OEB staff assessed[26] and determined that the revised forecast volumes for rates 1 and 6 are based ENGLP's 2025 Gas Supply Plan[27] filing and for rate 11, based on the 2-year billing determinants average for customers.[28] The table below depicts the proposed ORDA rate rider.

[21] Interrogatory Responses, October 17, 2025, OEB Staff- 12a
[22] EB-2022-0184, EB-2023-0161 and EB-2024-0238
[23] EB-2018-0264
[24] EB-2021-0216, Decision and Order (Phase 1 and Phase 2), February 17, 2022
[25] Interrogatory Responses, October 17, 2025, OEB Staff- 12b
[26] OEB staff assed ENGLP's interrogatory response to Staff.2d, regarding forecast volumes pertaining to the UFGVA and determined that the same values were used for this account.
[27] EB-2025-0140, 2025 Annual Gas Supply Plan Update, Page 82, April 30, 2025
[28] Interrogatory Responses, October 17, 2025, OEB Staff- 2d

*Table 4: Calculation of Proposed ORDA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 | Unit | Rate 16 |
|---|---|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 | CD | 95,824 |
| Allocation | % | 100% | 74% | 17% | 4% | % | 6% |
| **Total** | **$** | **($29,868)** | **($21,978)** | **($4,955)** | **($1,209)** | **$** | **($1,726)** |
| **Rate Rider** | **¢/$m^3$** | | **(0.2478)** | **(0.2007)** | **(0.0662)** | **¢/CD/month** | **(0.1501)** |

OEB staff has no concerns with the proposed ORDA balance (including interest). OEB staff submits that the proposed allocation and disposition methodology is also appropriate as it is consistent with the OEB-approved 2024 and 2025 Rates.[29]

Consumer Volume Variance Account (CVVA)

The CVVA records the variance in revenue for Rates 1 and 6 resulting from the difference between customer volume forecast based on common assumptions and the Actual Normalized Average Customer Volume (NACV). The NACV is calculated as the actual average monthly consumption per customer, adjusting it to remove the impact of the ECVA, and applying the weather normalization methodology. Differences are to be shared on a 50/50 basis between ENGLP and its customers. The balance is eligible for recovery until such point that ENGLP's actual Return on Equity (ROE) reaches 300 basis points below 8.78%.

The amount recorded in the CVVA is a debit of $ 585,757 including interest to December 31, 2025. ENGLP stated that the ROE deadband is not applicable for 2024 as its regulated net income was a ($1.618M) loss in 2024, resulting in a calculated ROE of (4.75%). The ROE with the addition of the $585,757 CVVA balance, remains negative.

ENGLP proposed to allocate the CVVA balance to Rate 1 and 6 customers that is consistent with the NACV calculation. ENGLP proposed to collect the balance, over twelve months, from rate classes 1 and 6 based on forecasted customer accounts, through a monthly fixed rate rider.

The table below depicts the proposed CVVA rate rider.

[29] EB-2023-0161 and EB-2024-0238

*Table 5: Calculation of Proposed CVVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 |
|---|---|---|---|---|
| Customer Count | # | 5,574 | 5,503 | 71 |
| Allocation | % | 100% | 96% | 4% |
| **Total** | **$** | **$585,757** | **$563,581** | **$22,176** |
| **Rate Rider** | **$ per month** | | **$8.53** | **$26.03** |

OEB staff has no concerns with the proposed CVVA balance (including interest). OEB staff confirms that by including the CVVA in the ROE calculation, the ROE remains more than 300 basis points below 8.78%. OEB staff submits that the proposed allocation and disposition methodology is also appropriate as it is consistent with OEB-approved 2025 rates.[30]

<u>Unaccounted for Gas Variance Account (UFGVA)</u>

This is the first time that ENGLP has requested the disposition of the UFGVA.

The UFGVA records the cost of gas associated with volumetric variances between the actual volume of Unaccounted for Gas (UFG) and the OEB-approved UFG volumetric forecast included in ENGLP's Southern Bruce 2019-2028 Custom IR proceeding[31]. The OEB-approved UFG volumetric forecast was 0%.

The UFG annual variance is allocated on a monthly basis in proportion to actual sales and costed at the monthly PGCVA reference price. If required, an adjustment is made in the subsequent year to record any differences between the estimated UFG and actual UFG. Where there are recoveries of gas loss amounts invoiced as part of third-party damages, the gas loss amounts are removed from the gas cost associated with UFG for the purpose of determining and recording the UFGVA balance.

The amount recorded in the UFGVA is a credit of $ 91,343 including interest to December 31, 2025.

In response to interrogatories, ENGLP clarified the reasoning for the first disposition of this account being now.[32] ENGLP stated that as a greenfield utility, ENGLP Southern Bruce has, in some cases, required additional time for review and diligence for the setup and launch of new deferral accounts.[33] ENGLP added, as this was a credit balance, inconsistent with the expected balance of UFGVA, ENGLP required additional time to review and be confident in the values being brought forward. ENGLP confirmed

[30] EB-2024-0238
[31] EB-2018-0264
[32] Interrogatory Responses, October 31, 2025, OEB Staff- 2i
[33] ibid

that they expect to request disposition of this account annually in the future.[34]

In response to interrogatories, ENGLP indicated that the unexpected credit balance of this account can be attributed to differences between heat values used by Enbridge and those used by ENGLP.[35] ENGLP indicated that the UFGVA is calculated using the variance between Enbridge's volumes and ENGLP's billed volumes. These volumes are not recorded in the same units by each party, and heat values are used in conversion to the same units. ENGLP confirmed that the use of different heat values does not change the UFG balance, as ENGLP billed volumes are the basis for what ENGLP used to bill the commodity to customers.[36]

In the application, ENGLP initially proposed to allocate the UFGVA balance based on the actual 2021-2024 volumes. In response to interrogatories, ENGLP proposed to allocate the UFGVA balance based on CIP 2020-2024 volumes.[37] The reasoning ENGLP provided for using CIP volumes was that except for the CVVA (which had been approved after the original custom IR application[38]), all deferral accounts have been allocated based on values in the original application.[39] The reasoning ENGLP provided for using 2020-2024 volumes was that this is the accumulation period of the UFGVA balance.[40] Along with the updated allocation, ENGLP provided an updated DVA workbook indicating the rate rider calculation along with updated tariffs.

ENGLP proposed to refund the balance, over twelve months, from rate classes 1, 6 and 11 based on revised forecast volumes and from Rate 16 based on contract demand. Revised forecast volumes for rates 1 and 6 are based ENGLP's 2025 Gas Supply Plan[41] filing and for rate 11, based on the 2-year billing determinants average for customers.[42]

The table below depicts the proposed UFGVA rate rider.

*Table 6: Calculation of Proposed UFGVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 | Unit | Rate 16 |
|---|---|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 | CD | 95,824 |
| Allocation | % | 100% | 24% | 7% | 3% | % | 66% |
| **Total** | **$** | **($91,342)** | **($21,839)** | **($6,209)** | **($2,617)** | **$** | **($60,677)** |
| **Rate Rider** | **¢/$m^3$** | | **(0.2463)** | **(0.2516)** | **(0.1433)** | **¢/CD/month** | **(5.2768)** |

[34] Interrogatory Responses, October 31, 2025, OEB Staff- 2i
[35] Interrogatory Responses, October 31, 2025, OEB Staff- 15a
[36] ibid
[37] Interrogatory Responses, October 31, 2025, OEB Staff- 2h
[38] EB-2018-0264
[39] ibid
[40] Interrogatory Responses, October 31, 2025, OEB Staff- 2h
[41] EB-2025-0140, 2025 Annual Gas Supply Plan Update, Page 82, April 30, 2025
[42] Interrogatory Responses, October 17, 2025, OEB Staff- 2d

OEB staff submits that the proposed UFGVA balance (including interest to December 31, 2025) is appropriately calculated.

OEB staff acknowledges that most established deferral and variance accounts are allocated based on values in the original application[43]. OEB staff submits that allocation based on 2020-2024 actual volumes is more appropriate. This period aligns with the accumulation timeframe of the UFGVA balance.

Given the volumetric nature of the UFGVA, OEB staff submits that actual volumes provide a more accurate representation of customer contributions to the account balance than CIP volumes, which are forecast-based and may not reflect actual usage patterns.

OEB staff submits that the proposed disposition methodology is appropriate as both the methodology and the UFGVA are of volumetric natures. OEB staff notes that a similar disposition methodology is already used for the CIACVA, ECVA, MTVA and ORDA and that the volumetric nature of the UFGVA aligns it with this disposition methodology, more so than some of the aforementioned accounts which are not of a volumetric nature.

Storage and Transportation Variance Account for Rates 1, 6 & 11 (S&TVA)

*CNG*

ENGLP has been using compressed natural gas (CNG) to alleviate low-pressure issues on its system. The staff report on the 2024 Annual Update for Southern Bruce (2023-2025) Gas Supply Plan consultation[44] recommended that ENGLP include an analysis and cost comparison on the usage of CNG and other viable options in the 2026 IRM application. This recommendation was accepted by the OEB. ENGLP has accordingly filed this analysis in the current application. OEB staff notes that costs for CNG are proposed to be recovered via the S&TVA.

ENGLP's analysis consisted of six options as follows.

A. Dryer customer participation: seek mutual support from Dryer customers requesting them to stagger their loading, thus reducing the overall system impacted demand

B. Increased pressure at Kincardine Station from 80 psig outlet pressure (current) to 95 psig (design maximum)

C. Install a compressor station on the 6" MDPE line in the south

[43] EB-2018-0264
[44] EB-2024-0139

D. Install a secondary gas line to loop Kincardine and Ripley

E. Acquire a Local Gas Supply System (LGSS) and tie-into ENGLP piping at Lucknow

F. Inject compressed natural gas (CNG) on a 2.5 month basis during the fall season through rental and supply agreement with Certarus.

Option A – ENGLP noted that this option may help during emergencies but is not a viable standalone option. This is because customers expect to use gas at peak demand, as per their contracts and their usage is driven by uncontrollable factors like crop type and weather. ENGLP concluded this approach is insufficient to alleviate low-pressure issues, given seasonal unpredictability and forecasted growth.

Option B – ENGLP noted that the Kincardine station has sufficient capacity to meet current demand. However, hydraulic analysis indicated that pressure losses along the piping network are significant, that pressure drops below zero in certain areas, making this option unviable.

Option C – ENGLP noted this option would raise system pressures sufficiently to resolve the low-pressure issues. This option also increased system capacity by 50 m3/hr. ENGLP noted concerns regarding ongoing maintenance requirements.

Option D – This option included two potential tie-in locations for the pipeline. Both options alleviated the pressure issues and added capacity to the system. The first option added 925 m3/hr capacity at a cost of $9.2M, while the second option added 800 m3/hr capacity and cost $12.9M.

Option E – This option involved constructing a 7.5 km pipeline. Hydraulic modelling indicated that this option alleviated low-pressure issues and increased capacity by about 100m3/hr. ENGLP noted that this option is not preferred due to limited capacity increase, uncertainties around costs payable to Enbridge and the unconfirmed condition of LGSS assets.

Option F – Certarus is a CNG supplier that operates as a transportation and storage provider, and who supplied CNG to ENGLP in their pilot program in 2024. This solution proved to be successful in its pilot, as customers did not experience low-pressure that they would have, in the absence of this solution.

In response to interrogatories[45], ENGLP indicated that it has not investigated purchasing CNG related equipment that is currently rented on a short-term basis as it is in the early stages of evaluation of using CNG. ENGLP is of the view that it is not prudent to invest high levels of capital into equipment utilized for short durations during

[45] Interrogatory Responses, October 31, 2025, OEB Staff- 13c

the fall season.

In response to interrogatories, ENGLP indicated that the required CNG volume was estimated based on conservative assumptions and 2024 operational data.[46] ENGLP recognized that the 2024 season was unusually dry and accounted for this in modeling assumptions. Assumptions for inputs into the demand forecasting were informed by customer feedback and technical observation of low-pressure periods. ENGLP, in its interrogatory responses, added that while the analysis provided attempted as best as possible, to quantify with accuracy, what the CNG demands could be, there is an understanding that results are subject to a high degree of variability as future seasonal impacts are unknown and likely to have the largest influence on CNG demand.[47] ENGLP noted that parameters for future planning years were not included in the model as the understanding was that this conservative approach would far outweigh accuracy attempted by inclusion of future planning years.

ENGLP conducted a financial analysis on options C, D, E and F, the options deemed viable.

ENGLP calculated the net present value (NPV) of these options using various OEB Cost of Capital rate assumptions along with an inflation value of 2% and asset lives of 20 years for option C and 40 years for the rest.

The analysis determined the NPV values for all options, shown in the table below.

*Table 7: Calculation of NPV for Viable Options*

| | Options Description | Capital Cost ($Million) | O&M Cost ($/yr) | NPV ($Millions) |
|---|---|---|---|---|
| **C** | Installation of a Compressor Station | 3.5 | 26,300 | 5.9 |
| **D.1.** | Secondary Gas Line – Kincardine Station | 9.2 | * | 9.2 |
| **D.2.** | Secondary Gas Line – Valve Site 2 | 12.9 | * | 12.9 |
| **E** | LGSS Acquisition and Tie-in at Lucknow | 7.2 | - | 7.2 |
| **F** | CNG Injection – 2.5-month term | - | 225,000 | 4.9 |

In response to interrogatories, ENGLP updated its NPV estimate for option F to account for customer and system growth resulting in a revised NPV of $5.3M.[48]

ENGLP noted that long-term, it may revisit previously evaluated options if capital and O&M cost estimates can be refined. ENGLP provided examples as follows. Detailed cost analyses of Options D and E revealed potential opportunities if regulatory frameworks change, such as adjustments to the leave-to-construct (LTC) threshold. Additionally, both sub-options for option D could become more attractive if future

[46] Interrogatory Responses, October 31, 2025, OEB Staff- 13e
[47] Interrogatory Responses, October 31, 2025, OEB Staff- 13e
[48] ibid

demand for excess gas materialized.

In ENGLP's 2024 CNG pilot, commodity costs were approximately 10% of the total costs with the majority of the remaining 90% attributed to equipment rental. In response to interrogatories, ENGLP clarified that the "commodity costs" attributing approximately 10% of the total, included the commodity cost the CNG producer paid to Enbridge, the M2 delivery rate the CNG producer is charged by Enbridge and the delivery/CNG fee (CNG producer cost for compressing and delivering the CNG to ENGLP).[49] All of the CNG cost is proposed to be recovered through the S&TVA with the exception of the commodity cost that the CNG producer pays to Enbridge, which is recovered through the quarterly rate mechanism adjustment (QRAM). The commodity costs and M2 delivery fees that the CNG producer pays to Enbridge is billed to ENGLP on a flow through basis without markups.[50]

OEB staff notes that the most recent QRAM[51] decision was approved on an interim basis, pending a decision in the current proceeding, on the analysis of options to alleviate low-pressure issues experienced in Southern Bruce.

ENGLP's analysis concluded that Option F – CNG provides the lowest value NPV amongst the options analyzed. ENGLP concluded that it should continue to monitor CNG, as with each year, more data will allow further justification of this option, or point to revisiting another option.

OEB staff submits that ENGLP has sufficiently conducted an analysis of the options to alleviate its low-pressure issues. OEB staff submits that CNG is the most appropriate option and therefore, charges requested to be disposed of in the S&TVA are appropriate. OEB staff submits that it is appropriate for ENGLP to dispose of the CNG costs proposed for recovery through the QRAM, on a final basis. OEB staff submits that should ENGLP be approved for use of CNG, and ENGLP continues to utilize CNG in future years, it should monitor this option along with the others, and complete another analysis of the options with updated parameters, as part of its next rebasing application.

*Initial Disposition*

This is the first time that ENGLP has requested the disposition of the S&TVA.

The S&TVA is to record the difference between actual total Upstream Costs (Transportation and Storage Costs, and Upstream Recovery Costs) and the Upstream Charges (Transportation and Storage Charges, and Upstream Recovery Charges) that are included in rates, for all customers in Rates 1, 6 and 11. This account is to ensure

[49] Interrogatory Responses, October 31, 2025, OEB Staff- 13d
[50] Interrogatory Responses, October 31, 2025, OEB Staff- 13d
[51] EB-2025-0264

that upstream costs are treated as a flow-through to customers.

The S&TVA is to record: (a) the variance between the forecast storage and transportation demand levels and the actual storage and transportation demand levels; (b) amounts credited or invoiced from storage and transportation suppliers related to the disposition of the suppliers' deferral/variance accounts; (c) the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment Mechanism (QRAM) process; and (d) the variance between the forecast and actual administrative costs for storage and transportation including costs associated with daily nominations, load balancing, and storage procurement.

The amount recorded in the S&TVA is a debit of $ 3,737,727 including interest to December 31, 2025[52]. The S&TVA is partitioned into two segments, Transportation and Storage, and Upstream Recovery. These segments contain balances of $ 2,628,546 and $ 1,109,181, respectively.[53]

The Transportation and Storage segment relates to transportation, storage, nomination, gas supply administration and compressed natural gas (CNG). Costs in these categories are offset by revenue collected using ENGLP's approved transportation and storage rate.

ENGLP has set its Upstream Recovery charges so as to defer the recovery of a portion of the Upstream Recovery costs related to the CIAC paid to Enbridge Gas/Union Gas for the Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, and the additional capacity ENGLP was required to contract with Enbridge Gas/Union Gas initially in order to provide service to its customer base in future years.

The S&TVA segment of the upstream CIAC revenue requirement has been calculated using the depreciation and return on rate base (debt and equity) as per ENGLP's 2019-2028 Custom IR proceeding[54]. These costs are offset by revenue collected using ENGLP's approved upstream revenue rate.

In response to interrogatories, ENGLP explained that accounting errors and truing up led to incorrect revenue and charges recorded in the account.[55, 56]

In response to interrogatories, ENGLP updated its continuity schedule for the S&TVA to include system gas fuel costs.[57] As a result, ENGLP provided updated bill impacts and

[52] Interrogatory Responses, October 17, 2025, OEB Staff- 1a
[53] Interrogatory Responses, ENGLP_APPL_2026 Custom IR_SB_STVA_Excel_Staff IR_20251031, October 17, 2025, Tab – S&TVA - Continuity
[54] EB-2018-0264
[55] Interrogatory Responses, October 17, 2025, OEB Staff- 11a
[56] Interrogatory Responses, October 17, 2025, OEB Staff- 11b
[57] Interrogatory Responses, October 17, 2025, OEB Staff- 3a

a DVA workbook, which indicated the new S&TVA rate riders. Updated tariffs were also included.

Consistent with the accounting order[58], ENGLP has calculated carrying charges using the OEB-approved interest rate for long-term debt (3.72%)[59], as the balance of this account is proposed to be disposed over a long-term period (remaining life of 30-year upstream transportation contract). In response to interrogatories, ENGLP indicated that this approach results in higher carrying charges compared to using the OEB-prescribed interest rates, but considered it appropriate as it is consistent with the accounting order.[60] ENGLP proposed to allocate the Transportation and Storage segment based on CIP throughput volumes by rate class for 2019-2028[61]. In response to interrogatories, ENGLP explained that ENGLP Southern Bruce has typically used an allocation to be consistent with the 10-year custom IR application (ECVA/CIACVA/MTVA etc.)[62]. ENGLP indicated they proposed the cumulative 10-year values due to the longer accumulation and recovery of this deferral account compared to a traditional deferral account with an annual disposition.[63]

In response to interrogatories, ENGLP compared the allocation by rate class using the proposed 2019-2028 CIP volumes along with actual historical volumes and 2019-2024 volumes.[64] OEB staff notes that these allocation methodologies produce similar results.

ENGLP proposed to allocate the Upstream Recovery segment based on Enbridge CIAC rate base[65]. In response to interrogatories, ENGLP indicated it proposed this allocation as this segment of the deferral account is intended to recover the costs related to the Enbridge CIAC, which is a capital cost, and capture any related variances (along with the deferral).[66] ENGLP noted this was chosen as it is consistent with the original rate design in ENGLP's 2019-2028 rates application[67].

In response to interrogatories, ENGLP confirmed the S&TVA balance was intended to be disposed of once the amounts recovered via approved charges surpassed the costs and revenue requirements incurred.[68] In response to interrogatories, ENGLP indicated that this account is being disposed of for the first time, due to the main construction of the Southern Bruce project concluding, load forecast and connections stabilizing and

[58] Application, pg. 98
[59] EB-2018-0264, Exhibit 5, Tab 1, Schedule 1, Tables 5-1, April 11, 2019, Pages 1 of 2
[60] Interrogatory Responses, October 31, 2025, OEB Staff- 7
[61] EB-2018-0264, Exhibit 3, Tab 1, Schedule 2, Table 3-9 - Throughput Volumes by Rate Class
[62] Interrogatory Responses, October 17, 2025, OEB Staff- 4h
[63] ibid
[64] Interrogatory Responses, October 17, 2025, OEB Staff- 4i
[65] EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-25 - Enbridge CIAC Rate Base
[66] Interrogatory Responses, October 17, 2025, OEB Staff- 4h
[67] EB-2018-0264
[68] Interrogatory Responses, October 17, 2025, OEB Staff- 3

the balance of the account remaining in a shortfall.[69] ENGLP indicated that it anticipates requesting updates to the storage/transportation and upstream charges in next year's filing, after the initial disposition of this account.[70]

Consistent with the accounting order, ENGLP proposed to collect the balance in this account over the remaining life of the 30-year upstream transportation contract with Enbridge Gas. ENGLP proposed to collect the balance, over 299 months (remaining life of Enbridge contract), from rate classes 1, 6 and 11 based on the 2024 weather normalized volumes. OEB staff notes that the values ENGLP indicated to represent the 2024 weather normalized volumes appear to be 2026 forecast volumes, the same used in the disposition methodology for the UFGVA, ECVA, MTVA, CIACVA and ORDA. OEB requests that ENGLP, in its reply submission, confirm that the disposition methodology for the S&TVA utilizes 2026 forecast volumes. In response to interrogatories, ENGLP stated the proposed recovery period, that extends beyond the IRM period (ending December 31, 2028) is appropriate as it considers this account to be a capital deferral, and the treatment is similar to that of a capital recovery (or rate base addition), which is recovered over a longer period of time, exceeding the IRM period.[71] ENGLP noted that the recovery of these costs is being partially deferred as, in order to ensure that it can provide service to a rapidly growing customer base, ENGLP contracted for a capacity greater than that required to provide service initially.[72] Deferral of a portion of those costs allows ENGLP to allocate costs more closely with the customers that will require this capacity.[73]

*Table 8: Calculation of Proposed S&TVA Rate Rider*

| | Unit | Row Sum | Rate 1 | Rate 6 | Rate 11 |
|---|---|---|---|---|---|
| Volume | 000's $m^3$ | 13,162 | 8,868 | 2,468 | 1,826 |
| Allocation | % | 100% | 68% | 26% | 6% |
| **Total** | **$** | **$150,009** | **$102,594** | **$38,650** | **$8,765** |
| **Rate Rider** | **¢/$m^3$** | | **1.1569** | **1.5659** | **0.4799** |

OEB staff submits that the proposed S&TVA balance (including interest to December 31, 2025) is appropriately calculated and that disposition of the S&TVA at this time is appropriate. OEB staff submits that the proposed carrying charge calculation methodology is appropriate as it is aligned with the accounting order, approved in ENGLP's rates application for 2019 to 2028[74]. OEB staff submits that the proposed allocation method for the Transportation and Storage segment is appropriate as it

[69] ibid
[70] ibid
[71] Interrogatory Responses, October 17, 2025, OEB Staff- 5a
[72] ibid
[73] ibid
[74] EB-2018-0264, Draft Rate Order Addendum, December 11, 2019, pgs. 7-8

follows the pattern of using allocation methods based on the 10-year custom IR application.[75] OEB staff also submits that the 10-year values used in allocation are appropriate as the balance has accumulated over several years. OEB staff assessed ENGLP's comparison of allocation methods provided in interrogatories[76] and is of the view that the difference in allocation when using a shorter-term period (2019-2024), opposed to the proposed 2019-2028 period, is immaterial. OEB staff submits that the proposed allocation method for the Upstream Recovery segment is appropriate as it is consistent with the original rate design[77]. OEB staff submits that implementing a rate rider exceeding the IRM period is inappropriate as it would prevent proper adjudication of this matter in the next rebasing. OEB staff submits that amortizing the balance of the S&TVA over a long period to calculate the rate rider is appropriate, as it appears to be a capital deferral. However, OEB staff submits that the effective date of the proposed rate rider should expire at the end of the IRM period (December 31, 2028) and that ENGLP can re-apply to extend the rate rider term in its next rebasing proceeding, should it wish to. OEB staff requests that ENGLP, in its reply submission, confirm that the disposition methodology for the S&TVA utilizes 2026 forecast volumes.

*Future Years*

For future years, per the above sub-section, ENGLP proposed recovering an equal portion of the 2024 balance annually, until November 30, 2050 (end of Enbridge contract). ENGLP proposed recalculating the rate rider annually as customer volumes may fluctuate over the long duration of recovery.

For the future, ENGLP proposed to dispose of the S&TVA on an annual basis, consistent with the accounting order. The proposed annual disposition is equivalent to the annual total along with the appropriate share of the initial disposition included.

In response to interrogatories, ENGLP used the 2026 Custom IR filing as an example and indicated that the recalculation of the rate rider would consist of three components: continued recovery of an additional 12/299 portion of the 2024 balance; recovery of the variance of storage/transportation charges offset by storage/transportation revenues accumulated in 2025; and recovery of the variance of the Upstream CIAC revenue requirement offset by upstream revenue.

ENGLP proposed to track the recovery in a separate sub-account in the existing Approved Deferral and Variance Account Disposition Account (ADVADA).

In response to interrogatories, ENGLP proposed a hybrid approach to calculating carrying charges. For the Upstream Recovery segment, ENGLP proposed to use the

[75] Interrogatory Responses, October 17, 2025, OEB Staff- 4h
[76] Interrogatory Responses, October 17, 2025, OEB Staff- 4i
[77] EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-24 - Enbridge CIAC Rate Base

long-term debt rate of 3.72% and for the Transportation and Storage segment, the prescribed interest rate posted on the OEB's website which is approved in the generic cost of service decision and order[78].[79] ENGLP stated that it is appropriate to use the long-term debt rate for the initial disposition for both elements of the deferral account, but since there is no additional deferral element of the transportation and storage amounts, it makes sense to apply similar treatment given to ENGLP Aylmer's Purchased Gas Transportation Variance Account (PGTVA) towards the Transportation and Storage segment, going forward. OEB staff notes that carrying charges for the PGTVA are calculated using the OEB's prescribed interest rate.[80]

In response to interrogatories, for future years, ENGLP proposed to allocate the Storage and Transportation segment of the account based on actual consumption in that year.[81] ENGLP stated this is consistent with the approach used by ENGLP's Aylmer operations for allocation of the PGTVA account.[82] ENGLP proposed to allocate the Upstream Recovery segment using the same approach proposed for the disposition of the 2024 balance[83], as this segment of the account is tied to capital investment required for upstream reinforcement and less connected to actual consumption.[84]

OEB staff submits that annual recalculation of the rate-rider and the proposed recalculation methodology are appropriate, with the exception of the carrying charge methodology.

OEB staff notes that the proposed hybrid approach may have some merits on its own, given that the proposed hybrid approach seeks to align the treatment of upstream and transportation/storage components with their respective recovery timelines. The carrying charge approach (i.e., long-term debt rate) on this variance account was approved in ENGLP's last rebasing application and has been applied consistently since then. Furthermore, based on the quantification of the two methods provided by ENGLP in its response to the follow-up interrogatories[85], the difference in carrying charges between these two methods will likely remain immaterial over the coming years. OEB staff submits that ENGLP should continue applying the approved long-term debt rate for future years until its next rebasing application. This approach will allow all parties to review and assess any proposed changes, including the hybrid approach, in a comprehensive manner at that time.

[78] EB-2024-0063
[79] Interrogatory Responses, October 17, 2025, OEB Staff- 5
[80] EB-2025-0177, Application, pg. 21
[81] Interrogatory Responses, October 17, 2025, OEB Staff- 5
[82] EB-2025-0177, Application, Page 24, July 23, 2025.
[83] EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-25 - Enbridge CIAC Rate Base)
[84] Interrogatory Responses, October 17, 2025, OEB Staff- 5e
[85] OEB Staff.16- S&TVA and TVA Interest Rates - Hybrid approach, Question d)

OEB submits that the proposed allocation methodology for the Upstream Recovery segment is appropriate since it is the same as the proposed methodology for the 2024 balance of the account. OEB staff submits that the proposed allocation methodology for the Transportation and Storage segment is appropriate as there is no additional deferral element to the transportation and storage amounts, and that this account is set up similar to ENGLP's Aylmer's PGTVA and as such should be treated similarly.

*Approved Deferral and Variance Account Disposition Account (ADVADA)*

ENGLP proposed to track the recovery of the S&TVA in a separate sub-account in the existing Approved Deferral and Variance Account Disposition Account (ADVADA).

In response to interrogatories, ENGLP indicated that based on the accounting order[86] and nature of recovery, it is appropriate to use the ADVADA for the purposes proposed here.[87] ENGLP noted that it intends to apply for a share of recovery of the S&TVA 2024 balance annually. As a result, the S&TVA continuity schedule would reflect a full recovery annually to allow for the continued reduction of the balance over the remaining period. ENGLP stated that it is open to direction from the OEB should there be a more suitable option for recovery and tracking.

As per the accounting order[88], ENGLP treats the ADVADA in a similar manner to Account 1595 (Disposition and Recovery/Refund of Regulatory Balances Control Account) as per the Uniform System of Accounts for Electricity Distributors by recording a debit/credit in an appropriate sub-account (principal balances, carrying charges or carrying charges for net principal). In response to interrogatories, ENGLP indicated it intends to bring forward its initial disposition of the ADVADA in next year's custom IR update filing and noted that only a portion is currently eligible for disposition.[89]

OEB staff submits it is appropriate for ENGLP to track the recovery of the S&TVA in the ADVADA, as the accounting order prescribes usage of the ADVADA in the manner ENGLP has proposed with respect to the S&TVA.

Transportation Variance Account for Rate 16 (TVA)

*Initial Disposition*

This is the first time that ENGLP has requested the disposition of the TVA.

The TVA is to record the difference between actual total Upstream Costs (Transportation and Storage Costs, and Upstream Recovery Costs) and the Upstream

[86] EB-2021-0216, Decision and Order, Schedule B Page 26, December 9, 2021
[87] Interrogatory Responses, October 31, 2025, OEB Staff- 5g
[88] EB-2021-0216, Decision and Order, Schedule B Page 26, December 9, 2021
[89] Interrogatory Responses, October 31, 2025, OEB Staff- 5c

Charges (Upstream Recovery Charges and Transportation Charges) that are included in rates, for all customers in Rate 16. This account is to ensure that upstream costs are treated as a flow-through to customers.

The S&TVA records: (a) the variance between the forecast transportation demand levels and the actual transportation demand levels; (b) amounts credited or invoiced from transportation suppliers related to the disposition of the suppliers' deferral/variance accounts; (c) the variance between the forecasted commodity cost for fuel and the updated reference price set through the Quarterly Rate Adjustment Mechanism (QRAM) process; and (d) the variance between the forecast and actual administrative costs for storage and transportation including costs associated with daily nominations and load balancing.

The amount recorded in the TVA is a debit of $470,330 including interest to December 31, 2025.[90] The TVA is divided into two segments: Transportation and Upstream Recovery. These segments contain balances of $ 272,733 and $197,597, respectively.[91]

The Transportation segment relates to transportation and nomination. Costs in these categories are offset by revenue collected using ENGLP's approved transportation rate.

ENGLP has set its Upstream Recovery Charges so as to defer the recovery of a portion of the Upstream Recovery Costs related to the CIAC paid to Enbridge Gas/Union Gas for the Owen Sound Transmission Reinforcement and the Dornoch Meter and Regulator Station, and the additional capacity ENGLP was required to contract with Enbridge Gas/Union Gas initially in order to provide service to its customer base in future years.

The TVA segment of the upstream CIAC revenue requirement has been calculated using the depreciation and return on rate base (debt and equity) as per ENGLP's 2019-2028 Custom IR proceeding[92]. These costs are offset by revenue collected using ENGLP's approved upstream revenue rate.

In response to interrogatories, ENGLP indicated that high transportation charges to the TVA were due to an additional charge from Enbridge as part of their 2023 earning sharing mechanism[93].

In responses to interrogatories, ENGLP identified an accounting error that resulted in an unusually high recorded revenue amount.[94] ENGLP updated the TVA continuity

[90] Interrogatory Responses, October 17, 2025, OEB Staff- z1
[91] ENGLP_APPL_2026 Custom IR_SB_STVA_Excel_Staff IR_20251031, October 17, 2025, Tab – TVA-Continuity
[92] EB-2018-0264
[93] Interrogatory Responses, October 17, 2025, OEB Staff- 12c
[94] Interrogatory Responses, October 17, 2025, OEB Staff- 12d

schedule and DVA workbook accordingly to correct this error, as part of their response to interrogatories.

In response to interrogatories, ENGLP updated its continuity schedule for the TVA to include system gas fuel costs.[95] As a result, ENGLP provided updated bill impacts and a DVA workbook, which indicated the new TVA rate riders. Updated tariffs were also included.

Consistent with the accounting order[96], ENGLP calculated carrying charges using the OEB-approved interest rate for long term debt as the balance of this account is proposed to be disposed over a long-term period. ENGLP has used a rate of 3.72%[97] to calculate the carrying charges.

ENGLP proposed to allocate the Upstream Recovery segment based on Enbridge CIAC rate base[98] resulting in the entire balance being allocated to rate 16 customers.

In response to interrogatories, ENGLP confirmed the TVA balance was intended to be disposed of once the amounts recovered via approved charges surpassed the costs and revenue requirements incurred.[99] In response to interrogatories, ENGLP indicated that this account is being disposed of for the first time, due to the main construction of the Southern Bruce project concluding, load forecast and connections stabilizing and the balance of the account remaining in a shortfall.[100]

Inconsistent with the accounting order, ENGLP proposed to collect the balance in this account over 119 months (remaining life of the 15-year contracts with Rate 16 customers).

In response to interrogatories, ENGLP stated the proposed recovery period, that extends beyond the IRM period (ending December 31, 2028) is appropriate as they consider this account to essentially be a capital deferral, and the treatment is similar to that of a capital recovery (or rate base addition), which is recovered over a longer period of time, exceeding the IRM period.[101] ENGLP noted that the deferred recovery of these costs is being partially deferred as, in order to ensure that it can provide service to a rapidly growing customer base, ENGLP contracted for a capacity greater than that required to provide service initially.[102] Deferral of a portion of those costs allows ENGLP

[95] Interrogatory Responses, October 17, 2025, OEB Staff- 3a
[96] Application, pg. 98
[97] EB-2018-0264, Exhibit 5, Tab 1, Schedule 1, Tables 5-1, April 11, 2019, Pages 1 of 2
[98] EB-2018-0264, Exhibit 7, Tab 1, Schedule 2, Table 7-25 - Enbridge CIAC Rate Base
[99] Interrogatory Responses, October 17, 2025, OEB Staff- 6a 6b and 3e
[100] ibid
[101] Interrogatory Responses, October 17, 2025, OEB Staff- 6c
[102] ibid

to allocate costs more closely with the customers that will require this capacity[103]. ENGLP noted that a recovery period over the remaining contracts of the Rate 16 Customers is appropriate to ensure these customers are paying for their share of the upstream deferral. ENGLP stated that while it has no information to indicate that it would not provide natural gas to these customers beyond the 15-year contracts, recovery over the remaining contract term reduces the risk of other rate classes having to be responsible for these amounts beyond this point.[104]

*Table 9: Calculation of Proposed TVA Rate Rider*

| | Unit | Row Sum | Rate 16 |
|---|---|---|---|
| Volume | CD | 95,824 | 95,824 |
| Allocation | % | 100% | 100% |
| **Total** | **$** | **$470,330** | **$470,330** |
| **Rate Rider** | **¢/CD/month** | | **4.1246** |

OEB staff submits that the proposed TVA balance (including interest to December 31, 2025) is appropriately calculated and that disposition of the TVA at this time is appropriate. OEB staff submits that the proposed carrying charge calculation methodology is appropriate as it is aligned with the accounting order, approved in ENGLP's rates application for 2019 to 2028[105]. OEB staff submits that the proposed allocation method is appropriate as the balance solely relates to rate 16 customers. OEB staff submits that implementing a rate rider exceeding the IRM period is inappropriate as it would prevent proper adjudication of this matter in the next rebasing. OEB staff submits that amortizing the balance of the TVA over a long period to calculate the rate rider is appropriate, as it appears to be a capital deferral. However, OEB staff submits that the effective date of the proposed rate rider should expire at the end of the IRM period (December 31, 2028) and that ENGLP can re-apply to extend the rate rider term in its next rebasing proceeding, should it wish to do so.

*Future Years*

For future years, per the above sub-section, ENGLP has proposed recovering an equal portion of the 2024 balance annually, until November 19, 2035 (end of Rate 16 customer contracts). ENGLP proposed recalculating the rate rider annually as customer contract demand may fluctuate over the long duration of recovery.

For the future, ENGLP proposed to dispose of the TVA on an annual basis, consistent with the accounting order. The proposed annual disposition is equivalent to the annual

[103] ibid
[104] ibid
[105] EB-2018-0264, Draft Rate Order Addendum, December 11, 2019, pgs. 7-8

total along with the appropriate share of the initial disposition included . OEB staff notes that the treatment of this account is similar to the proposed treatment for the S&TVA.

ENGLP proposed to track the recovery in a separate sub-account in the existing Approved Deferral and Variance Account Disposition Account (ADVADA).

In response to interrogatories, ENGLP proposed a hybrid approach to calculating carrying charges. For the Upstream Recovery segment, ENGLP proposed to use the long-term debt rate of 3.72% and for the Transportation segment, the prescribed interest rates posted on the OEB's website which is approved in the generic cost of service decision and order[106].[107] ENGLP stated that it is appropriate to use the long-term debt rate for the initial disposition for both elements of the deferral account, but since there is no additional deferral element of the transportation amounts, it makes sense to apply similar treatment given to ENGLP Aylmer's Purchased Gas Transportation Variance Account (PGTVA) towards the transportation and storage segment, going forward. OEB staff notes that carrying charges for the PGTVA are calculated using the OEB's prescribed interest rate[108].

OEB staff submits that annual recalculation of the rate-rider and the proposed recalculation methodology are appropriate, with the exception of the carrying charge methodology.

Given that the long-term debt rate has already been approved and is being used consistently and the difference in carrying charges is expected to remain immaterial during this period, OEB submits that ENGLP should continue applying the approved long-term debt rate for future years until its next rebasing application. This will allow all parties to review and assess any proposed changes, including the hybrid approach, in a comprehensive manner at that time.

OEB staff submits that the allocation methodology is appropriate, in that the entirety of the balance is allocated to Rate 16 customers, as this account solely pertains to them.

*Approved Deferral and Variance Account Disposition Account (ADVADA)*

ENGLP proposed to track the recovery of the TVA in a separate sub-account in the existing Approved Deferral and Variance Account Disposition Account (ADVADA).

OEB staff notes that the ADVADA would be used for the TVA, in a similar manner to that of the S&TVA and therefore responses from ENGLP regarding the S&TVA may be applicable to the TVA, as follows. In response to interrogatories, ENGLP indicated that

[106] EB-2024-0063
[107] Interrogatory Responses, October 17, 2025, OEB Staff- 6d
[108] EB-2025-0177, Application, pg. 21

based on the accounting order[109] and the nature of recovery, it is appropriate to use ADVADA for the purposes proposed here.[110] ENGLP noted as it intends to apply for a share of recovery of the S&TVA 2024 balance annually, the S&TVA continuity schedule would reflect a full recovery annually to allow for the continued reduction of the balance over the remaining period. ENGLP stated that it is open to direction from the OEB should there be a more suitable option for recovery and tracking.[111]

As per the accounting order[112], ENGLP treats the ADVADA in a similar manner to Account 1595 (Disposition and Recovery/Refund of Regulatory Balances Control Account) as per the Uniform System of Accounts for Electricity Distributors by recording a debit/credit in an appropriate sub-account (principal balances, carrying charges or carrying charges for net principal). In response to interrogatories, ENGLP indicated it intends to bring forward its initial disposition of the ADVADA in next year's custom IR update filing and noted that only a portion is currently eligible for disposition.[113]

OEB staff submits it is appropriate for ENGLP to track the recovery of the TVA in the ADVADA, as the accounting order prescribes usage of the ADVADA in the manner ENGLP has proposed with respect to the TVA.

[109] EB-2021-0216, Decision and Order, Schedule B Page 26, December 9, 2021
[110] Interrogatory Responses, October 31, 2025, OEB Staff- 5g
[111] ibid
[112] EB-2021-0216, Decision and Order, Schedule B Page 26, December 9, 2021
[113] Interrogatory Responses, October 31, 2025, OEB Staff- 5c

## Bill Impacts and Implementation

In response to interrogatories, ENGLP indicated that delivery bill impacts in this application do not divide Rate 1 – residential into "New Residential" and "Existing Residential", as was done in previous applications, due to completion of the Southern Bruce Expansion project.[114] ENGLP indicated it is experiencing more consistent load profile than in previous years, where customers would sign up at various points of the year, contributing to a variable annual usage amount. ENGLP indicates that consistent with the IRM filings of its Aylmer rate zone, annual volumes used to determine bill impacts are now based on annual consumption. Previously, volumes used to determine bill impacts were based on CIP projections. ENGLP indicates this change, using actual volumes produces a more accurate presentation of customer usage and a more realistic estimate of what customer could anticipate as ENGLP is not in a steady state of operations.[115]

OEB staff submits that ENGLP's proposed changes to bill impact calculations are appropriate.

The total annual bill impacts for customers in the general service rate class resulting from the proposals in the Application are as follows:

*Table 10: Annual Bill Impact*

| Rate Class | Change in Fixed Delivery | Change in Volumetric Delivery | Change in Rate Rider | Total Change | |
|---|---|---|---|---|---|
| | | | | $ | % |
| Rate 1- Residential | $7 | $9 | $34 | $49 | 4% |
| Rate 1- Small Commercial | $7 | $25 | $26 | $58 | 2% |
| Rate 1- Small Agricultural | $7 | $44 | $17 | $68 | 1% |

OEB staff is of the view that no draft rate order process is required as the latest inflation factor has already been applied in the IR Adjustment and the projected Q4 interest rate used by ENGLP is identical to the published Q4 interest rate[116]. However, OEB staff requests that ENGLP provide its views on the need for a draft rate order process in its reply submission.

~All of which is respectfully submitted~

[114] Interrogatory Responses, October 31, 2025, OEB Staff- 8
[115] ibid
[116] According to the OEB Prescribed Interest Rates, the 2025 Q3 interest rate is 2.91% and 2025 Q4 is 2.91%