

February 28, 2025

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2025-0064 - 2024 Rebasing – Phase 3
Application & Evidence**

On October 31, 2022, Enbridge Gas filed a cost of service and rebasing application for 2024 rates and for approval of an incentive rate-setting mechanism (IRM) for the following four years under EB-2022-0200. The Application was filed in two parts in Fall 2022. The majority of the evidence, which captured the revenue requirement and the IRM for 2025 to 2028, was filed on October 31, 2022. The balance of the evidence, which contained cost allocation and rate design, was filed on November 30, 2022.

Through the Phase 1 Settlement Agreement, the parties agreed to a new Phase 3 of the proceeding to address several cost allocation and rate design issues as well as issues relating to harmonized rate classes.

The OEB rendered its Phase 1 Decision and Order on December 21, 2023, and its Decision on the Interim Rate Order on April 11, 2024. Among other things, the Phase 1 Decisions included several directions for items that Enbridge Gas is expected to address and/or report on in Phase 3 of the Rebasing proceeding.

Phase 2 of this Application was filed on April 26, 2024, under EB-2024-0111. Parties settled the majority of issues and the OEB approved the Settlement Agreement on November 29, 2024. The Argument process for the three outstanding issues is expected to be completed in March 2025. Enbridge Gas does not expect that the Phase 2 Decision will have a direct impact on Phase 3.

Enbridge Gas held a Stakeholder Session (on October 24, 2024) to provide interested parties and OEB staff information about this proceeding and the opportunity to provide feedback on the Phase 3 proposals prior to filing this phase of the Application. In addition to Enbridge Gas, there were approximately 30 participants at the Stakeholder Session.

Enclosed is the evidence required to address the issues included in Phase 3. Those

issues include: (i) the Phase 1 issues that were deferred to Phase 3 as a result of the Phase 1 Settlement Agreement; (ii) the items from the Phase 1 Decisions;¹ and (iii) items from the Phase 2 Settlement Agreement that Enbridge Gas is expected to address and/or report on in Phase 3 of the Rebasing proceeding.

In Phase 3 of the 2024 Rebasing proceeding, Enbridge Gas is requesting approvals for several items, related primarily to harmonization of cost allocation, rates, services, and gas supply variance accounts. The Phase 3 requests include but are not limited to:

- Harmonization of cost allocation methodologies, rate classes and rate design based on one rate zone;
- Straight fixed variable rate design methodology for both general service and contract rate classes;
- A phased-in implementation plan to transition customers to new rate classes; and
- A new rate mitigation rider to phase in bill impacts over a five-year period.

The Administration exhibit provided at Phase 3 Exhibit 1, Tab 3, Schedule 1 provides background information and further detail of the evidence provided, with attachments containing the requested approvals, a list of OEB directives and past commitments addressed in evidence and a draft issue list, as follows:

- The requested approvals in Attachment 1 are mostly the same as what had been included in Phase 1 and reserved for Phase 3 (with any changes from the Phase 1 filing noted in evidence);
- The list of directives and commitments in Attachment 2 includes items from Phase 1 and Phase 2, and previous proceedings which are relevant to the issues in Phase 3; and
- The Phase 3 draft issue list in Attachment 3 includes previously defined issues from the initial issues list², some refined descriptions to reflect the Phase 3 issues, and an expanded issue for new directives.

A list of all Phase 3 exhibits is provided at Phase 3 Exhibit 1, Tab 1, Schedule 1. Enbridge Gas is not requesting confidential treatment for any of its evidence, so no process is needed to determine the status of the evidence and all interested parties will have immediate online access to the application materials.

As part of Phase 3, Enbridge Gas is requesting approval of rates effective upon the implementation of the harmonized rate classes in 2027. The total annual bill impacts for individual customers from the approvals requested in Phase 3 vary by rate zone and rate class. For a typical residential sales service customer, the total annual bill impacts result in:

- an increase of \$6.89 (or 0.5% of total bill) for a Rate 1 customer in the EGD rate zone;
- a decrease of \$45.08 (or 3.6% of total bill) for a Rate 01 customer in the Union North West rate zone;
- a decrease of \$209.30 (or 14.9% of total bill) for a Rate 01 customer in the Union North East rate zone; and

¹ Decision and Order and Decision on the Interim Rate Order.

² EB-2022-0200, Decision on Issues List and Procedural Order No. 2, January 27, 2023.

- an increase of \$51.89 (or 4.5% of total bill) for a Rate M1 customer in the Union South rate zone.

To smooth the total annual bill impacts resulting from the approvals requested in Phase 3, Enbridge Gas is proposing to provide rate mitigation over a five-year period from the proposed implementation date in 2027 to 2031. Enbridge Gas is proposing to limit the total bill impact to 2% on average for the current rate classes in the first year that customers transition to the harmonized rate classes and decrease the level of mitigation in equal amounts for each of four years following the first year. Including the rate mitigation, the total annual bill impacts for a typical residential sales service customer in the first year of implementation in 2027 result in:

- an increase of \$16.46 (or 1.3% of total bill) for a Rate 1 customer in the EGD rate zone;
- a decrease of \$35.51 (or 2.9% of total bill) for a Rate 01 customer in the Union North West rate zone;
- a decrease of \$199.73 (or 14.2% of total bill) for a Rate 01 customer in the Union North East rate zone; and
- an increase of \$22.84 (or 2.0% of total bill) for a Rate M1 customer in the Union South rate zone.

The implementation timing in 2027 depends on the timing and outcomes of the OEB Decision in this proceeding, as the work to complete the harmonization will occur following OEB approval. Enbridge Gas anticipates a lead time of approximately 1 to 2 years to implement all necessary changes following the OEB Decision in this proceeding to implement changes to the internal and customer-facing business applications, processes, and to provide notice to customers of changes to their services. As such, Enbridge Gas expects to file a more detailed implementation plan as part of its 2027 Rates Application, prior to the implementation of any approved harmonization changes. Enbridge Gas expects the 2027 Rates Application will also include a proposal for revenue adjustment resulting from the mid-year implementation of harmonized rate classes and rate design changes.

The proposed rates in this proceeding for the harmonized rate classes will be updated in accordance with any approved changes to 2024 rates, including any updates for Phase 2 of the proceeding, and the approved incentive rate-setting mechanism (IRM) adjustments beginning in 2025 until the date of implementation.

Enbridge Gas will post the evidence on its website at www.enbridgegas.com/about-enbridge-gas/regulatory. Enbridge Gas will send a copy of this letter, and a link to the website page, to all parties to the proceeding.

Sincerely,

Robin Stevenson

Robin Stevenson
Technical Manager, Strategic Applications – Rate Rebasing