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June 12, 2020

**Sent by EMAIL and RESS e-filing**

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

Dear Ms. Long:

**Re: Consultation on the Deferral Account – Impacts Arising from the COVID-19  
Emergency  
Submissions on Draft Issues List – EPCOR Natural Gas Limited Partnership  
("ENGLP")  
Ontario Energy Board ("OEB") File No. EB-2020-0133**

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The following are comments from ENGLP on the Draft Issues List for the OEB *Consultation on the Deferral Account – Impacts Arising from the COVID-19 Emergency*. For convenience, our submissions are grouped according to the Draft Issues List areas provided by the OEB in its May 14, 2020 letter.

ENGLP's comments are made with regard for the unique circumstances and regulatory context faced by ENGLP's Southern Bruce utility, as a result of its approved leave to construct application (EB-2018-0263), and its approved multi-year 2019-2028 rates application and 2020 incentive rates applications (EB-2018-0264, EB-2019-0264 respectively). ENGLP's revenue requirement approvals contemplate a 10-year rate stability period which runs from January 1, 2019 to December 31, 2028.

**A. Advance Ruling**

Pursuant to Issue #1(a), that the OEB make an advanced ruling as described more fully below under Section C – Accounting Matters.

**B. General Principles and General Comments Regarding the Draft Issues List**

ENGLP's overall view on the Draft Issues List is that the issues should be finalized such that they do not further narrow the issues or discriminate against utilities which face unique circumstances with respect to incremental costs and lost revenues.

At this time, ENGLP (Southern Bruce) primary focus is on completing construction of its natural gas system and meeting with customers so as to facilitate their connection in order to provide access to natural gas service.

At this stage, most if not all incremental costs incurred by ENGLP (Southern Bruce) due to COVID-19 would be the capital costs associated with completing the pipeline and connecting customers. Given that ENGLP's revenue requirement has been set on the basis of normal and reasonably expected operating conditions, ENGLP has or will be potentially exposed to additional unforeseen and unexpected capital costs undermining its ability to earn a fair rate of return over its rate stability period. ENGLP does have access to a Z-factor mechanism as part of its 2019-2018 rates decision for extraordinary and material events that are not within its control. However, this mechanism has specific features with respect to notice requirements and materiality.

ENGLP's faces potential lost revenues from (a) delayed customer connections when compared to forecasts made well prior to the emergence of the COVID-19 Emergency, and (b) the more conventional lost revenues which may be experienced by an operating utility once ENGLP (Southern Bruce) moves into its operating phase and is serving customers in the latter half of 2020.

### **C. Accounting Matters – Proposed Accounting Treatment**

ENGLP supports the June 11, 2020 submissions of Wataynikaneyap Power LP (WPLP) on delineating costs, and that it is important to distinguish incremental COVID-related costs from normal development and construction costs because of the different drivers underlying each set of costs and to facilitate the OEB's future review of the recorded amounts, and that utilities which have not commenced operations face unprecedented impacts distinct from operating utilities and which may otherwise be overlooked.

While ENGLP will reserve its submissions on the substantive issues to the Final Issues List and planned OEB stakeholder conference in late July 2020, distinguishing costs appropriately could be achieved by the definition of additional and appropriate sub-account(s) to account 1509 that:

- (a) Are sufficiently flexible as to scope, method of rate recovery and timing to permit ENGLP (Southern Bruce) to track incremental COVID-related capital costs for recovery without regard to materiality;

- (b) Allows for flexibility to allow recovery of recorded amounts as an expense or capital-related; and
- (c) Allows the utility to track lost revenues with respect to material changes to forecasted customer load as a result of the COVID-19 Emergency.

Such clarity could be provided by advanced policy direction with respect to Issue #1(a).

**D. Nature of Costs and Materiality and E. Recovery Mechanism and Timing**

Submissions in these areas are necessarily captured in section C of our comments.

Please feel free to reach out if you require additional information or if ENGLP can further elaborate on the comments above.

Sincerely,



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cc. Fiona O'Connell/Dan Gopic/Ted Antonopoulos, *OEB Staff*  
Susannah K. Robinson, Vice President, Ontario, *EPCOR Utilities Inc.*  
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