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February 24, 2020

Sent by Electronic Mail, Courier and RESS Electronic Filing

Ms. Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: EB-2019-0276: Reply Argument - Motion to Review and Vary the Phase 2 EPCOR Natural Gas Limited Partnership (ENGLP) 2020-2024 Rates Decision

Please find attached the Reply Argument of ENGLP in this matter. The document has been sent to all parties in the proceeding.

If you have any questions, please contact the undersigned.

Sincerely,

[Original signed by]

Daniela O’Callaghan
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EPCOR Utilities Inc.
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Enclosure

cc: All parties to EB-2019-0276

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by EPCOR
Natural Gas Limited Partnership for approval to change gas
distribution rates and other charges effective January 1, 2020
to December 31, 2024.

**REPLY ARGUMENT OF
EPCOR NATURAL GAS LIMITED PARTNERSHIP (“ENGLP”)**

**Motion to Review and Vary
the Phase 2 ENGLP 2020-2024 Rates Decision**

EB-2019-0276

February 24, 2020

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PART I – OVERVIEW OF ENGLP’S REPLY ARGUMENT

1. The prudence of the Putnam to Culloden Pipeline (defined below) and its recoverability in rate base are no longer in dispute.
2. Ontario Energy Board (“OEB” or the “Board”) Staff and the Vulnerable Energy Consumers Coalition (“VECC”) have submitted that, in light of the new evidence filed in this proceeding (including the Affidavit of Brian Lippold, affirmed December 4, 2019 (the “**Lippold Affidavit**”) and ENGLP’s responses to interrogatories), their views regarding the prudence of the project have changed. They have each filed submissions, which acknowledge that the Putnam to Culloden Pipeline was a priority project that contributed to resolving system pressure issues and is a recoverable capital project.¹ Furthermore, no party has challenged the cost of the project or the manner in which the costs have been allocated to the rate classes.²
3. Since there is now consensus among the parties that the Board should grant the relief requested through the within Motion, this reply submission will be brief and will address three key points for the Board to consider.
4. First, the new information filed on the Motion meets the new evidence test and should be fully considered by the Board. Mr. Lippold, a key management employee of the utility, was on an extended medical leave of absence which coincided with the time the utility sought to include the Four System Integrity Projects (defined below) in ENGLP’s rate base. Board Staff and VECC accept that Mr. Lippold was best placed to provide information on the prudence of the projects but was unavailable due to personal circumstances. As such, there is no dispute that this new evidence could not have been discovered by reasonable diligence and filed as part of the rates application.³
5. Second, the Lippold Affidavit and associated interrogatory responses introduced additional and compelling facts that further support the prudence of the Putnam to Culloden Pipeline. In particular, the Lippold Affidavit provides critical new information which further establishes that:

¹ Ibid.

² Board Staff Submission at page 13.

³ VECC Submission at page 5, para. 15. Board Staff Submission at page 7 and 10.

- (a) There were compelling reasons to construct the Putnam to Culloden Pipeline at the time Natural Resources Gas Limited (“**NRG**”) implemented the project, notwithstanding (i) that the project, as built, was not included in the March 2016 SNC-Lavalin Study (the “**SNC-Lavalin Study**”); and (ii) the need raised by the Board for the utility to address its reliance on premium priced natural gas; and
- (b) The Putnam to Culloden Pipeline had a material impact on system integrity.

6. Third, ENGLP maintains that the original evidence filed as part of the rates application was sufficient to establish that the Putnam to Culloden Pipeline was a prudently implemented and recoverable capital project. Accordingly, the Board erred in its Phase 2 Decision (defined below) when it determined that insufficient information had been provided on the utility’s prioritization of system integrity capital spending and on options considered to address these system integrity issues, and that the utility should have prioritized the reduction or elimination of locally produced premium priced gas. These findings were inconsistent with the information filed in the Phase 2 record.

7. Should the Board determine that there were no errors in fact with respect to the Phase 2 Decision, ENGLP submits that the new evidence has resolved any outstanding concerns or issues regarding the prudence and recoverability of the Putnam to Culloden Pipeline.

8. Accordingly, ENGLP respectfully submits that the Board should set aside the Phase 2 Decision and find that the capital cost of \$498,922 associated with the Putnam to Culloden Pipeline was prudently incurred and can be included in ENGLP’s 2020 rate base.

9. Finally, if the requested relief is granted, Board Staff has proposed that there would be no need to correct the Change Rate Order as the 2016-2017 System Integrity Capital Deferral Account (“**SICDA**”) can be used to record the revenue requirement impact of the Putnam to Culloden Pipeline and the resulting balance can be disposed of in the annual rate adjustment.⁴

⁴ Board Staff Submission, pages 13-14.

10. ENGLP disagrees with Board Staff's proposed approach; it adds additional administrative burden on both the utility and the Board, until such time as the project cost is brought into rate base and reflected in the rates.

11. ENGLP proposes that the Change Rate Order be adjusted a) to reflect rates effective April 1, 2020 that includes the \$498,922 of rate base associated with the Putnam to Culloden Pipeline (having been returned to rate base effective January 1, 2020); b) for the utility to implement a short duration fixed rate rider to recover the revenue requirement associated with this capital from January 1, 2020 through March 31, 2020 from customers in Rates 1 through 5; and c) for the SICDA, which currently has a balance of zero, to be closed and discontinued from use. The rate rider would recover a total revenue requirement of approximately \$11,025 including interest over a three month period. The Rate 1 residential customers' share would result in a fixed-rate distribution rate rider of approximately \$0.26/month, ending June 30, 2020.

PART II - BACKGROUND

12. On January 31, 2019, ENGLP filed its cost of service rate application in proceeding EB-2018-0336 for approval of a rate plan to set natural gas distribution rates for the period January 1, 2020 to December 31, 2024 (the "**Application**"). This was the first rate case filed by ENGLP since acquiring the utility from its predecessor, NRG.

13. On June 10, 2019, ENGLP filed a settlement proposal, wherein the parties agreed to defer the determination of a single issue, being the prudence of implementing four projects completed by NRG in 2016 and 2017 to address system integrity issues (the "**Four System Integrity Projects**").

14. In its Decision and Interim Rate Order, dated July 4, 2019, the Board accepted the settlement proposal and scheduled Phase 2 of the proceeding in order to review the prudence of implementing the projects, which were included in rate base pending completion of the review. ENGLP was also ordered to establish the SICDA to track the revenue requirement impact of the Four System Integrity Projects pending the outcome of the prudency review.

15. The Four System Integrity Projects cost approximately \$2.0 million and their associated 2020 net book (rate base) values are as follows:

- (a) \$402,639 for the Enbridge Gas (formerly Union Gas) Bradley Station project (the “**Bradley Station Project**”);
- (b) \$748,383 for the pipeline from the Bradley Station to the Wilson Line project (the “**Bradley to Wilson Line Project**”);
- (c) \$498,922 for the pipeline from the existing Putnam Station to Culloden Line project (the “**Putnam to Culloden Pipeline**”); and
- (d) \$265,015 for the extension of the Springwater Road pipeline from south of Orwell to John Wise Line project (the “**Springwater Pipeline**”).

16. In the Phase 2 proceeding, ENGLP filed additional evidence to demonstrate the utility’s prudence in implementing the Four System Integrity Projects which included: a) additional information on the distribution system and the Four System Integrity Projects;⁵ b) evidence filed with the Board in a number of previous proceedings;⁶ and c) responses to written interrogatories from Board Staff and VECC.

17. Board Staff and VECC filed submissions that supported recovery of costs associated with the Bradley Station Project and the Bradley to Wilson Line Project. However, they argued recovery of costs associated with the Putnam to Culloden Pipeline should be permanently denied, and that the Springwater Pipeline costs should be denied temporarily (in the view of Board Staff) or permanently (in the view of VECC).

18. In its Decision and Interim Rate Order, dated October 24, 2019, the Board supported recovery of the costs associated with the Bradley Station Project and the Bradley to Wilson Line

⁵ Phase 2 Evidence in proceeding EB-2018-0336.

⁶ Phase 2 Evidence at para. 7, states that ENGLP would rely on the record if the proceedings in EB-2000-0018, EB-2015-0308, EB-2016-0236 and EB-2018-0336 for the purposes of its additional evidence and argument.

Project, and approved inclusion of the Springwater Pipeline in rate base for the rate year following the transition to a fully market-based supply of gas, expected to be January 2021.

19. However, the Board disallowed the inclusion of the Putnam to Culloden Pipeline in rate base and noted that ENGLP could present evidence as part of its next cost of service rate application (for 2025 rates) to justify the overall usefulness of the project, and the benefit to the system and ratepayers (the “**Phase 2 Decision**”).

20. On November 14, 2019, the Board issued the Phase 2 rate order that excluded the net book value of the Putnam to Culloden Pipeline and Springwater Pipeline, for rates effective January 1, 2020 (the “**Change Rate Order**”).

21. On December 4, 2019 ENGLP filed a Notice of Motion to Review and Vary the Board’s Phase 2 Decision, in order to set aside the Board’s disallowance of the cost of the Putnam to Culloden Pipeline to its 2020 rate base and to stay the Change Rate Order pending a final determination on the motion (the “**Motion**”).

22. The Motion was brought on the basis that:

- (a) Facts that were not previously placed in evidence in the proceeding and could not have been discovered by reasonable diligence at the time are now available to ENGLP and should be considered by the Board; and
- (b) The Board committed errors of fact that raise doubts as to the correctness of the Phase 2 Decision and Order in EB-2018-0336.⁷

23. In support of the Motion, ENGLP filed the Lippold Affidavit, which, *inter alia*, provides Mr. Lippold’s account of the circumstances resulting in the implementation of the Putnam to Culloden Pipeline and the manner in which the project has a material impact on system integrity issues.

⁷ Motion, page 6, para. 10.

24. The Motion highlighted the following errors of fact, which formed part of the Board's reasons for disallowing the Putnam to Culloden Pipeline in ENGLP's 2020 rate base:⁸

- (a) The Board erroneously found that ENGLP provided insufficient information on how "*NRG prioritized system integrity capital spending for the distribution system and the criteria that it used to prioritize the spending*" on the Putnam to Culloden Pipeline;
- (b) The Board's failure to address NRG's critical examination of the substantially similar, yet inferior solution presented by SNC-Lavalin raises doubts as to the correctness of the Board's determination that ENGLP failed to provide sufficient "*evidence on what other options were, or should have been considered to address system integrity issues;*" and
- (c) The Board erred in its determination that NRG should have given greater priority to reducing or eliminating ENGLP's reliance on locally produced premium priced gas, rather than constructing the Putnam to Culloden Pipeline.

25. On December 17, 2019, the Board issued Procedural Order No. 1 and determined that it would dispense with the threshold question and hear the Motion on its merits. It also determined that should the Motion require any remedial measures, such as adding the contested project into rate base, that these can be implemented (including any retrospective impacts) through the SICDA.

26. On February 10, 2020, Board Staff and VECC filed submissions wherein they confirmed their support for including the costs of the Putnam to Culloden Pipeline in ENGLP's 2020 rate base, commencing January 1, 2020.⁹ However, both parties argue that the Board did not err in its Phase 2 Decision.

⁸ Phase 2 Decision, pages 11-12.

⁹ VECC Submission at page 5, para. 15. Board Staff Submission at page 6.

**PART III –THE LIPPOLD AFFIDAVIT SUPPORTS A FINDING THAT THE
PUTNAM to CULLODEN PIPELINE WAS PRUDENTLY IMPLEMENTED**

a. The Lippold Affidavit meets the New Evidence Test

27. ENGLP understands that in Procedural Order No. 1, the Board dispensed with the threshold question and confirmed that it would hear the Motion on its merits. However, for completeness, ENGLP has included the following brief section providing ENGLP’s reasons for why the Lippold Affidavit meets the new evidence test.

28. Mr. Lippold, in his capacity as General Manager of NRG, was a key management employee of this small utility. He was the principal person involved in addressing the low gas supply and system pressure issues in the northeast quadrant of the NRG system. Mr. Lippold provided direction to SNC-Lavalin throughout their work on the SNC-Lavalin Study, led discussions with Union Gas regarding alternatives regarding additional gas supply, and led the planning and implementation of the Putnam to Culloden pipeline.¹⁰ After ENGLP acquired the utility from NRG, Mr. Lippold, in his on-going role as General Manager, continued to be the source for knowledge and information regarding the project and decisions made regarding it as other staff members were not privy to many of the details.

29. However, Mr. Lippold was on a medical leave of absence which extended through the majority of the pre-filing assembly of evidence for the rates application, through the discovery and written hearing process, including the Phase 2 proceeding.¹¹ As a result, he was unavailable to provide information in support of the application.

30. The Lippold Affidavit meets the new evidence test as it contains new information that could not have been previously entered into evidence due to Mr. Lippold’s personal situation. This assertion is uncontested. Notably, Board Staff’s submission states that it “is prepared to accept the affidavit of Mr. Lippold as new evidence which could not have been reasonably discovered during the rates proceedings” and that in this case “the OEB should accept that the new information meets

¹⁰ Lippold Affidavit, page 1, paras. 1 and 7.

¹¹ Ibid.

the new evidence test”.¹² Similarly, VECC’s submission states that it accepts “at face value” that the new evidence was not previously available “due to the unrelated and unavoidable personal situation of Mr. Lippold.”¹³

b. There Were Compelling Reasons to Construct the Putnam x Culloden pipeline and it was Appropriately Identified as a Priority Capital Project

31. The Lippold Affidavit highlights that there were compelling reasons for NRG to construct the Putnam to Culloden Pipeline in September 2016.

32. To assist the Board in fully understanding the severity of the system integrity concerns presented by the low pressure issues in the Northeast quadrant of the NRG system (prior to the implementation of the Putnam to Culloden Pipeline) Mr. Lippold attests that:

- (a) The system’s control stations lacked an alarm mechanism, which required dispatch technicians and the Operations Manager to routinely work long overtime hours in dark, extreme cold weather conditions to physically monitor and preserve enough gas flow to avoid major service disruptions in the Northeast quadrant.¹⁴
- (b) In 2014, 2015 and 2016, NRG staff responded to approximately 55, 30 and 40 low pressure incidents respectively, outside of regular work hours.¹⁵
- (c) Serious risk of system outages can occur when pressure drops below 10 psi. Until the Putnam to Culloden Pipeline was completed, NRG regularly experienced pressures at or below 10 psi in the Northeast quadrant.¹⁶
- (d) Low pressure issues culminated in the interruption of service to several interruptible industrial customers in the Northeast quadrant, in the fall of 2014.¹⁷ Thereafter,

¹² Board Staff Submission, page 10.

¹³ VECC Submission, page 5, para. 15.

¹⁴ Lippold Affidavit page 4, paras. 12-13.

¹⁵ ENGLP IRR to OEB Staff #1(a).

¹⁶ ENGLP IRR to VECC #1(c).

¹⁷ Lippold Affidavit, page 5 paras. 18-19. See also, ENGLP IRR to VECC #1(a).

NRG had heightened concerns about possible outages to residential and other firm customers, which posed a safety, economic and reputation risk to the utility and its customers.

33. The Lippold Affidavit further supports the conclusion that NRG prioritized implementing an expeditious and effective solution to the low system pressure issues the Northeast quadrant of NRG's system to avoid service interruptions similar to or worse than those in the fall of 2014.¹⁸ NRG sought to eliminate the risk of: (a) customer service interruptions in the fall and winter months that posed a serious safety risk to the public and to its residential customers and could adversely impact crops and livestock of industrial-commercial customers; and (b) the health and safety risk to utility employees who needed to monitor and adjust system pressures in challenging work conditions.¹⁹

34. In doing so, NRG prudently explored at least five potential system integrity solutions through discussions with Union Gas, all with the goal of obtaining additional gas supply directly in the Northeast area. However, none of those options were deemed economical or viable.²⁰

35. Ultimately, the Putnam to Culloden Pipeline was implemented after additional gas supply was secured from Union Gas at the Bradley Station in March 2016. Following the availability of that additional gas supply, ENGLP conducted a preliminary take-off analysis and a detailed examination of two pipeline route options, the Putnam to Culloden Pipeline and a similar yet inferior option recommended in the SNC-Lavalin Study.²¹

36. The SNC-Lavalin Study, which recommended projects to address pressure issues in the Northeast and Southwest areas of the system, did not take into account the additional gas supply secured from Union Gas at the Bradley Station. ENGLP has explained that it did not ask SNC-

¹⁸ Lippold Affidavit, page 5, para. 21.

¹⁹ Lippold Affidavit, page 4, para. 15.

²⁰ Lippold Affidavit, pages 6-8, paras. 27-28.

²¹ Lippold Affidavit, pages 10-12.

Lavalin to revise its study to account for the additional gas supply from Union Gas because doing so would have delayed implementation of a solution to a serious safety and system integrity issue.²²

37. Fundamentally, the new evidence highlights that the Putnam to Culloden Pipeline could not have been deferred. A key responsibility of NRG management was to ensure the safe operation of the utility and in that regard it placed the highest priority on issues impacting public and employee safety. As low pressure issues in the Northeast quadrant of NRG's system posed the greatest safety risk at the time, management exercised its business judgment and determined that the Putnam to Culloden Pipeline was the best solution to expeditiously and effectively eliminate the utility's risk and resolve the system integrity issues.²³

38. In addition to impacting low system pressure issues, the evidence is unequivocal (and both VECC and Board Staff acknowledge) that the Putnam to Culloden Pipeline contributed secondary benefits, including (a) improved system reliability through a two-way feed which allows continuity of service during line maintenance and partial asset replacement; and (b) facilitated future unsubsidized growth that increases the number of customers who can be served natural gas.²⁴

39. Finally, while Board Staff now agrees that the Putnam to Culloden Pipeline was a prudent system integrity project, their submission also notes that the revised PI calculation for the project (which as per the EBO 188 Guidelines is 0.81), demonstrates that the project meets the minimum required PI for a distribution system expansion and "could have also qualified as a distribution system expansion project".²⁵

²² Lippold Affidavit, page 10, para. 32. See also ENGLP IRRs to OEB Staff #3(b).

²³ ENGLP IRR to OEB Staff IR #7(a), (b), and (d).

²⁴ Lippold Affidavit at page 11, para. 35 and page 15, para 53-59. See also VECC Submission, page 5, para. 14. See also Board Staff Submission, page 9, para. 9.

²⁵ Board Staff Submission, page 13.

c. Putnam to Culloden Pipeline had a Material Impact on System Integrity Issues

40. The Putnam to Culloden Pipeline was implemented to move gas supply from the West to the Northeast of NRG's system, into the Brownsville area, in order to alleviate the low system pressures in that area.²⁶

41. The Lippold Affidavit confirms that, prior to NRG securing additional gas volumes from Union Gas at the Bradley Station, gas from the Putnam Station had previously served the Aylmer area. Since NRG was receiving additional supplies through the Bradley Station and the Bradley to Wilson Pipeline was delivering traditional volumes to the West and Southwest areas of the system, gas could be diverted from the Putnam Station to achieve increased pressures in the Northeast area. NRG effectively redirected the gas from Putnam Station so that the gas flowed to Brownsville through the Putnam to Culloden Pipeline.²⁷

42. Although prudence reviews do not employ hindsight, the new evidence highlights that the Putnam to Culloden Pipeline did what it was intended to do by resolving the low system pressure issues in targeted areas and ensuring a safe and reliable source of natural gas. The Lippold Affidavit notes that the utility is "no longer observing significant low pressure issues in the Northeast quadrant near the Brownsville area" and that "[t]his observation is consistent with the modelling of the system completed by Cornerstone Energy Services in 2018."²⁸ Notably, during the winter of 2018-2019, there were no call-outs to technicians to respond to low pressure issues, as the Brownsville area did not register pressures below 60 psi.²⁹

PART IV- ORIGINAL APPLICATION WARRANTED A FINDING OF PRUDENCE

43. ENGLP maintains that the original evidence filed in the Phase 2 proceeding provided sufficient details regarding the system pressure issues experienced by NRG and adequately

²⁶ Lippold Affidavit, pages 11-13 paras. 36-44. See also ENGLP IRR to OEB Staff IR#6(a).

²⁷ ENGLP IRR to OEB Staff IR#6(a).

²⁸ Lippold Affidavit pages 14-15, paras 50-52.

²⁹ ENGLP IRR to OEB Staff IR #1(c).

explained the necessity of constructing the Putnam to Culloden Pipeline. Accordingly, there was sufficient evidence to find that the Putnam to Culloden Pipeline was prudently implemented.

44. The Board made three principal errors of fact in the Phase 2 Decision.

45. First, the Board erred in finding that ENGLP provided insufficient information on how NRG prioritized system integrity capital spending. The Phase 2 record reflects that NRG was driven to resolve dangerously low pressure issues in the Northeast area of the system and that the availability of additional gas at the Bradley Station from Union Gas (only after NRG escalated its challenges in obtaining additional gas supply by filing a failure to serve application with the Board against Union Gas) set in motion the implementation of the Four System Integrity Projects, including the Putnam to Culloden Pipeline.³⁰

46. Second, the Board erred in finding that ENGLP provided insufficient evidence on options considered, other than the Putnam to Culloden Pipeline, to address system integrity issues. The Phase 2 record reflects that: (a) NRG had presented and explored “a number of other options” with Union Gas in order to obtain additional gas supply to areas with critically low volumes, which included the Northeast area near Brownsville;³¹ and b) NRG critically examined and considered two pipeline route options that could have addressed the low pressure issues in the Northeast by comparing the Putnam to Culloden Pipeline to a substantially similar but inferior solution that was recommended in the SNC-Lavalin Study.³²

47. Third, the Board erred when it held that NRG should have given greater priority to reducing or eliminating its reliance on locally produced premium priced gas. The Phase 2 record reflects that: a) the Putnam to Culloden Pipeline was implemented to divert natural gas from the existing Putnam Station and to redistribute gas to the Northeast where dangerously low pressure issues were experienced;³³ b) modelling indicated that system integrity would be greatly improved by

³⁰ Phase 2 Evidence, page 4, paras. 6(d)-(j).

³¹ Phase 2 Evidence, page 8, paras. 6 and 7. The original evidence further highlights that NRG’s inability to find a resolution with Union Gas ultimately led to the filing of a *failure to serve application*, see para. 1 on page 8.

³² Phase 2 Evidence, pages 11 and 12, paras. 10-14.

³³ Phase 2 Evidence, page 10, para. 7 iii.

increasing gas supply to the area near Brownsville in the Northeast quadrant;³⁴ and c) NRG had experienced unacceptable, historic low pressures in northeast area the fall of 2014 and resolving these concerns in an expeditious manner was paramount for the utility.³⁵

48. Overall, the record demonstrated that NRG management exercised sound judgment and prudent management when determining which capital projects were most needed to operate a safe, reliable and efficient utility at that time. The motivating consideration behind the implementation of the Putnam to Culloden Pipeline, as with the other three system integrity projects, was the need to resolve the public safety concerns arising from severe low system pressures in crucial areas of the system.

PART V – THE CHANGE RATE ORDER

49. Board Staff's submission proposes that, should the Board order the net book value of the Putnam to Culloden Pipeline be included in ENGLP's 2020 rate base, there would be no need to correct the Change Rate Order and that the SICDA (approved in the Phase 1 settlement proposal) could be used to record the revenue requirement impact of the project, with the balance disposed in ENGLP's annual rate adjustment proceedings. Board Staff also submitted that any adjustment to rate base can be reviewed in the next rate application.

50. ENGLP respectfully disagrees with Board Staff's proposed implementation and submits that an adjustment to rate base should not be subject to further review in a subsequent rate application. This approach would add unnecessary complexity to an incentive rates proceeding, which is intended to be mechanistic. Rather, the most suitable time to adjust the rate base and rates is in the within proceeding.

51. The Phase 2 Decision equated to a revenue requirement disallowance for the Putnam to Culloden and Springwater pipelines of \$67,158.³⁶ The foregone revenue requirement attributable to the Putnam to Culloden pipeline is approximately \$11,025 including interest for the three month

³⁴ Phase 2 Evidence, page 10, para. 3.

³⁵ Phase 2 Evidence, pages 7-8, paras. 4-6.

³⁶ EB-2018-0336, Draft Rate Order (Phase 2), dated November 1, 2019, at page 6, table 3.

period ending March 31, 2020, which ENGLP proposes be recovered over a three month period starting April 1, 2020. The Rate 1 residential customers' share of this amount would result in a fixed-rate distribution rate rider of approximately \$0.26/month, ending June 30, 2020.

52. ENGLP urges the Board to reconsider the use of the SICDA as an implementation tool and proposes that the Board instead return the net book value of the Putnam to Culloden Pipeline into rate base, effective January 1, 2020 by:

- (a) Issuing a revised rate order for rates, effective April 1, 2020, which would include distribution rates that reflect the \$498,922 of rate base associated with the project;
- (b) Ordering the implementation of a short duration fixed-rate rate rider to enable recovery (from customers in Rates 1 through 5) of the foregone revenue requirement associated with the project, including prescribed interest, from January 1, 2020 to March 31, 2020; and
- (c) Ordering that the SICDA, which currently has a balance of zero, be closed and discontinued from use.

53. ENGLP submits that the above proposed approach allows for regulatory efficiency, brings this matter to a more prompt and fair conclusion for the utility and its ratepayers, and results in the least amount of administration for the utility, the Board and its staff over the next five years. Furthermore, the proposed rate rider would not unduly burden ENGLP ratepayers.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

February 24, 2020

[Original signed by]

EPCOR Natural Gas Limited Partnership
Per: Daniela O'Callaghan, Legal Counsel