ENBRIDGE

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June 17, 2025

VIA RESS AND EMAIL

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ritchie Murray:

Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2024-0125
2023 Utility Earnings and Disposition of Deferral & Variance Account Balances Application – Argument in Chief

In accordance with the OEB's Decision on Settlement Proposal and Procedural Order No. 4 issued on May 27, 2025, enclosed please find the Argument in Chief filed by Enbridge Gas.

In the event that you have any questions on the above or would like to discuss in more detail, please do not hesitate to contact me.

Sincerely,

Richard Wathy

Richard Wathy
Technical Manager, Regulatory Applications

cc.: D. Stevens (Aird & Berlis)
EB-2024-0125 Intervenors

EB-2024-0125

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Schedule B; and in particular section 36 thereof;

AND IN THE MATTER OF an Application for disposition of 2023 Deferral and Variance Accounts.

ENBRIDGE GAS INC.

ARGUMENT IN CHIEF

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A. OVERVIEW

1. Enbridge Gas Inc. (Enbridge Gas or the Company) seeks approval to clear the final balances of certain Enbridge Gas, EGD rate zone, and Union rate zones 2023 deferral and variance accounts (2023 Accounts). The balances of the 2023 Accounts are set out at Appendix A, with updated interest amounts reflecting a January 1, 2026 disposition.

2. The parties to this proceeding reached a full settlement on the clearance of the 2023 Accounts and filed a Settlement Proposal with the OEB. The OEB did not accept the Settlement Proposal, indicating concerns with certain aspects related to the Fugitive Emissions Measurement Plan (FEMP) and an associated new deferral account. The OEB also indicated questions about the interim disposition of 2023 unaccounted-for-gas (UFG) accounts. The OEB indicated that it will hear this Application in writing and directed Enbridge Gas to identify any matters of agreement between the parties that remain following the rejection of the Settlement Proposal.

3. Enbridge Gas understands that parties accept or do not dispute clearance of the balances of most of the 2023 Accounts, and there are only a small number of items at issue between the parties. These disputed items include the Getting Ontario Connected Act (GOCA) Variance Account and the accounts related to UFG for the years 2021 to 2023.

4. Enbridge Gas submits that the full balance in the GOCA Variance Account is reasonable and should be cleared. The OEB has previously determined that all utilities are entitled to recover incremental costs associated with the implementation of the GOCA (Bill 93). All of the costs recorded in the 2023 GOCA Variance Account are incremental to what was recovered in rates during the April to December 2023 period and were caused by the additional requirements of Bill 93, which imposed much shorter timelines for delivery of locates, along with administrative penalties for non-compliance.

5. Enbridge Gas submits that the full balances in the UFG accounts for 2021, 2022 and 2023 should be cleared, on a final basis. The 2021 and 2022 UFG accounts have already been cleared on an interim basis, pending Enbridge Gas filing further explanatory evidence. Enbridge Gas has provided comprehensive evidence, including expert reports, setting out the ongoing work being done to identify and reduce UFG. The UFG volumes for 2023 were lower than in 2021 and 2022. There are credit balances in two of the 2023 UFG accounts (and a

zero balance in the other one). Further, the Company's UFG volumes each year, and in total, are in line with UFG experienced by other large North American gas distributors.

6. The Company met its obligations from prior settlements to prepare and present a plan to investigate and measure fugitive emissions. Enbridge Gas has considered the OEB's comments about the Fugitive Emissions Measurement Plan (FEMP) and Fugitive Emissions Measurement Plan Deferral Account (FEMPDA) and has decided not to proceed with that initiative. In particular, the Company notes the OEB's concerns about whether the FEMP is needed, or whether it is a cost-effective activity.

7. In this Argument in Chief, Enbridge Gas sets out more details about its position on these disputed items. The Company is not providing submissions about the requested clearance of the other 2023 Accounts for reasons set out below. Should additional items be raised by parties in their arguments, then Enbridge Gas will respond in Reply Argument.

B. BACKGROUND

8. On May 31, 2024, Enbridge Gas filed its Application and prefiled evidence seeking clearance of the 2023 Accounts in conjunction with the January 1, 2025 QRAM Application.[1] The Application also included the Company's proposed FEMP and a request for a FEMPDA, as well as explanation for the $800,000 budget for the Indigenous Working Group (IWG) in 2025.

9. The OEB issued Procedural Order No. 1 on July 22, 2024, setting out the process for the case, up to and including a Settlement Conference.[2]

10. Enbridge Gas responded to 130 interrogatories from parties, including questions about most of the 2023 Accounts.[3] As a result, there is a full written record for the relief being requested.

11. A Settlement Conference was held in September 2024. This resulted in a full settlement of all issues, including the clearance of the 2023 Accounts. For the most part, the parties agreed upon the clearance of the 2023 Accounts on an as-filed basis. The exceptions were that, for the purposes of a full settlement, the parties agreed on a reduction to the balance in the 2023 GOCA Variance Account and that the 2023 EGD and Union rate zones UFG related accounts

[1] Application and Prefiled Evidence.
[2] Procedural Order No. 1.
[3] Enbridge Gas responses to interrogatories.

be cleared on an interim basis. The parties further agreed that the prior interim clearances of the 2021 and 2022 UFG accounts should now be treated as final. The parties also agreed on the Company's proposal for a 2025 FEMP, including a number of additional commitments related to reporting, Indigenous stakeholder involvement, and potential additional future scope. In conjunction with that agreement, the parties agreed to a 2025 FEMPDA for Enbridge Gas to recover implementation costs, with a cap of $2.6 million.

12. The parties filed the Settlement Proposal in October 2024.[4] In January 2025, the OEB issued its Decision on Settlement Proposal and Procedural Order No. 2, indicating concerns with the Settlement Proposal.[5] These concerns related to the FEMP and related FEMPDA, as well as the interim disposition of the 2023 UFG accounts. The OEB indicated that it accepted the settled balances in the 2023 Accounts, and the proposed approach for allocation and disposition of the balances. The OEB provided parties the opportunity to reconvene the Settlement Conference to address the OEB's concerns and reach an updated settlement.

13. On February 19, 2025, Enbridge Gas filed a letter on behalf of all parties asking the OEB to reconsider approval of the Settlement Proposal, explaining that it is a carefully crafted package of settled items involving compromises on a number of different items and taking into account that different parties have different priorities and areas of focus.[6] The parties submitted that, on the whole, the Settlement Proposal is in the public interest.

14. In Procedural Order No. 3, the OEB declined to approve the Settlement Proposal and provided the parties with a further opportunity to address the OEB's continuing concerns about the FEMP and whether it is needed.[7] The OEB set forth several questions for the parties to answer, related to the FEMP.

15. On March 18, 2025, Enbridge Gas filed a further letter on behalf of all parties addressing the questions raised by the OEB.[8] In the letter, the parties indicated that there is a range of views as to the need for and scope of the FEMP, but highlighted that all parties can agree that it is

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[4] Settlement Proposal and Draft Rate Order.
[5] Decision on Settlement Proposal and Procedural Order No. 2.
[6] Enbridge Gas letter dated February 19, 2025.
[7] Procedural Order No. 3.
[8] Enbridge Gas letter dated March 18, 2025.

a reasonable use of ratepayer funds for the Company to pursue the FEMP pilot as part of ongoing efforts to reduce UFG.

16. In its Decision on Settlement Proposal and Procedural Order No. 4, issued on May 27, 2025, the OEB confirmed that it does not accept the Settlement Proposal.[9] The OEB pointed to specific concerns with the 2025 FEMPDA as the reason for this rejection. The OEB noted that the Settlement Proposal is a "package" and therefore rejection of one part of the Settlement Proposal is to be treated as a rejection of the full agreement. As a result, the full Settlement Proposal was rejected.

17. In its Decision on Settlement Proposal, the OEB pointed to several specific concerns related to the 2025 FEMPDA. First, the OEB found that the $2.6 million expenditure cap for the FEMPDA signals that the costs do not meet the $3 million materiality threshold for establishment of a new deferral account during the Company's 2024-2028 IRM term.[10] Second, the OEB questioned the prudence of the expenditures, finding that Enbridge Gas's current leak survey program is compliant with regulatory requirements, and the Company already applies industry-standard methods.[11] The OEB found that "there is no evidence indicating that the [FEMP] pilot is needed or is a cost-effective option."[12]

18. In Procedural Order No. 4, the OEB directed parties to file written submissions on all approvals sought in Enbridge Gas's application. The OEB indicated that it expects that parties will advise in their submissions as to those matters on which they remain in agreement, and that it would be efficient for Enbridge Gas to identify any matters of agreement in its Argument in Chief.[13]

19. As explained in Enbridge Gas's March 18th letter, some of the compromises or adjustments from the Application set out in the Settlement Proposal are different from what some parties may seek if the relevant issue was adjudicated separately from the remaining issues.

[9] Decision on Settlement Proposal and Procedural Order No. 4.
[10] *Ibid*., pages 14-15.
[11] *Ibid*., page 16.
[12] *Ibid*.
[13] *Ibid*., page 2.

20. After receiving Procedural Order No. 4, Enbridge Gas communicated with all parties and indicated the positions that the Company plans to take in its Argument in Chief. Specifically, Enbridge Gas advised that it will be seeking approval to dispose of the 2023 Accounts on an as-filed basis in conjunction with the January 1, 2026 QRAM application. Enbridge Gas will request that the previous interim clearances of the 2021 and 2022 UFG accounts be treated as final. Enbridge Gas further indicated that after considering the OEB's comments in the recent Decisions and Procedural Orders No. 2 to 4, the Company does not plan to proceed with the FEMP and no longer requests any associated deferral account. Enbridge Gas indicated that it will seek approval or endorsement of the proposed 2025 IWG budget of $800,000. Finally, the Company confirmed that it is prepared to include the agreed additional reporting for the IRP Operating Costs Deferral Account as set out at page 10 of the Settlement Proposal.[14]

21. In response, Enbridge Gas was informed that some parties will take a different position from the Company in relation to the clearance of the as-filed balances for the 2023 GOCA Variance Account and the 2021-2023 UFG accounts. Otherwise, parties indicated no specific disputes with Enbridge Gas's proposal.

22. Enbridge Gas is not providing submissions on the 2023 Accounts that are not disputed. In this regard, the Company relies on: (i) the evidence filed in support of each account; (ii) the OEB's prior statement, in the January 28, 2025 Decision on Settlement Proposal and Procedural Order No. 2, that the OEB accepts the settled balances in 49 deferral and variance accounts[15]; and (iii) the lack of opposition from any other party to clearance of any of the 2023 Accounts on the basis as-filed, other than in relation to the 2023 GOCA Variance Account and the 2021-2023 UFG accounts. To assist the OEB in its review and consideration of the undisputed accounts, Enbridge Gas notes that the Settlement Proposal lists the evidence relevant to each 2023 Account and also includes some further context in relation to the clearance of several of these accounts.

[14] Exhibit N1, Tab 1, Schedule 1, page 10.
[15] Decision on Settlement Proposal and Procedural Order No. 2, page 1.

23. Should any party including OEB staff believe that further information or discussion on the undisputed 2023 Accounts is required, then Enbridge Gas will provide appropriate submissions in its Reply Argument.

C. DISPUTED ITEMS

24. In this Application, Enbridge Gas seeks clearance of the 2023 Accounts set out at Appendix A, with applicable interest as of January 1, 2026. Enbridge Gas also seeks confirmation that the 2025 budget for the IWG of $800,000 is acceptable.[16] Different from the prefiled evidence, Enbridge Gas no longer seeks approval of a FEMPDA and does not plan to proceed with work associated with the FEMP.

25. Enbridge Gas understands that other parties accept or do not dispute the clearance of most of the 2023 Accounts. The Company further understands that parties accept or do not dispute the 2025 IWG budget.

26. One or more parties have indicated that they do not accept the clearance of the 2023 GOCA Variance Account balance on an as-filed basis. Some partes have also indicated that they will challenge the clearance of the UFG accounts for 2021 to 2023 and may request that the OEB reduce the associated amounts for the 2021 and 2022 UFG accounts that were previously cleared on an interim basis. Parties have not specifically indicated whether they take a position on Enbridge Gas's decision not to proceed with the FEMP.

27. Enbridge Gas's position on these disputed items is set out below. The Company does not know why these items are disputed or what different outcomes other parties may propose. Enbridge Gas will provide responses in Reply Argument, once other parties have set out their positions and argument.

(i) 2023 GOCA Variance Account

28. Establishment of the GOCA Variance Account was approved on a generic basis by the OEB in EB-2023-0143. The purpose of the GOCA Variance Account is to track incremental locate costs resulting from the enactment of Bill 93 on April 14, 2022. The rationale for the GOCA Variance Account is that utilities are expected to experience additional costs not covered by

[16] Exhibit H, Tab 1, Schedule 2.

rates as a result of the legislative changes that shortened the timeline for locates and implemented penalties for non-compliance.[17]

29. When the OEB approved the establishment of a GOCA Variance Account for utilities, it stipulated the following in the associated Accounting Order:

> *This account includes costs incurred to enable the locate activities. Utilities are expected to track costs at a sufficiently detailed level to assist in a review of the costs incurred, materiality, and causation related to Bill 93 at the time of disposition. Specifically, utilities are to demonstrate that recorded amounts in their accounts are both incremental to the base rates and are a direct result of Bill 93.*[18]

The OEB further stipulated the entries to be made in the GOCA Variance Account should track the actual locate costs, as well as the "revenues" which are the O&M amounts for locates included in base rates escalated by the distributor's annual rate adjustments. The OEB also indicated that only amounts incurred on or after April 1, 2023, were to be recorded in this account.[19] This means that the 2023 GOCA Variance Account tracks costs for 9 months only.

30. Following OEB guidance, Enbridge Gas has employed a methodology to capture incremental locate costs that are directly attributable to Bill 93 on or after April 1, 2023. The balance of the 2023 GOCA Variance Account that is being requested for clearance is $31.903 million plus interest of $2.671 million for a total debit balance of $34.574 million. The background and methodology employed on arriving at this amount are outlined in detail in the prefiled evidence and interrogatory responses.[20]

31. Locate costs have increased due to the new legislated locate expectations resulting from Bill 93. Enbridge Gas's average locate delivery times were 13 days and 15 days in 2021 and 2022 respectively. Bill 93 confirmed a mandatory 5 day locate timeframe (different from the past "make all reasonable attempts" within 5 days expectation) and introduced an administrative penalties regime for non-compliance. To meet the mandatory 5 day locate delivery timeline, locate service providers (LSPs) were required to onboard a significant number of new locators, as well as increase locator wages to attract and retain qualified talent

[17] Exhibit C, Tab 1, page 23.
[18] October 31, 2023 Decision and Order on the Getting Ontario Connected Act Variance Account, at Schedule B.
[19] *Ibid.*, page 5.
[20] Exhibit C, Tab 1, pages 23-24.

under tight labour market conditions. LSPs renewed unionized labour contracts in 2022, and based on the new operating environment and industry recognition of locating as a highly skilled trade, unionized wages increased significantly. This increased wage cost resulted in higher contract service costs for Enbridge Gas and the other ~15 utilities in the Locate Alliance Consortium (LAC).[21]

32. As a result of LSPs onboarding additional locators and locator wage increases, locate costs are up significantly for Enbridge Gas. Bill 93 required Enbridge Gas to shave an average of 10 days off its locate delivery time and the only way to achieve this was to have more locators. This coincided with LSP union negotiations where labour rates increased significantly to match the industry skillset requirements, and to enable the attraction/retainment of specialized talent. This increase in locators and rates has caused the Enbridge Gas cost per locate to double. All of these costs resulted from the new demands of Bill 93.[22]

33. The locate costs include direct costs for the locate personnel performing the locate as well as additional costs for supervision and oversight where the excavations take place within the vicinity of vital natural gas infrastructure in the public right of way. This additional oversight prevents damages, energy outages, and protects the public and excavators by ensuring locates are recognized and proper procedures and safety controls are followed throughout the excavation process within the vicinity of the located vital assets.[23]

34. No internal Enbridge Gas administration costs are included in the locate costs considered in the calculation of the GOCA Variance Account balance.[24]

35. The hourly and total external contractor (LSP) costs went up substantially from 2021 to 2023. The evidence explains how the cost per locate from LSPs increased by around 111%, and the annual external cost per hour increased by around 78% from 2021 to 2023. At the same time, Enbridge Gas was in a deferred rebasing period, so its own cost recovery did not increase, except as provided within the annual rate adjustment.

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[21] Exhibit C, Tab 1, pages 24-25.
[22] Exhibit C, Tab 1, page 25.
[23] Exhibit C, Tab 1, page 25. Further detail is provided at Exhibit I.EP-8.
[24] Exhibit I.EP-7(c).

36. As described in evidence, Enbridge Gas has made ongoing efforts to limit locate costs and the positive impacts of those efforts are reflected in the actual costs incurred. Enbridge Gas continually evaluates the locating process and seeks to drive efficiencies and reduce overall locating costs. Enbridge Gas has increased locate savings annually through the locate screening center, alternate locate agreements (ALAs) with excavators, and dedicated locator agreements, totaling more than $13 million in 2023. ALAs are agreements with specific excavators permitting defined work without the need of an Enbridge Gas field locate. This reduces the total locates Enbridge Gas needs to complete and represents the majority of the 2023 savings quoted above. Additional efforts to reduce locate costs include excavator education campaigns, stakeholder engagement, emerging technologies, and process efficiencies.[25] Without these efforts, the balance in the 2023 GOCA Variance Account would be higher.

37. The observed locate cost increases are similar to what is now being reported by electricity distributors (LDCs). In recent cost of service rate case filings by Oshawa Hydro and Ottawa Hydro, requests have been made for recovery of GOCA Variance Account amounts for incremental locate costs arising from Bill 93. Like Enbridge Gas, each of these LDCs indicate that they have seen their locate costs increase very substantially in the most recent years.[26]

38. The tables below set out how Enbridge Gas calculated the balance recorded in the 2023 GOCA Variance Account.[27] Table 1 shows the calculation of the full year locate costs assumed to be included in rates for 2023. Table 2 shows the calculation of the amount of locate costs assumed to be included in rates from April to December 2023. Table 3 shows the amount recorded in the 2023 GOCA Variance Account, which is the difference between the amount assumed to be recovered in rates from April to December 2023 versus the actual locate costs for that period.

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[25] Exhibit I.OGVG-2(d) and Exhibit I.EP-9(b).
[26] Hydro Oshawa (EB-2025-0114), Exhibit 9, page 21-23; and Hydro Ottawa (EB-2024-0115), Exhibit 4, pages 22-25 and Exhibit 9, pages 40-42.
[27] The data and calculations and supporting rationale for information included in Tables 1-3 are taken from the prefiled evidence at Exhibit C, Tab 1, pages 26-28. Additional information about the underlying data is found at Exhibit I-CCC-3.

Table 1 – 2023 Full Year Locate Costs assumed in rates

Line No.	Calculation	Particulars	Amount
1.	A	2021 Actual Base Locate Costs	$34,464,465
2.	B	Price Cap adjustment (2022, 2023)	$1,740,593
3.	C=A+B	Inflation adjusted base Locate Costs	$36,205,058
4.	D	2021 Locate Volumes	1,068,953
5.	E=C/D	Inflation adjusted Base Cost per Locate	$33.87
6.	F	2023 Actual Locate Volumes	975,919
7.	G=E*F	Base Locate Costs (full year) assumed in rates for 2023	$33,054,030
8.	H	2021 Actual Vital Mains Supervision Costs	$3,300,909
9.	I	Price cap adjustment (2022, 2023)	$166,709
10.	J=H+I	Inflation adjusted Vital Mains Supervision Costs	$3,467,618
11.	K	2021 Vital Mains Supervision Volume (hours)	40,086
12.	L=J/K	Inflation adjusted Vital Mains Supervision costs per hour	$86.50
13.	M	2023 Actual Vital Mains Supervision Volume (hours)	57,046
14.	N=L*M	Base Vital Mains Supervision Costs assumed in rates for 2023	$4,934,734
15.	O=G+N	Total Locate Costs assumed in rates for 2023	$37,988,764

Table 2 – 2023 April to December Locate Costs assumed in rates

Line No.	Calculation	Particulars	Amount
1.	A	2023 Actual Base Locate Costs	$65,759,511
2.	B	2023 Actual Base Locate Costs for January to March	$7,684,636
3.	C=A-B	2023 Actual Base Locate Costs for April to December	$58,074,875
4.	D=C/A	Percentage of Base Locate Costs for April to December period	88.3%
5.	E	Base Locate Costs assumed in rates for 2023	$33,054,030
6.	F=D*E	Base Locate Costs assumed in rates for April to December period	$29,191,346
7.	G	2023 Actual Vital Mains Supervision Costs	$8,323,390
8.	H	2023 Actual Vital Mains Supervision Costs for January to March	$907,838
9.	I	2023 Actual Vital Mains Supervision Costs for April to December	$7,415,552
10.	J=I/G	Percentage of Vital Mains Supervision Costs for April to December period	89.1%

11.	K	Vital Mains Supervision Costs assumed in rates for 2023	$4,934,734
12.	L=J*K	Vital Mains Supervision Costs assumed in rates for April to December period	$4,396,500
13.	M=F+L	2023 Total Locate Costs assumed in rates for April to December period	$33,587,846

Table 3 – 2023 GOCA Variance Account Balance

Line No.	Calculation	Particulars	Amount
1.	A	2023 Actual Base Locate Costs for April to December period	$58,074,875
2.	B	2023 Actual Vital Mains Supervision Costs for April to December period	$7,415,552
3.	C=A+B	2023 Total Actual Locate Costs for April to December period	$65,490,427
4.	D	2023 Total Locate Costs assumed in rates for April to December period	$33,587,846
5.	E=C-D	Variance recorded in the 2023 GOCA Variance Account	$31,902,581

39. Enbridge Gas proposes to allocate the 2023 GOCA Variance Account balance between rate zones based on the relative number of locates completed within each rate zone during 2023.[28] The proposed cost allocation methodology to dispose of the GOCA Variance Account to rate classes in each rate zone is described in evidence[29] and interrogatory responses[30]. At a high level, the proposed approach considers and applies the proportion of system operating expenses allocated to each rate class.

(ii) UFG Accounts

40. During the 2019-2023 deferred rebasing term, Enbridge Gas had three variance accounts related to UFG.

41. The EGD Rate Zone Unaccounted for Gas Variance Account (UAFVA) tracked the cost associated with the volumetric variances between the actual volume of UFG and the OEB approved UFG forecast.[31]

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[28] Exhibit C, Tab 1, page 28.
[29] Exhibit F, Tab 1, page 4.
[30] Exhibit I.CCC-5.
[31] Exhibit D, Tab 1, page 6.

42. For the Union Rate Zones, there were two UFG accounts. The Unaccounted for Gas Volume Variance Account (UFGVVA) tracked the difference between the cost of UFG recovered in rates as previously approved by the OEB and the actual UFG costs incurred annually. The UFGVVA had a $5 million deadband, meaning that variances less than that amount were managed by the Company. The Unaccounted for Gas Price Variance Account (UFGPVA) tracked the variance between the average monthly price of the Company's gas purchases for the Union Rate Zones and the applicable OEB-applied reference price, applied to the Company's actual UFG volumes for the Union Rate Zones. These price variances are initially recorded in the PGVA but then transferred to the UFGPVA to ensure that the appropriate group of ratepayers pays the costs.[32]

43. In the current proceeding, Enbridge Gas seeks clearance of the 2023 UFG accounts, two of which are credit balances in favour of ratepayers, with the third account having a zero balance. The UFG accounts from 2021 and 2022 were cleared previously, but on an interim basis with Enbridge Gas agreeing to file additional information in subsequent cases.

44. In the 2021 Deferral Account Clearance Application (EB-2022-0110), Enbridge Gas filed evidence explaining the balances in the 2021 UFG accounts. The balance in the 2021 (EGD) UAFVA was $0.8 million. The balance in the 2021 (Union) UFGVVA was $20.5 million, after Enbridge Gas absorbed the first $5 million in additional UFG costs. The balance in the 2021 (Union) UFGPVA was $8.2 million.

45. In the Settlement Proposal for the 2021 Deferral Account Clearance Application, parties agreed to the clearance of the 2021 UFG accounts on an as-filed basis with no adjustments. The parties further agreed that the clearance of the 2021 UFG accounts was on an interim basis "until further clarification about the calculation of UFG is provided in the 2022 Earnings Sharing and Deferral and Variance Account Clearance Application". In that regard, Enbridge Gas agreed to provide the following as part of its evidence for the 2022 proceeding[33]:
    i. Detailed evidence on the derivation of UFG balances, including evidence on items such as: (a) the process used to determine forecast and actual UFG at the end of each year and the beginning of the following year, (b) the way that UFG is determined on an

[32] Exhibit E, Tab 1, page 46.
[33] EB-2022-0110 Decision on Settlement Proposal and Rate Order, pages 4, 5, 20 and 31.

ongoing basis as forecast (unbilled) volumes are billed, and (c) the impact of billing adjustments on UFG.

ii. A continuity schedule showing forecast and actual UFG on a monthly basis for 2020, 2021 and 2022.

46. In the 2022 Deferral Account Clearance Application (EB-2023-0092), Enbridge Gas sought clearance of the 2022 UFG accounts. The balance in the 2022 (EGD) UAFVA was $41.4 million. The balance in the 2022 (Union) UFGVVA was $40.0 million, after Enbridge Gas absorbed the first $5 million in additional UFG costs. The balance in the 2022 (Union) UFGPVA was $9.8 million.

47. Enbridge Gas filed detailed evidence in support of the clearance of the 2022 UFG accounts, including evidence that was fully responsive to the commitments from the prior case.[34] The evidence included information comparing the Company's UFG results with other utilities, and detailed information for each of the EGD and Union Rate Zones about how the Company accounts for UFG over year-end, and how billing adjustments impact UFG. The Company's evidence in the 2022 proceeding also included a "Progress Report" from ScottMadden (an outside consultant) about the Company's progress in implementing previous recommendations for addressing UFG[35], along with a "Supplemental Progress Report" setting out further steps taken by Enbridge Gas[36]. These reports confirm that Enbridge Gas has been taking active and appropriate actions to monitor and manage UFG. The evidence confirms that the Company's experienced UFG is lower than comparative gas utilities.[37]

48. In the Settlement Proposal for the 2022 Deferral Account Clearance Application, parties agreed to the clearance of the 2022 UFG accounts on an as-filed basis with no adjustments. The parties further agreed that the clearance of the 2022 UFG accounts was on "an interim basis until further evidence describing the Company's ongoing review and investigation of UFG is filed in the 2023 Deferral Account Clearance Application". In that regard, Enbridge Gas agreed to provide the following as part of its evidence for the 2023 proceeding. [38]

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[34] EB-2023-0092 Application and prefiled evidence, Exhibit D, Tab 1, pages 6-21 and Exhibit E, Tab 1, pages 28-45. See also Exhibit D, Tab 1, Attachments 1 and 2.
[35] EB-2023-0092, Exhibit D, Tab 1, Attachment 1.
[36] EB-2023-0092, Exhibit D, Tab 1, Attachment 2.
[37] EB-2023-0092, Exhibit D, Tab 1, page 10.
[38] EB-2023-0092 Decision on Settlement Proposal and Rate Order, pages 5, 29 and 30.

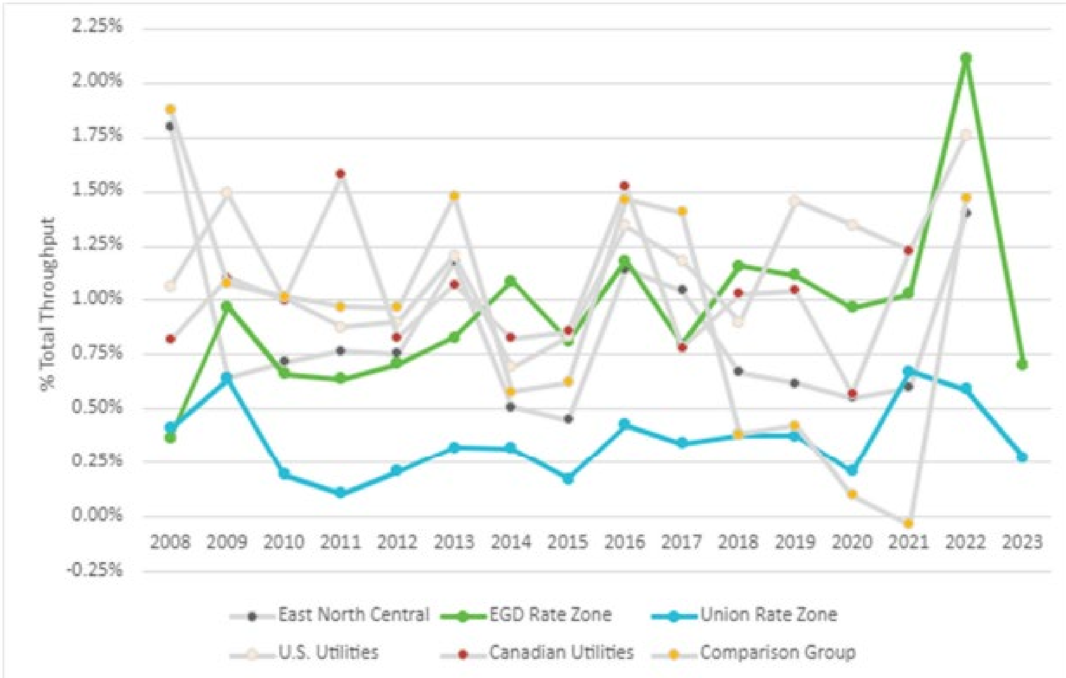
i. Detailed evidence will be filed about the items learned and future plans arising from the ongoing review and investigation of UFG, including (without limitation): (a) the work completed by Enbridge Gas during 2023 and 2024 and the resulting observations and learnings, (b) the impact on UFG from "no bill" customers / volumes that are later billed, (c) the role, if any, played by line pack in transmission and other high pressure systems in the incidence and determination of UFG, (d) the Company's investigation plan for assessing fugitive emissions, as agreed in the EB-2022-0200 (Rebasing Phase 1) Settlement Proposal.

49. In this 2023 Deferral Account Clearance Application, Enbridge Gas filed evidence in support of the clearance of the 2023 UFG accounts, along with evidence that is fully responsive to the commitments made in the 2022 proceeding.[39] This very detailed evidence, totaling more than 50 pages, explains the steps taken by Enbridge Gas to manage UFG. This includes information about the further work being undertaken to investigate root causes of UFG and to implement a sustainment and governance model for UFG for the utility. The evidence also includes explanations and examples of the processes used to determine UFG volumes.

50. An updated UFG benchmark analysis filed by Enbridge Gas in this proceeding confirms that the Company continues to experience UFG that is, on average, lower than peer utilities. The benchmark analysis further confirms that all utilities see UFG fluctuate over time, with increases in some years often followed by decreases in subsequent years. Over time, as shown below, the Company's experienced UFG has been at levels that are lower or similar to its peers.[40] Notably, all utilities experienced a spike in UFG levels in 2022, similar to what was seen for the Enbridge Gas Rate Zones. This was followed by substantially lower UFG levels in 2023, similar to Enbridge Gas's experience.

[39] Exhibit D, Tab 1, pages 5-58.
[40] Reproduced from Exhibit D, Tab 1, page 11.

UFG Benchmark Analysis



51. The Company's evidence in this 2023 Deferral Account Clearance Application also includes the response to its commitment to determine a way to measure and monitor fugitive emissions. Enbridge Gas presented a report from Highwood Emissions Management Inc. (Highwood) that reviews the Company's current measurement and inventory of fugitive emissions and provides recommendations to develop a measurement-informed inventory starting with a pilot investigation plan.[41] Highwood's report estimates annual costs for system-wide implementation of different measurement approaches that total USD $10 million to $30 million per year, depending on the approach chosen. Based upon the Highwood report, Enbridge Gas prepared and presented evidence about its proposed FEMP Project.[42] Enbridge Gas proposed that before proceeding with full implementation, a FEMP pilot could be undertaken to test the recommended technology. The forecast cost of the pilot was in the range of $2.6 million.[43]

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[41] Exhibit D, Tab 1, Attachment 1.
[42] Exhibit D, Tab 1, pages 58-68.
[43] Exhibit D, Tab 1, pages 64-66.

52. Enbridge Gas submits that it is appropriate for the clearance of the balances in the 2021 and 2022 UFG accounts to be declared final.

53. As explained above, Enbridge Gas has satisfied its commitments to provide further detailed information about UFG issues that was stipulated as being expected in connection with the 2021 and 2022 UFG accounts being cleared on an interim basis. Enbridge Gas has already absorbed $10 million in UFG costs for those years, based on the deadband mechanism for the (Union) UFGVVA. Enbridge Gas has shown, and continues to demonstrate, a commitment to monitoring and seeking to reduce UFG where possible.

54. There is no reasonable basis for continuing to treat the clearances of the 2021 and 2022 UFG accounts as interim. Moreover, it is not reasonable, many years after the fact, to make adjustments to the balances of those accounts where timely evidence has already been provided each year to explain the basis and justification for the accounts. Enbridge Gas has filed evidence from a third party indicating that its management and approach to UFG is appropriate. Enbridge Gas continues to strive to manage UFG, but by its very nature (being unaccounted for), UFG volumes are hard to control.

55. Enbridge Gas requests that the 2023 UFG accounts be cleared on a final and as-filed basis.

56. In the EGD Rate Zone, the actual UFG experienced was lower than the forecast UFG volume recovered in rates. This results in a credit balance of $6.9 million in the 2023 UAFVA, to be refunded to ratepayers with interest.[44]

57. In the Union Rate Zones, there is no balance in the 2023 UFGVVA, because the variance between the amount included in rates and the actual UFG costs was $3.9 million, which is less than the $5 million deadband for the account. In the result, Enbridge Gas absorbed $3.9 million of UFG costs for the Union Rate Zones in 2023.[45] The balance in the 2023 UFGPVA is a $0.6 million credit for ratepayers.[46] This reflects the fact that the actual average monthly prices of gas purchases for the Union Rate Zones was modestly lower than the OEB-approved reference prices.

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[44] Exhibit D, Tab 1, page 5.
[45] Exhibit E, Tab 1, page 25.
[46] Exhibit E, Tab 1, page 30.

58. The 2023 UFG accounts at issue in this current proceeding have balances that are credits (benefits) to ratepayers. The Company is not aware of any calculation or other issues with the determination of these accounts.

59. In the Settlement Proposal in this proceeding, parties agreed that the Company should proceed with its FEMP pilot, with several additional components. Parties supported Enbridge Gas's proposed FEMP Deferral Account, with a maximum expenditure of $2.6 million. Parties agreed that clearance of the 2023 UFG accounts would be treated as interim until further evidence about investigation of fugitive emissions is provided in the 2024 Deferral Account Clearance Application. In connection with the overall settlement of UFG accounts, parties agreed that the clearance of the 2021 and 2022 UFG accounts would now be considered final.

60. As already discussed, the OEB indicated its concerns related to the FEMP proposal that was included as part of the Settlement Proposal in Procedural Orders No. 2 to 4. The OEB expressed doubts as to whether the FEMP is required and denied the proposal for Enbridge Gas to have a deferral account to record and recover associated costs. In coming to this conclusion, the OEB noted that Enbridge Gas's current leak standard program is compliant with industry standards, and that the FEMP goes beyond current regulatory requirements and standard practices.[47] The OEB further observed that it does not set industry standards for fugitive emissions.[48] The OEB relied on the parties' acknowledgement that there is no mandatory requirement for further study of fugitive emissions, and no guarantee that the investigation plan will reduce UFG costs for customers.[49] Enbridge Gas acknowledges and accepts the OEB's findings, which appear rooted in the OEB's mandate to determine just and reasonable rates and protect consumers with respect to prices of gas service.

61. In Procedural Order No. 2, the OEB also questioned why the clearance of the 2023 UFG accounts should be on an interim basis.

62. Taking all of this into account, Enbridge Gas is no longer planning to proceed with the FEMP and is not requesting approval of an associated deferral account. Enbridge Gas agrees with

[47] Decision on Settlement Proposal and Procedural Order No. 4, page 16.
[48] Decision on Settlement Proposal and Procedural Order No. 2, page 10.
[49] Decision on Settlement Proposal and Procedural Order No. 4, page 16.

the OEB that it is appropriate for the 2023 UFG accounts (which are a credit to ratepayers) to be cleared on a final basis.

D. ALLOCATION AND TIMING FOR DISPOSITION OF 2023 ACCOUNTS

63. Enbridge Gas requests that the principal balances in the Deferral and Variance Accounts for Enbridge Gas, the EGD Rate Zone and the Union Rate Zones, along with applicable interest, as set out in columns 1 to 3 of Appendix A to this Argument in Chief, be recovered or refunded to customers as a one-time billing adjustment in the month of January 2026, in conjunction with Enbridge Gas's January 1, 2026 QRAM Application.

64. Enbridge Gas proposes to use the method for allocating and disposing of the account balances that is described in Exhibit F of the prefiled evidence.

E. RELIEF REQUESTED

65. Enbridge Gas respectfully requests that the OEB approve the clearance of the 2023 Accounts as set out in Appendix A, to be cleared in conjunction with the January 1, 2026 QRAM Application.

66. Enbridge Gas further requests that:
   i. The clearance of the 2021 and 2022 UFG accounts be considered to be final; and
   ii. The OEB approve, endorse or acknowledge the $800,000 IWG budget for 2025.

All of which is respectfully submitted this 17th day of June 2025.

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David Stevens, Aird & Berlis LLP
Counsel to Enbridge Gas

ENBRIDGE GAS
DEFERRAL & VARIANCE ACCOUNT
ACTUAL & FORECAST BALANCES

				Col. 1	Col. 2	Col. 3	Col.4
				Forecast for clearance at January 1, 2026			
Line No.	Account Description	Account Acronym		Principal ($000's)	Interest ($000's)	Total ($000's)	Reference to Evidence
	EGD Rate Zone Commodity Related Accounts						
1.	Storage and Transportation D/A	2023 S&TDA		18,705.8	2,121.8	20,827.6	D-1, Page 2
2.	Transactional Services D/A	2023 TSDA		(41,738.1)	(3,516.5)	(45,254.6)	D-1, Page 4
3.	Unaccounted for Gas V/A	2023 UAFVA		(6,922.7)	(469.8)	(7,392.5)	D-1, Page 6
4.	Total Commodity Related Accounts			(29,955.0)	(1,864.5)	(31,819.5)	
	EGD Rate Zone Non Commodity Related Accounts						
5.	Average Use True-Up V/A	2023 AUTUVA		14,307.1	1,205.3	15,512.4	D-1, Page 10
6.	Gas Distribution Access Rule Impact D/A	2023 GDARIDA		-	-	-	D-1, Page 23
7.	Deferred Rebate Account	2023 DRA		2,132.7	249.7	2,382.4	D-1, Page 12
8.	Transition Impact of Accounting Changes D/A	2023 TIACDA		-	-	-	D-1, Page 1
9.	Electric Program Earnings Sharing D/A	2023 EPESDA		-	-	-	D-1, Page 23
10.	Open Bill Revenue V/A	2023 OBRVA		-	-	-	D-1, Page 23
11.	Ex-Franchise Third Party Billing Services D/A	2023 EXFTPBSDA		-	-	-	D-1, Page 23
12.	OEB Cost Assessment V/A	2023 OEBCAVA		3,732.8	411.6	4,144.4	D-1, Page 13
13.	Dawn Access Costs D/A	2023 DACDA		-	-	-	D-1, Page 16
14.	Incremental Capital Module D/A - EGD	2020-2023 ICMDA		(4,909.0)	(376.4)	(5,285.4)	C-1, Page 1
15.	RNG Injection Service V/A	2022-2023 RNGISVA		(331.5)	(138.4)	(469.9)	D-1, Page 23
16.	Pension and OPEB Forecast Accrual vs. Actual Cash Payment Differential V/A	2023 P&OPEBFAVACPDVA		-	-	-	D-1, Page 23
17.	Total EGD Rate Zone (for clearance)			(15,022.9)	(512.6)	(15,535.5)	
	Union Rate Zones Gas Supply Accounts	OEB Account Number					
18.	Upstream Transportation Optimization	179-131	2023	8,087.2	681.4	8,768.6	E-1, Page 6
19.	Spot Gas Variance Account	179-107	2023	-	-	-	E-1, Page 58
20.	Unabsorbed Demand Costs Variance Account	179-108	2023	41.5	39.1	80.6	E-1, Page 1
21.	Base Service North T-Service TransCanada Capacity	179-153	2023	79.0	7.9	86.9	E-1, Page 52
22.	Total Gas Supply Accounts			8,207.7	728.3	8,936.0	
	Union Rate Zones Storage Accounts						
23.	Short-Term Storage and Other Balancing Services	179-70	2023	1,637.5	138.0	1,775.5	E-1, Page 8
	Union Rate Zones Other Accounts						
24.	Normalized Average Consumption	179-133	2023	(3,650.8)	(308.4)	(3,959.2)	E-1, Page 13
25.	Deferral Clearing Variance Account	179-132	2023	3,372.3	313.6	3,685.9	E-1, Page 21
26.	OEB Cost Assessment Variance Account	179-151	2023	1,630.3	179.0	1,809.3	E-1, Page 49
27.	Unbundled Services Unauthorized Storage Overrun	179-103	2023	-	-	-	E-1, Page 58
28.	Gas Distribution Access Rule Costs	179-112	2023	-	-	-	E-1, Page 58
29.	Conservation Demand Management	179-123	2023	-	-	-	E-1, Page 58
30.	Parkway West Project Costs	179-136	2023	(696.4)	(69.1)	(765.5)	E-1, Page 25
31.	Brantford-Kirkwall/Parkway D Project Costs	179-137	2022	(3.1)	(0.5)	(3.6)	E-1, Page 29
32.	Lobo C Compressor/Hamilton-Milton Pipeline Project Costs	179-142	2023	267.8	18.1	285.9	E-1, Page 41
33.	Lobo D/Bright C/Dawn H Compressor Project Costs	179-144	2023	66.0	(37.5)	28.5	E-1, Page 44
34.	Burlington-Oakville Project Costs	179-149	2023	(43.3)	(4.4)	(47.7)	E-1, Page 47
35.	Panhandle Reinforcement Project Costs	179-156	2023	(1,884.1)	(201.1)	(2,085.2)	E-1, Page 53
36.	Sudbury Replacement Project	179-162	2023	-	-	-	E-1, Page 58
37.	Parkway Obligation Rate Variance	179-138	2023	-	-	-	E-1, Page 58
38.	Unauthorized Overrun Non-Compliance Account	179-143	2023	(45.5)	(5.6)	(51.1)	E-1, Page 58
39.	Incremental Capital Module D/A - UGL	179-159	2019-2023	(383.7)	(515.4)	(899.1)	C-1, Page 1
40.	Pension and OPEB Forecast Accrual vs. Actual Cash Payment Differential V/A	179-157	2023	-	(6,207.7)	(6,207.7)	E-1, Page 56
41.	Unaccounted for Gas Volume Variance Account	179-135	2023	-	-	-	E-1, Page 31
42.	Unaccounted for Gas Price Variance Account	179-141	2023	(629.1)	(150.8)	(779.9)	E-1, Page 38
43.	Total Other Accounts			(1,999.6)	(6,989.9)	(8,989.5)	
44.	Total Union Rate Zones (for clearance)			7,845.6	(6,123.6)	1,722.0	
	EGI Accounts						
45.	Earnings Sharing D/A	179-382	2023	-	-	-	C-1, Page 1
46.	Tax Variance - Accelerated CCA - EGI	179-383	2023	(28,483.3)	(3,550.9)	(32,034.2)	C-1, Page 12
47.	IRP Operating Costs Deferral Account	179-385	2023	3,080.2	340.7	3,420.9	C-1, Page 15
48.	IRP Capital Costs Deferral Account	179-386	2023	-	-	-	C-1, Page 1
49.	Green Button Initiative D/A	179-387	2023	-	-	-	
50.	Cloud Computing Implementation Costs D/A	179-332	2023	-	-	-	
51.	Getting Ontario Connected V/A	179-324	2023	31,902.6	2,671.3	34,573.9	
52.	Expansion of Natural Gas Distribution Systems V/A	179-380	2023	-	-	-	C-1, Page 1
53.	Accounting Policy Changes D/A - Other - EGI	179-381	2019-2023	5,511.3	215.9	5,727.2	C-1, Page 2
54.	Impacts Arising from the COVID-19 Emergency D/A - EGI	179-384	2020-2021	-	-	-	C-1, Page 1
55.	Total EGI Accounts (for clearance)			12,010.8	(323.1)	11,687.7	
56.	Total Deferral and Variance Accounts (for clearance)			4,833.5	(6,959.3)	(2,125.8)	