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

BY EMAIL

November 6, 2026

Mr. Ritchie Murray
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 2027 Rate Application
OEB File Number: EB-2026-0149

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

EPCOR Natural Gas Limited Partnership is reminded that its reply submission is due by November 19, 2026.

Yours truly,

Randy Doradat

Digitally signed by Randy Doradat
Date: 2026.11.06 13:45:53 -05'00'

Randy Doradat
Advisor, Natural Gas

Encl.

cc: All parties in EB-2026-0149

ONTARIO ENERGY BOARD

OEB Staff Submission – Phase 1

EPCOR Natural Gas Limited Partnership

Southern Bruce 2027 Rate Application

EB-2026-0149

November 6, 2026

Application Summary and Process

On July 31, 2026, 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 Southern Bruce to be effective January 1, 2027 (the Application).

In the Application, ENGLP requested the following:

- Approval to adjust distribution rates for Southern Bruce effective January 1, 2027 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 including Account 179 - *Impacts Arising from the COVID-19 Emergency* (Account 179) which includes rate base additions

On August 24, 2026, the OEB issued a Notice of Hearing. Consumers Council of Canada (CCC) and School Energy Coalition (SEC) applied for intervenor status and were approved as intervenors.

Procedural Order No. 1 was issued on September 18, 2026. It bifurcated the proceeding into two phases with the first phase consisting of everything except Account 179 and phase two scoped to solely Account 179.

OEB staff and CCC filed written interrogatories by October 9, 2026. On October 26, 2026, ENGLP filed interrogatory responses.

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

OEB Staff Submission

OEB staff provides Phase 1 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, 2027, 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 2027 inflation factor of 3.0%[2] in the formula yields an IR adjustment of 1.81%.

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 3.0%. 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 2025 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 $1,662,751[3] (including interest to December 31, 2026[4]). The balances in the deferral and variance accounts[5] are summarized as follows.

[2] OEB's 2027 Inflation Parameters Letter
[3] Responses to Interrogatories, October 26, 2026, OEB Staff.2 c)
[4] The Q1 2026 – Q3 2026 carrying charges were calculated using the OEB's prescribed interest rates. The Q4 2026 carrying charges were forecasted using the Q3 2026 prescribed interest rate as a proxy.
[5] ibid

ENGLP Deferral and Variance Account Balances		
Account Acronym	Account Name	Balance with interest to December 31, 2026
CIACVA	Contribution in Aid of Construction Variance Account	$302,592
ECVA	Energy Content Variance Account	$15,236
MTVA	Municipal Tax Variance Account	($84,553)
ORDA	Other Revenue Deferral Account	($32,179)
CVVA	Customer Volume Variance Account	$534,886
UFGVA	Unaccounted for Gas Variance Account	$161,940
S&TVA	Storage and Transportation Variance Account	$636,519
TVA	Transportation Variance Account	$63,136
ADVADA	Approved Deferral/Variance Disposal Account	$65,174
	Total Deferral Account Balances	**$1,662,751**

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 $302,592 including interest to December 31, 2026. 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 and 6 based on 2025 normalized annual consumption, from rate class 11 based on a recent 2-year average of billed volumes[6] and from rate 16 based on current contract demand. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as the load varied considerably year over year. ENGLP stated that given the steady state of load now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[7] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[8]

[6] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[7] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[8] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

The table below depicts the proposed CIACVA rate rider.

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	13,257	8,663	2,919	1,676	CD	95,855
Allocation	%	100%	59%	21%	3%	%	17%
Total	**$**	**$302,592**	**$179,844**	**$63,940**	**$7,807**	**$**	**$51,000**
Rate Rider	**¢/m^3**		**2.0760**	**2.1908**	**0.4660**	**¢/CD/month**	**4.4338**

OEB staff has no concerns with the proposed CIACVA balance (including interest). OEB staff submits that the proposed allocation methodology for the CIACVA is consistent with the decisions in ENGLP Southern Bruce's 2022, 2023, 2024, 2025 and 2026 Rates proceedings.[9] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

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 $15,236 including interest to December 31, 2026. 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 and 6 based on 2025 normalized annual consumption and from rate class 11 based on a recent 2-year average of billed volumes[11]. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as the load varied considerably year over year. ENGLP stated that given the steady state of load now in Southern Bruce, it proposes to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[12] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[13]

[9] EB-2021-0216, EB-2022-0184, EB-2023-0161, EB-2024-0238 and EB-2025-0178
[10] EB-2018-0264
[11] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[12] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[13] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

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	13,257	8,663	2,919	1,676
Allocation	%	100%	71%	21%	8%
Total	**$**	**$15,236**	**$10,750**	**$3,250**	**$1,235**
Rate Rider	**¢/m^3**		**0.1241**	**0.1114**	**0.0737**

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, 2025 and 2026 Rates proceedings.[14] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

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[15] for each year of the rate stability period.

The amount recorded in the MTVA is a credit of $84,553 including interest to December 31, 2026. ENGLP proposed to allocate the balance based on the CIP Property Tax allocator.[16] ENGLP proposed to refund the balance, over twelve months, to rate classes 1 and 6 based on 2025 normalized annual consumption, to rate class 11 based on a recent 2-year average of billed volumes[17] and to rate 16 based on current contract demand. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as the load varied considerably year over year. ENGLP stated that given the steady state of load now in Southern Bruce, it proposes to use the prior year actuals, in line with its Aylmer

[14] EB-2023-0161, EB-2024-0238 and EB-2025-0178
[15] EB-2018-0264
[16] EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-27
[17] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

operations and electricity distributors.[18] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[19]

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	13,257	8,663	2,919	1,676	CD	95,855
Allocation	%	100%	54%	25%	3%	%	18%
Total	**$**	**($84,553)**	**($45,482)**	**($20,984)**	**($2,569)**	**$**	**($15,518)**
Rate Rider	**¢/m^3**		**(0.5250)**	**(0.7190)**	**(0.1533)**	**¢/CD/month**	**(1.3491)**

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.[20]

OEB staff has no concerns with the proposed MTVA balance (including interest). OEB staff has no concerns with the proposed allocation methodology as it is consistent with the decision in ENGLP Southern Bruce's 2023, 2024, 2025 and 2026 Rates proceedings.[21] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

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.[22] 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).[23]

In response to interrogatories, ENGLP confirmed that late payment charges recorded as positive amounts when negative amounts are expected were mostly due to corrections for incorrect charges to customers in prior period being greater than late payment

[18] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[19] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[20] Responses to Interrogatories, October 26, 2026, OEB Staff.8 a)
[21] EB-2022-0184, EB-2023-0161, and EB-2025-0178
[22] EB-2018-0264
[23] EB-2021-0216, Decision and Order (Phase 1 and Phase 2), February 17, 2022

charges in those months.[24]

ENGLP requested approval to dispose of a credit balance of $32,179 including interest to December 31, 2026. 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 and 6 based on 2025 normalized annual consumption, to rate class 11 based on a recent 2-year average of billed volumes[25] and to rate 16 based on current contract demand. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as the load varied considerably year over year. ENGLP stated that given the steady state of load now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[26] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[27]

The table below depicts the proposed ORDA rate rider.

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	13,257	8,663	2,919	1,676	CD	95,855
Allocation	%	100%	74%	17%	4%	%	6%
Total	**$**	**($32,179)**	**($23,678)**	**($5,338)**	**($1,303)**	**$**	**($1,860)**
Rate Rider	**¢/m^3**		**(0.2733)**	**(0.1829)**	**(0.0777)**	**¢/CD/month**	**(0.1617)**

OEB staff has no concerns with the proposed ORDA balance (including interest). OEB staff submits that the proposed allocation methodology is appropriate as it is consistent with the OEB-approved 2024, 2025 and 2026 Rates.[28] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

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

[24] Responses to Interrogatories, October 26, 2026, OEB Staff.8 b)
[25] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[26] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[27] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[28] EB-2023-0161, EB-2024-0238 and EB-2025-0178

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 $534,886 including interest to December 31, 2026. ENGLP stated that the ROE deadband is not applicable for 2025 as its regulated net income was a ($0.17M) loss in 2025, resulting in a calculated ROE of (0.5%). The ROE with the addition of the CVVA principal balance requested for disposition adjusts the ROE to 1.0%. In response to interrogatories, ENGLP indicated it calculated this ROE using "actual rate base" including incremental costs to the rate base approved in its cost of service application[29]. ENGLP stated that this approach is consistent with the accounting order. ENGLP stated that using either the rate base amount in its cost of service application or the "actual rate base" results in an ROE value below the deadband.[30]

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 2025 year-end customer counts, through a monthly fixed rate rider. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values (including customer counts), as this varied considerably year over year. ENGLP stated that given the steady state now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[31] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[32]

The table below depicts the proposed CVVA rate rider.

[29] EB-2018-0264
[30] Responses to Interrogatories, October 26, 2026, OEB Staff.4
[31] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[32] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

Table 5: Calculation of Proposed CVVA Rate Rider

	Unit	Row Sum	Rate 1	Rate 6
Customer Count	#	5,532	5,454	78
Allocation	%	100%	98%	2%
Total	**$**	**$534,886**	**$525,415**	**$9,471**
Rate Rider	**$ per month**		**$8.03**	**$10.12**

OEB staff submits that calculating the ROE using the methodology ENGLP used where it recalculated the "actual rate base" is not aligned with the accounting order. OEB staff submits that the ROE should be calculated using the rate base approved in ENGLP's cost of service proceeding[33], and that ENGLP should calculate the ROE in future applications using this approach. OEB staff confirms that by including the CVVA in the ROE calculation, the ROE remains more than 300 basis points below 8.78%, using both the correct rate base value along with the value ENGLP used in its calculation.

OEB staff has no concerns with the proposed CVVA balance (including interest). OEB staff submits that the proposed allocation methodology is also appropriate as it is consistent with OEB-approved 2025 and 2026 rates.[34] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

Unaccounted for Gas Variance Account (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[35]. 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 debit of $161,940 including interest to

[33] EB-2018-0264
[34] EB-2024-0238 and EB-2025-0178
[35] EB-2018-0264

December 31, 2026.

ENGLP's 2025 UFG percentage was calculated to be 2.7% of volumes, occurring primarily in November 2025, substantially higher than in previous years. ENGLP investigated and did not identify a definitive cause. Leak assessment, field inspections, CNG volumes validation, metering considerations and billing data considerations were all conducted. ENGLP stated the most likely explanation to be temporary line pack[36] depletion and subsequent replenishment. ENGLP stated that during November 2025, there was increased demand leading to a decrease in overall line pack during that month, and this was exemplified by higher use of CNG during this period. ENGLP stated that because line pack is not separately measured, changes in line pack can appear as UFG in a given period. ENGLP's investigation did not identify any measurement errors, leak events, or other operational anomalies that would account for the magnitude of the variance. As demand levels normalized, system line pack returned to expected operating levels.[37]

ENGLP indicated that it is undertaking various measures to improve tracking and monitoring of its system as follows[38]:

• Lower tolerance levels of monthly exception reports to identify any meters that may not be reading correctly

• A comprehensive review of large meters and pressures (multipliers) to ensure billing data is accurate

• Continued wholesale reconciliations and monthly review of data

• A physical review of large customer meters by Operations staff to ensure proper operations

• Reducing EPCOR at fault line strikes to <2 per year by improving GIS accuracy

• Regularly attending public/contractor safety events through municipalities and the Ontario Regional Common Ground Alliance dig safe events to promote damage prevention

• Continued annual leak surveys of the entire plastic distribution system with plans to mitigate certain classes of leaks immediately

• Staggered deployment of improved communications devices to provide real-time asset

[36] Line pack can be defined as the volume of gas stored within a pipeline system due to compression under operating pressure
[37] Responses to Interrogatories, October 26, 2026, OEB Staff.5 a)
[38] ibid

health monitoring.

ENGLP proposed to allocate the UFGVA balance based on 2025 actual volumes.

ENGLP proposed to recover the balance, over twelve months, from rate classes 1 and 6 based on 2025 normalized annual consumption, from rate class 11 based on a recent 2-year average of billed volumes[39] and from rate 16 based on current contract demand. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as this varied considerably year over year. ENGLP stated that given the steady state now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[40] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[41]

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	13,257	8,663	2,919	1,676	CD	95,855
Allocation	%	100%	26%	9%	5%	%	59%
Total	**$**	**$161,940**	**$42,867**	**$14,535**	**$8,202**	**$**	**$96,335**
Rate Rider	**¢/m^3**		**0.4948**	**0.4980**	**0.4895**	**¢/CD/month**	**8.3751**

OEB staff submits that the proposed UFGVA balance (including interest to December 31, 2026) is appropriately calculated. OEB staff submits that ENGLP took measures to investigate the November 2025 UFG anomaly, despite not determining the cause and has indicated it is making meaningful improvements to its monitoring and systems to limit the likelihood of a similar anomaly occurring again, without a definitive cause. As such, OEB staff expects that the UFGVA balance will be considerably lower in the next application for disposition. OEB staff submits that the proposed allocation methodology is appropriate as it is consistent with OEB-approved 2026 rates.[42] OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations.

Approved Deferral and Variance Account Disposition Account (ADVADA)

This is the first time ENGLP has requested disposition of the ADVADA.

[39] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[40] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[41] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[42] EB-2025-0178

The ADVADA is to record all deferral and variance account balances that have been approved for disposition/recovery. ENGLP accounts for the balance in the same manner as Account 1595, as per the Uniform System of Accounts for Electricity Distributors. Approved deferral and variance account balances will be transferred into the ADVADA. Amounts recovered from or refunded to ratepayers through the associated approved rate riders are recorded against the balance in the ADVADA.

The amount recorded in the ADVADA is a debit of $65,174 including interest to December 31, 2026. This account balance includes settlements related to the disposition of approved deferral and variance accounts in EB-2021-0216 and EB-2022-0184.

In response to interrogatories, ENGLP explained that although the balance in EB-2021-0216 was eligible for disposition in the prior year's custom IR application, it was aware that the residual balances in the ADVADA could be disposed of only once and therefore, it had to ensure the data was complete and accurate before requesting disposition. ENGLP explained that there is no expressed wording in the accounting order regarding timing and that carrying charges due to the additional year in delay of disposition are not intended to be punitive to either party but instead represent the value of holding the amount over a specific period, and that if the balance was a credit to customers, interest to the customers would have accrued accordingly.[43]

ENGLP proposed to allocate the ADVADA balance based on approved DVA allocations included in EB-2021-0216 and EB-2022-0184. In response to interrogatories, ENGLP stated that 1595 accounts are typically allocated based on either consumption in the year of approval or DVA allocation[44].[45] Furthermore, ENGLP stated that allocation of the ADVADA balance based on actual volumes for the period in which the balance of the account accumulates/is recovered would be punitive to rate classes who consume more than the volumes used to determine the rate rider.

ENGLP proposed to recover the balance, over twelve months, from rate classes 1 and 6 based on 2025 normalized annual consumption, from rate class 11 based on a recent 2-year average of billed volumes[46] and from rate 16 based on current contract demand. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as this varied considerably year over year. ENGLP stated that given the steady state now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity

[43]Responses to Interrogatories, October 26, 2026, OEB Staff.10 b)
[44] ENGLP provided an example of their 2025 electricity distribution rates decision EB-2024-0020
[45] Responses to Interrogatories, October 26, 2026, OEB Staff.10 e)
[46] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

distributors.[47] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[48]

The table below depicts the proposed ADVADA rate rider.

Table 7: Calculation of Proposed ADVADA Rate Rider

	Unit	Row Sum	Rate 1	Rate 6	Rate 11	Unit	Rate 16
Volume	000's m^3	13,257	8,663	2,919	1,676	CD	95,855
Allocation	%	100%	61%	21%	3%	%	15%
Total	**$**	**$65,175**	**$39,516**	**$13,694**	**$2,252**	**$**	**$9,712**
Rate Rider	**¢/m^3**		**0.4562**	**0.4692**	**0.1344**	**¢/CD/month**	**0.8443**

In response to interrogatories, ENGLP stated that "the ADVADA deferral account will continue to collect variances which will result in neither an over nor under collection of balances over time.[49]

OEB staff submits that there is a discrepancy in the proposed ADVADA balance (including interest to December 31, 2026) between that included in ENGLP's response to interrogatories and the accompanying Excel workbook[50]. OEB staff recommends that in ENGLP's reply submission, it should advise the correct value and whether the associated rate riders were calculated correctly, and if they were not, ENGLP should provide updated Excel workbooks and tariffs to reflect the correction. OEB staff expects that ENGLP's response will provide the correct ADVADA balance for disposition. OEB staff submits that ENGLP's reasoning for disposal of the ADVADA balance at this time is appropriate.

ENGLP proposed that the ADVADA balance should be allocated based on the approved DVA allocations from EB-2021-0216 and EB-2022-0184. However, ENGLP has combined the approved DVA allocations from both proceedings to derive a single set of allocation factors for the total ADVADA balance.

OEB staff submits that the ADVADA balance consists of residual balances arising from the dispositions approved in EB-2021-0216 and EB-2022-0184, which were recovered through the 2022 and 2023 rate riders, respectively. OEB staff notes that, in electricity proceedings, residual balances in Account 1595 are typically allocated using the actual consumption associated with the recovery period of the underlying disposition. OEB

[47] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[48] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[49] Responses to Interrogatories, October 26, 2026, OEB Staff.10 h)
[50] Responses to Interrogatories, October 26, 2026, OEB Staff.9 c) indicates principal sub-balances for the EB-2021-0216 and EB-2022-0184 portions of the ADVADA to be $49,158 and $4,721, respectively, for a sum of $53,879. ENGLP_APPL_2027 Custom IR_SB_DVA_IRR_20261026, ADVADA tab indicates this to be $53,758.

staff also notes that a similar approach was used for ENGLP's Aylmer service territory ADVADA. OEB staff submits that allocating the residual balances using actual consumption during the period in which the original rate riders were in effect is more appropriate, as it better reflects each rate class's actual contribution to the recovery of the underlying balances than the use of a single allocation factor derived from the combined approved amounts from multiple disposition proceedings.

OEB staff does not agree that this approach is punitive to customer classes with higher consumption. Customers contributed to the recovery of the original balances through volumetric rate riders based on actual consumption.

OEB staff submits that, in its reply submission, ENGLP provides updated Excel workbooks and tariff sheets using OEB staff's proposed allocation methodology, along with a comparison of the resulting ADVADA rate riders under both methodologies, showing the differences in dollars and percentages.

OEB staff submits that the proposed disposition methodology using recovery over 12 months based on actual volumes is appropriate, as it agrees with ENGLP's observation that it is in a steady state and also because this aligns with ENGLP's Aylmer and electricity operations.

OEB staff submits that, consistent with the treatment of Account 1595 balances under the OEB's Chapter 3 Filing Requirements for Electricity Rate Applications, a balance approved on a final basis is disposed of through a one-time rate rider and is not subject to a subsequent true-up for differences between forecast and actual recoveries.

Storage and Transportation Variance Account for Rates 1, 6 & 11 (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 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 $ 636,519 including interest to December 31, 2026. The S&TVA is partitioned into two segments, Transportation and Storage, and Upstream Recovery. These segments contain balances of $ 622,522 and $ 13,997 respectively.

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.

In response to interrogatories, ENGLP explained that ECNG/Nominations in December 2025 and Gas Supply for October to December 2025 were unusually recorded as negative values due to gas consulting services credit for overcharges in prior periods and true up to actual as gas supply was booked on forecasted costs, respectively.[51]

ENGLP proposed to allocate the Storage and Transportation segment based on 2025 actual volumes, and the Upstream Recovery segment based on Enbridge CIAC rate base[52].

In addition to the 2025 year-end balance requested for disposition and as per ENGLP's 2026 Rates proceeding,[53] the S&TVA rate rider also includes an annual portion of the S&TVA balance approved in EB-2025-0178, along with carrying charges. The allocation of this balance was also approved in that proceeding. In response to interrogatories, ENGLP updated the calculation of carrying charges associated with this amount and the resulting annual portion proposed to be included in the current S&TVA rate rider is the combined principal of $150,009 and carry charges of $136,253.[54]

ENGLP proposed to recover the balance, over twelve months, from rate classes 1 and 6 based on 2025 normalized annual consumption and from rate class 11 based on a recent 2-year average of billed volumes[55]. In response to interrogatories, ENGLP explained that in prior years the basis for calculating rate riders instead used forecasted values, as this varied considerably year over year. ENGLP stated that given the steady

[51] Responses to Interrogatories, October 26, 2026, OEB Staff.8 c)
[52] EB-2018-0624, Exhibit 7, Tab 1, Schedule 2, Table 7-25 - Enbridge CIAC Rate Base
[53] EB-2025-0178
[54] Responses to Interrogatories, October 26, 2026, OEB Staff.13 b)
[55] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)

state now in Southern Bruce, it proposed to use the prior year actuals, in line with its Aylmer operations and electricity distributors.[56] ENGLP compared rate riders calculated using both forecasted values as well as the proposed actuals and found that rate riders varied by up to 6%.[57]

The table below depicts the proposed S&TVA rate rider.

Table 8: Calculation of Proposed S&TVA Rate Rider

	Unit	Row Sum	Rate 1	Rate 6	Rate 11
Volume	000's m^3	13,257	8,663	2,919	1,676
Allocation	%	100%	66%	24%	10%
Total	**$**	**$922,781**	**$611,252**	**$216,973**	**$94,556**
Rate Rider	**¢/m^3**		**7.0560**	**7.4341**	**5.6434**

OEB staff submits that the carrying charges ENGLP calculated for the balance approved in EB-2025-0178 are not aligned with the accounting order that state "Simple interest is to be calculated on the opening monthly balance…"[58]. ENGLP calculated the carrying charges on an annual basis, and using the average between the opening and closing balance for each year. OEB staff submits that ENGLP should re-calculate the carrying charges associated with the EB-2025-0178 balance in accordance with the accounting order, where interest is calculated on the opening monthly balance, on a monthly basis and provide updated tariffs and supporting Excel workbooks to reflect this update. OEB staff submits that the proposed S&TVA balance (including interest to December 31, 2026) for 2025 year-end along with the principal of the annual portion of the S&TVA balance approved in EB-2025-0178 are appropriately calculated. OEB staff submits that the proposed allocation methods for the Transportation and Storage, and Upstream Recovery segments are appropriate as they are consistent with the decision in ENGLP's 2026 Rates proceeding[59]. OEB staff submits that the allocation method for the annual portion of the balance approved in the 2026 Rates proceeding is appropriate, as it is consistent with the 2026 Rates proceeding. OEB staff submits that the proposed disposition methodology is appropriate as OEB staff agrees with ENGLP's observation that it is in a steady state and also because the methodology aligns with ENGLP's Aylmer and electricity operations**.**

Transportation Variance Account for Rate 16 (TVA)

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

[56] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)
[57] Responses to Interrogatories, October 26, 2026, OEB Staff.3 b)
[58] Application, p. 133
[59] EB-2025-0178

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 $63,136 including interest to December 31, 2026.[60]

The TVA is divided into two segments transportation and Upstream Recovery. 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.

ENGLP proposed to allocate the account balance to Rate 16 customers as it is only applicable to Rate 16 customers.

In addition to the 2025 year-end balance requested for disposition and as per ENGLP's 2026 Rates proceeding,[61] the TVA rate rider also includes an annual portion of the TVA balance approved in EB-2025-0178, along with carrying charges. The allocation of this balance was also approved in that proceeding. In response to interrogatories, ENGLP updated the calculation of carrying charges associated with this amount and the resulting annual portion proposed to be included in the current TVA rate rider is the combined principal of $47,428 and carry charges of $16,614.[62]

ENGLP proposed to recover the balance, over twelve months, from rate class 16 based on current contract demand.[63]

[60] Responses to Interrogatories, October 26, 2026, OEB Staff.2
[61] EB-2025-0178
[62] Responses to Interrogatories, October 26, 2026, OEB Staff.14 b)
[63] Responses to Interrogatories, October 26, 2026, OEB Staff.3 a)

The table below depicts the proposed TVA rate rider.

Table 9: Calculation of Proposed TVA Rate Rider

	Unit	Row Sum	Rate 16
Volume	CD	95,855	95,855
Allocation	%	100%	100%
Total	**$**	**$127,179**	**$127,179**
Rate Rider	**¢/CD/month**		**11.0565**

OEB staff submits that the carrying charges ENGLP calculated for the balance approved in EB-2025-0178 are not aligned with the accounting order that state "Simple interest is to be calculated on the opening monthly balance…"[64]. ENGLP calculated the carrying charges on an annual basis, and using the average between the opening and closing balance for each year. OEB staff recommends that ENGLP re-calculate the carrying charges associated with the EB-2025-0178 balance in accordance with the accounting order, where interest is calculated on the opening monthly balance, on a monthly basis and provide updated tariffs and supporting Excel workbooks to reflect this update. OEB staff submits that the proposed TVA balance (including interest to December 31, 2026) for 2025 year-end along with the principal of the annual portion of the TVA balance approved in EB-2025-0178 are appropriately calculated. OEB staff submits that the proposed allocation method for both the annual portion of the EB-2025-0178 balance along with the 2025 year-end balance is appropriate as the balance solely relates to Rate 16 customers and this is consistent with the 2026 Rates proceeding. OEB staff submits that the proposed disposition methodology is appropriate as it agrees with the decision in the 2026 Rates proceeding[65].

[64] Application, p. 135
[65] EB-2025-0178

Bill Impacts and Implementation

In its bill impact calculations, ENGLP updated its annual residential consumption from 1,424 m^3 to 2,149 m^3 (2025 actual consumption) in accordance with the methodology approved in the 2026 rates proceeding. In response to interrogatories, ENGLP indicated that bill impact calculations for QRAM could use either 1,424 m^3 or 1,549 m^3, and that the need to update this value in QRAM applications is not significant, compared to the 2026 rates proceeding where the annual consumption volume for residential customers underwent a considerably larger change. ENGLP stated that in the absence of OEB staff's view on this, ENGLP proposes to remain with the 1,424 m3 currently used in the QRAM until its next rebasing.

OEB staff agrees with ENGLP that an update to the volume used in QRAM applications is not needed, as the variance between the prior year's volume and current year is considerably small. OEB staff submits that ENGLP should continue to use 1,424 m^3 and update the volume used in QRAM calculations if actual volumes deviate more than 25% from this value, or in its next rebasing proceeding, should it seem reasonable to do so.

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 without Rate Mitigation

Rate Class	Change in Fixed Delivery	Change in Volumetric Delivery	Change in Rate Rider	Total Change	
				$	%
Rate 1- Residential	$6	$9	$100	$115	9%
Rate 1- Small Commercial	$6	$20	$247	$273	11%
Rate 1- Small Agricultural	$6	$29	$356	$391	12%

Other rate classes not shown in the table above experience bill increases of up to 16%.

Due to high bill impacts, ENGLP proposed rate mitigation. It proposed a 24-month disposition period instead of the 12-month period in its application for the UFGVA, S&TVA and TVA.

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

Table 11: Annual Bill Impact with Rate Mitigation

Rate Class	Change in Fixed Delivery	Change in Volumetric Delivery	Change in Rate Rider	Total Change	
				$	%
Rate 1- Residential	$6	$9	$41	$56	4%
Rate 1- Small Commercial	$6	$20	$107	$134	5%

Rate 1- Small Agricultural	$6	$29	$156	$191	6%

With the rate mitigation option, other rate classes not shown above experience bill increases of up to 9%.

OEB staff submits that the rate mitigation option is preferable as it limits rate shock for customers.

OEB staff is of the view that no draft rate order process is required. OEB staff submits that the latest inflation factor has already been applied in the IR Adjustment and any update to the Q4 interest rates[66] would result in an immaterial change to the deferral account balances[67]. 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~

[66] According to the OEB Prescribed Interest Rates, the 2026 Q3 interest rate is 2.55% and 2026 Q4 is 2.87%
[67] OEB staff has calculated that the difference due to interest rates is roughly $700 billed to customers.