

BY EMAIL AND RESS

December 12, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON
M4P 1E4

Dear Ms. Marconi:

**Re: Enbridge Gas Inc.
2024-2028 Rates Application: EB-2024-0111
Comments on Decision on Settlement Proposal**

We write to offer some clarifying comments in relation to the Findings in the OEB's November 29, 2024 Decision on Settlement Proposal and Interim Rate Order (referred to in this letter as the "Decision"). This letter has been shared in advance with other parties to the Settlement Proposal, but the letter is solely on behalf of Enbridge Gas. and is not meant to signal agreement by any other party to the contents of the letter.

As a preliminary matter, we note with appreciation that the OEB has approved the Partial Settlement Proposal. There is no dispute or question with respect to the OEB's Order in that regard. Rather, we are writing to provide some context or clarification in relation to certain comments that the OEB included in its Findings section of the Decision.

Cost of Capital/ROE

In the section of the Decision titled "Cost of Capital", the OEB says that it is "unclear what purpose, if any, is served by footnote 4 to the Phase 2 settlement proposal". The OEB further states that it is unclear "on what basis Enbridge Gas can seek to circumvent the Phase 1 settlement proposal and the OEB's Phase 1 decision before its next rebasing application", by seeking implementation of a new ROE.

The noted footnote from the Settlement Proposal simply recognizes that the OEB is currently reviewing cost of capital issues, including ROE and equity thickness, in the EB-2024-0063 case. Issue #19 in that case asks "Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?". The "footnote" at issue from the Settlement Proposal simply reflects the existence of the open implementation issue in the cost of capital case, and the fact that this might have implications (positive or negative) for the Company's rates during the current IRM term. Essentially, if the OEB decides in the cost of capital case that changes should be made to either or both of ROE and equity thickness relevant to Enbridge Gas, and the OEB further directs that utilities should implement this change immediately (rather than at the next rebasing), then the Partial Settlement Proposal confirms the expectation of the parties that implementation would proceed mid-term of the current IRM term. To be clear, this is a joint

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position of all parties, not something that Enbridge Gas has inserted, and it is not an attempt to “circumvent” anything.

System Pruning/Integrated Resource Planning

The OEB notes in the Decision (at page 12) that the Settlement Proposal does not include any consequences for Enbridge Gas failing to comply with the commitments and representations made in relation to implementing one or two system pruning projects, or in relation to other IRP commitments such as pilot project applications. The OEB indicates its view that “nothing in the settlement proposal precludes the OEB from imposing consequences through the compliance process or the process that applies to the disposition of IRP-related deferral and variance accounts, in the event that Enbridge Gas fails to deliver on what it has agreed.” Enbridge Gas states there should be no pre-supposition that the Company will not meet its commitments for the system pruning projects, and no predetermination as any need for any consequences from the evidence yet to be presented about compliance with IRP directions. Importantly, there may be a variety of reasons out of Enbridge Gas’s control leading to timing issues. All of these items would be relevant in the OEB’s later considerations. There is no basis to conclude at this time that sanctions or disallowances would be an appropriate outcome.

We hope that the OEB receives these clarification comments in the spirit they are offered - as an effort to provide a full record on important items, including our response to the OEB’s comments around a lack of clarity on the Cost of Capital item.

Yours truly,

AIRD & BERLIS LLP



David Stevens

C: all parties in EB-2024-0111