39 Beech St E.
Aylmer, Ontario
Canada
epcor.com

November 12, 2026

Sent by EMAIL, RESS e-filing

Mr. Ritchie Murray
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Mr. Murray:

Re: EB-2026-0149: EPCOR Natural Gas Limited Partnership's ("ENGLP")
2027 Custom IR Update (Southern Bruce) - Phase 1
Reply Submission

Pursuant to Procedural Order No. 1, please find enclosed comments in response to the Consumers Council of Canada ("CCC") and OEB Staff submissions received.

ENGLP notes that the comments included in this submission focus on the allocation of deferral account balances and carrying charges. There does not appear to be objection from CCC or OEB Staff on recovery of the principal balances included in the application. As such, ENGLP has not included a comprehensive restatement of the position of its evidence. The reader can rely on previously filed evidence for such information.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

Digitally signed by Hesselink, Tim
Date: 2026.11.12 09:06:11 -05'00'

Tim Hesselink
Associate Director, Regulatory Affairs
EPCOR Natural Gas Limited Partnership
249-225-5104
thesselink@epcor.com

Topics:

1. Contribution in Aid of Construction Variance Account (CIACVA)..... 3

Reference: OEB Staff Submission - Page 3 3
Reference: CCC Submission - Page 2..... 3

2. Approved Deferral and Variance Account Disposition Account (ADVADA)..... 4

Reference: OEB Staff Submission - Page 13..... 4
Reference: OEB Staff Submission - Page 13-14 5
Reference: OEB Staff Submission - Page 14..... 7

3. Storage and Transportation Variance Account for Rates 1, 6 & 11 (S&TVA) 8

Reference: OEB Staff Submission - Page 16..... 8

4. Transportation Variance Account for Rate 16 (TVA) 10

Reference: OEB Staff Submission - Page 16.....10

5. Draft Rate Order..... 11

Reference: OEB Staff Submission - Page 20.....11

EPCOR Natural Gas Limited Partnership
EB-2026-0149 – Phase 1

Reply Submission

1. Contribution in Aid of Construction Variance Account (CIACVA)

Reference: OEB Staff Submission - Page 3

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.

Reference: CCC Submission - Page 2

We recognize that the CIACVA balance has been disposed of using the same allocator proposed by EPCOR in the current proceeding since 2022. However, CCC has not participated in the previous proceedings where the CIACVA balance was approved for disposition. In addition, EPCOR acknowledged that either of the rate base or Enbridge CIAC allocator is appropriate. CCC submits that the proposed allocator does not accurately reflect the allocation of Enbridge Gas-related capital contributions included in rates and should be corrected, and that the prior approvals do not preclude doing so in the current proceeding.

ENGLP Comments:

Given the historical approval precedent and that either option could be argued as appropriate, ENGLP has continued with its proposed methodology and would revise accordingly should it receive direction from the OEB.

Consistent with the CIACVA accounting order, ENGLP will propose to adjust its rate base to record the depreciated difference in capital contribution so as to appropriately reflect the finalized capital contribution paid in its rate base and revenue requirement commencing in 2029 in its next cost of service application[1] (2029 rates), which would then rely on updated cost allocation methodology for future recovery.

[1] EB-2026-0149, Application, Appendix D - CIAVCA Accounting Order, July 31, 2026, Page 123.

2. Approved Deferral and Variance Account Disposition Account (ADVADA)

Reference: OEB Staff Submission - Page 13

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. 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.

Footnote: 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.

ENGLP Comments:

The correct value is $53,758. The value included in the response to OEB Staff 9c) incorrectly omitted a $122 billing adjustment in Q1 2024 related to EB-2021-0216. The values on the DVA workbook are correct as they have included this adjustment. The rate riders have also been calculated correctly.

Reference: OEB Staff Submission - Page 13-14

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 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.

ENGLP Comments:

ENGLP staff have provided the calculations as requested but restate that the allocation methodology proposed by OEB Staff is not appropriate and is punitive (specifically to Rate 16 customers). The reasons are outlined below.

For reference, the tables below compare the methodologies. Those referred to as 'Staff IR' refer to an allocation of the December 2025 ADVADA balance on the historical approvals in the EB-2021-0216 and EB-2022-0184:

Table 1 - Staff IR (ADVADA allocation):

Unit	Row Sum	Rate 1	Rate 6	Rate 11	Rate 16
$	$183,487	$114,668	$38,215	$8,842	$21,762
%	100%	62%	21%	5%	12%
$	**$65,174**	**$40,730**	**$13,574**	**$3,141**	**$7,730**

Those referred to as 'Reply Sub' refer to the allocation proposed by OEB Staff as noted in the except above, specifically "*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".*

Table 2 - Reply Sub (Actual Consumption)

Unit	Row Sum	Rate 1	Rate 6	Rate 11	Rate 16
000's m3	54,892	9,490	2,565	2,668	40,170
%	100%	17%	5%	5%	73%
$	**$65,174**	**$11,267**	**$3,045**	**$3,168**	**$47,694**

Table 3 compared the two scenarios on a $ and % basis:

Table 3 - Variance

Unit	Row Sum	Rate 1	Rate 6	Rate 11	Rate 16
Staff IR	$65,174	$40,730	$13,574	$3,141	$7,730
Reply Sub	$65,174	$11,267	$3,045	$3,168	$47,694
%	0%	-72%	-78%	1%	517%
$	**$0**	**($29,463)**	**($10,529)**	**$27**	**$39,964**

- Referring specifically to Rate 16 in Table 1, ENGLP expected to recover $21,762 in EB-2021-0216 and EB-2022-0184.

- The methodology proposed by OEB Staff would result in an allocation of an additional $47,694 (Table 2) which exceed the amount originally allocated by $39,964.

Additionally, connecting this information back to the load forecast, the rate riders for Rate 16 customers were not calculated based on consumption, but were instead based on contract demand[2][3]. As a result, using consumption as an allocation does appropriately capture the contributions of Rate 16 in the ADVADA recovery.

Further, consistent with the necessity for the establishment of the CVVA, Rates 1 and 6 have historically been consuming less gas than anticipated in the original rate design. This has not been the case with Rate 16.

[2] EB-2021-0216 Decision and Rate Order (Phase 1), December 9, 2021, Page 20 of 27.
[3] EB-2022-0184 Decision and Rate Order (Phase 1), November 3, 2022, Page 17 of 21.

This indicates that the rate riders for the ADVADA account were based on the expectation of higher consumption for Rates 1 and Rate 6, which did not materialize. Based on these reasons, ENGLP does not support the allocation of the ADVADA balance using consumption.

ENGLP submits that the allocation as proposed (Staff IR version) is more consistent with the original assumptions used to allocate the disposition comprising the ADVADA balance and more appropriate to allocation the outstanding balance remaining.

Finally, ENGLP notes that the Southern Bruce rate design differs materially from Aylmer, particularly with respect to Rate 16 customers and the use of contract demand in determining rate rider recovery. As such, allocation approaches used in Aylmer are not directly transferable to Southern Bruce.

Reference: OEB Staff Submission - Page 14

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.

ENGLP Comments:

ENGLP submits that this is not entirely accurate. This is demonstrated on the Electricity Distributors IRM rate model, referring specifically to tab “3. Continuity Schedule”. For each year of “Disposition and Recovery/Refund of Regulatory Balances” related to 1595 accounts, any variance between amounts approved and amounts recovered are included in disposition requests and form part of the DVA rate riders in a subsequent period.

Therefore, while there is no direct true-up for volume differences, there indirectly is a true-up for monetary differences recovered from all rate classes.

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

Reference: OEB Staff Submission - Page 16

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…". 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.

ENGLP Comments:

ENGLP acknowledges that this is a complex deferral account with multiple layers of recovery.

This calculation relates to a second share of the December 31, 2024 balance of $3,737,227 (the "Long-Term Recovery"), comprised of the following:

- $150,009 was approved for recovery in EB-2025-0178 over a 12-month period, ending December 31, 2026; and
- This means that a principal balance of $3,587,718 is expected to remain in the S&TVA Long-Term Recovery as of December 31, 2026.

In ENGLP's view, it is not possible to calculate a monthly carrying charge amount. The purpose of this carrying charge calculation is to capture the carrying charges recoverable for ENGLP for holding the long-term balance for 2026.

The amounts recovered through the approved disposition in 2026 will not precisely equal the $150,009 values approved, nor will the amounts recovered be fully known until December 2026 consumption is billed in Q1 2027.

ENGLP acknowledges that the balance of the long-term asset is diminishing over 2026, but will not exceed the $150,009 (once the ADVADA deferral account process captures any delta on approved vs. recovered amounts).

ENGLP also notes that a linear monthly calculation would result in a similar carrying charge amount to the mid-year calculation ($136,253 vs. $136,486). Refer to Table 4 below for a calculation. The customer impact would be immaterial.

Table 4 - S&TVA Long-Term Balance 2026 Recovery (Linear)

	2026 JAN	2026 FEB	2026 MAR	2026 APR	2026 MAY	2026 JUN	2026 JUL	2026 AUG	2026 SEP	2026 OCT	2026 NOV	2026 DEC
Opening S&TVA Balance	$3,737,727	$3,725,226	$3,712,725	$3,700,225	$3,687,724	$3,675,223	$3,662,722	$3,650,222	$3,637,721	$3,625,220	$3,612,719	$3,600,219
Change in S&TVA Balance	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)	($12,501)
Closing S&TVA Balance	**$3,725,226**	**$3,712,725**	**$3,700,225**	**$3,687,724**	**$3,675,223**	**$3,662,722**	**$3,650,222**	**$3,637,721**	**$3,625,220**	**$3,612,719**	**$3,600,219**	**$3,587,718**
Monthly Interest Rate	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%
Opening Interest Balance	$0	$11,587	$23,135	$34,645	$46,115	$57,547	$68,940	$80,295	$91,611	$102,887	$114,126	$125,325
Monthly Interest Calculation	$11,587	$11,548	$11,509	$11,471	$11,432	$11,393	$11,354	$11,316	$11,277	$11,238	$11,199	$11,161
Closing Interest Balance	**$11,587**	**$23,135**	**$34,645**	**$46,115**	**$57,547**	**$68,940**	**$80,295**	**$91,611**	**$102,887**	**$114,126**	**$125,325**	**$136,486**

As a result, ENGLP submits that the usage of the mid-year point of the balance is an appropriate proxy for calculating carrying charges on the remaining principal balance of the Long-Term Recovery of the S&TVA.

4. Transportation Variance Account for Rate 16 (TVA)

Reference: OEB Staff Submission - Page 16

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…" 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.

ENGLP Comments:

Refer to Topic 3 above. The circumstances, assumptions and rationale are the same but only applicable to Rate 16 instead of Rates 1/6/11.

As a result, ENGLP submits that the usage of the mid-year point of the balance is an appropriate proxy for calculation of carrying charges on the remaining principal balance of the Long-Term Recovery of the TVA.

5. Draft Rate Order

Reference: OEB Staff Submission - Page 20

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 would result in an immaterial change to the deferral account balances.. However, OEB staff requests that ENGLP provide its views on the need for a draft rate order process in its reply submission.

ENGLP Comments:

ENGLP agrees with OEB Staff's review regarding immaterial changes to carrying charges.

ENGLP has included responses to four topics on this submission that could lead to changes in rate rider allocations compared to amounts included on the interrogatory responses.

Should the OEB determine that no changes are necessary to the rates as presented in the October 26th IR responses, ENGLP would agree with OEB Staff's view that no draft rate order process would be necessary. ENGLP would include the newly approved rates within the Q1 2027 QRAM application expected to be filed in December 2026.

Should the OEB determine that changes are necessary, a draft rate order process would be required. ENGLP would strive to file in short order in order to meet a January 1st implementation date.

All of which is respectfully submitted.