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VIA RESS and EMAIL

September 29, 2025

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

Dear Ritchie Murray:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2025-0163
2026 Rates Application – Interrogatory Responses**

In accordance with the OEB's updated Procedural Order No. 1 dated September 9, 2025, please find the interrogatory responses of Enbridge Gas enclosed.

Should you have any questions on this matter, please contact the undersigned.

Sincerely,

Justin Egan
Technical Manager, Regulatory Applications

cc: David Stevens (Aird & Berlis)
Intervenors (EB-2025-0163)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, page 3 of 6

Preamble:

In the reference above, the footnote indicates that the rate order is to be updated for October 2022 QRAM.

Question(s):

Please confirm that the “October 2022 QRAM” wording is a typo, and please provide a correction.

Response:

Confirmed. The footnote that indicates the rate order will be updated for October 2022 QRAM is a typo. The rate order will be updated for October 2025 QRAM¹. This allows the resulting rates to be implemented on an interim basis in conjunction with the January 2026 QRAM application,

¹ EB-2025-0244.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 3 of 16

Preamble:

In Table 1 at the reference above, the Detail Change in Revenue section indicates a 2026 revenue requirement impact of \$51,963,000, due to moving \$50 million of capitalized overheads to O&M in each year of the IRM term to implement the OEB's Phase 1 Decision in Enbridge Gas's 2024 Rebasing Application (EB-2022-0200).

Question(s):

Please provide the breakdown of the 2026 revenue requirement impact of \$51,963,000 from:

- a) The increase in O&M related revenue requirement
- b) The decrease in return on capital related revenue requirement
- c) The decrease in capital depreciation related revenue requirement

Response:

As correctly noted in the preamble, the \$51,963,000 shown in Table 1 of Exhibit B, Tab 1, Schedule 1 reflects the 2026 base rate adjustment related to the annual migration of an incremental \$50 million in indirect overheads from capital to O&M in each year of the IRM term, as ordered by the OEB in Enbridge Gas's 2024 Rebasing Phase 1 Decision¹.

The derivation of the 2025–2028 annual base rate adjustments, needed to keep rates aligned with the annual change in accounting treatment for indirect overheads ordered in the Phase 1 Decision, was described within Enbridge Gas's 2024 Rebasing Phase 2 proceeding² evidence at Exhibit 10, Tab 1, Schedule 1, Paragraphs 11 -17, and calculated at Attachment 5 of that exhibit. The proposed derivation and annual base

¹ EB-2022-0200.

² EB-2024-0111.

rate adjustment amounts were approved as part of the OEB's Phase 2 Decision on Settlement Proposal and Interim Rate Order, dated November 29, 2024.

As described within the above noted Phase 2 evidence, the base rate adjustments were calculated by first quantifying the forecast cumulative annual revenue requirement impact of increasing O&M by an incremental \$50 million in each year of the IR term, offset by the corresponding forecast revenue requirement impact of the cumulative reduction in annual capital amounts. For example, the 2025 revenue requirement impact reflected an increase to O&M of \$50 million and corresponding capital reduction of \$50 million, while the 2026 revenue requirement impact reflects an increase to O&M of \$100 million (an incremental \$50 million over the amount reflected in 2025) and corresponding cumulative capital reduction of \$150 million (\$50 million carried forward from 2025 plus an incremental \$100 million for 2026). The 2027 and 2028 cumulative revenue requirement impacts were calculated in a similar manner. With the forecast cumulative annual revenue requirement impacts quantified, the changes in the annual revenue requirement impacts were calculated, which became the annual base rate adjustments. The change in the annual cumulative revenue requirement equates to the annual base rate adjustment because each base rate adjustment carries on to subsequent years. The forecast cumulative annual revenue requirements, and corresponding annual changes, were calculated within Attachment 5 of EB-2024-0111, Exhibit 10, Tab 1, Schedule 1, and have been reproduced as Attachment 1 to this response.

As seen at Line 12, Column b, of Attachment 1, page 1, the 2026 forecast revenue requirement impact of migrating an incremental \$50 million of indirect overheads from capital to O&M, in each of 2025 and 2026, is approximately \$108.881 million. However, because \$56.918 million was reflected as a base rate adjustment in 2025, the incremental impact to be reflect as a 2026 base rate adjustment is \$51.963 million as shown at Line 13, Column b, of Attachment 1, page 1. This incremental impact is comprised of:

- a) \$50 million increase in O&M (Column b, Row 4 less Column a, Row 4),
- b) \$3.808 million reduction in required return on capital (Column b, Row 8 less Column a, Row 8),
- c) \$1.952 million reduction in depreciation (Column b, Row 5 less Column a, Row 5),
- d) \$7.723 million increase in income taxes (Column b, Row 11 less Column a, Row 11).

Enbridge Gas Inc.
Calculation of Annual Base Rate Adjustment for Expensing Capitalized Indirect Overheads

Line No.	Particulars (\$000s)	2025 (a)	2026 (b)	2027 (c)	2028 (d)
<u>Rate Base Investment</u>					
1	Capital Expenditures	(50,000)	(100,000)	(150,000)	(200,000)
2	Cumulative Capital Expenditures	(50,000)	(150,000)	(300,000)	(500,000)
3	Average Investment	(14,000)	(76,384)	(186,266)	(341,909)
<u>Revenue Requirement Calculation</u>					
<u>Operating Expenses</u>					
4	Operating and Maintenance Expenses	50,000	100,000	150,000	200,000
5	Depreciation Expense (1)	<u>(427)</u>	<u>(2,379)</u>	<u>(5,856)</u>	<u>(10,858)</u>
6	Total Operating Expenses (line 4 + line 5)	<u>49,573</u>	<u>97,621</u>	<u>144,144</u>	<u>189,142</u>
7	Required Return (2)	<u>(839)</u>	<u>(4,647)</u>	<u>(11,331)</u>	<u>(20,800)</u>
8	Total Operating Expenses and Return (line 6 + line 7)	<u>48,734</u>	<u>92,974</u>	<u>132,813</u>	<u>168,342</u>
<u>Income Taxes</u>					
9	Income Taxes - Equity Return (3)	(174)	(964)	(2,350)	(4,314)
10	Income Taxes - Utility Timing Differences (4)	<u>8,358</u>	<u>16,871</u>	<u>25,485</u>	<u>32,633</u>
11	Total Income Taxes (line 9 + line 10)	<u>8,184</u>	<u>15,907</u>	<u>23,135</u>	<u>28,319</u>
12	Total Revenue Requirement (line 8 + line 11)	<u>56,918</u>	<u>108,881</u>	<u>155,947</u>	<u>196,661</u>
13	Base Rate Adjustment (5)	56,918	51,963	47,066	40,713

Notes:

- (1) Depreciation expense of 3.05% based on effective rates, as per EB-2022-0200, Draft Rate Order, Working Papers, Schedule 6 , p. 3.
- (2) The Required Return assumes a capital structure of 62% Long-Term Debt at 4.17% and 38% common equity at the 2024 OEB-Approved return on equity of 9.21%. The annual Required Return is calculated as:
 Average Investment (line 3) * 62% * 4.17% plus Average Investment (line 3) * 38% * 9.21%.
- (3) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (4) Taxes related to CCA based of effective Rate of 7.47%.
- (5) Base rate adjustment calculated as the difference between the prior year and current year revenue requirement.

Enbridge Gas Inc.
Allocation of Annual Base Rate Adjustment for Expensing Capitalized Indirect Overheads

Line No.	Particulars	Total O&M Expense Excluding Cost of Gas		Base Rate Adjustment (3)			
		Allocation Factor (1)		2025	2026	2027	2028
		(\$000s)	(%)	(\$000s)	(\$000s)	(\$000s)	(\$000s)
		(a)	(b)	(c)	(d)	(e)	(f)
<u>Union South Rate Zone</u>							
1	Rate M1	190,362	22.4%	12,722	11,614	10,520	9,100
2	Rate M2	20,245	2.4%	1,353	1,235	1,119	968
3	Rate M4 (F)	7,188	0.8%	480	439	397	344
4	Rate M4 (I)	-	-	-	-	-	-
5	Rate M5 (F)	738	0.1%	49	45	41	35
6	Rate M5 (I)	7,802	0.9%	521	476	431	373
7	Rate M7 (F)	2,174	0.3%	145	133	120	104
8	Rate M7 (I)	131	0.0%	9	8	7	6
9	Rate M9	234	0.0%	16	14	13	11
10	Rate T1 (F)	5,163	0.6%	345	315	285	247
11	Rate T1 (I)	470	0.1%	31	29	26	22
12	Rate T2 (F)	12,792	1.5%	855	780	707	612
13	Rate T2 (I)	1,447	0.2%	97	88	80	69
14	Rate T3	1,412	0.2%	94	86	78	67
15	Total Union South Rate Zone	<u>250,157</u>	<u>29.4%</u>	<u>16,718</u>	<u>15,263</u>	<u>13,824</u>	<u>11,958</u>
<u>Union Ex-Franchise</u>							
16	Rate C1 (F)	257	0.0%	17	16	14	12
17	Rate C1 (I)	579	0.1%	39	35	32	28
18	Rate M12	32,630	3.8%	2,181	1,991	1,803	1,560
19	Rate M13	104	0.0%	7	6	6	5
20	Rate M16	118	0.0%	8	7	7	6
21	Rate M17	24 (2)	0.0%	2	1	1	1
22	Total Union Ex-Franchise	<u>33,712</u>	<u>4.0%</u>	<u>2,253</u>	<u>2,057</u>	<u>1,863</u>	<u>1,612</u>
<u>Union North Rate Zone</u>							
23	Rate 01	75,857	8.9%	5,070	4,628	4,192	3,626
24	Rate 10	7,566	0.9%	506	462	418	362
25	Rate 20	6,477	0.8%	433	395	358	310
26	Rate 25	2,250	0.3%	150	137	124	108
27	Rate 100	6,483	0.8%	433	396	358	310
28	Total Union North Rate Zone	<u>98,634</u>	<u>11.6%</u>	<u>6,592</u>	<u>6,018</u>	<u>5,451</u>	<u>4,715</u>
29	Total Union Rate Zone (line 15 + line 22 + line 28)	<u>382,503</u>	<u>44.9%</u>	<u>25,563</u>	<u>23,337</u>	<u>21,138</u>	<u>18,285</u>
<u>EGD Rate Zone</u>							
30	Rate 1	316,889	37.2%	21,178	19,334	17,512	15,148
31	Rate 6	125,785	14.8%	8,406	7,674	6,951	6,013
32	Rate 100	-	-	-	-	-	-
33	Rate 110	9,679	1.1%	647	591	535	463
34	Rate 115	3,580	0.4%	239	218	198	171
35	Rate 125	4,614	0.5%	308	282	255	221
36	Rate 135	1,111	0.1%	74	68	61	53
37	Rate 145	2,908	0.3%	194	177	161	139
38	Rate 170	3,580	0.4%	239	218	198	171
39	Rate 200	883	0.1%	59	54	49	42
40	Rate 331	-	-	-	-	-	-
41	Rate 332	150	0.0%	10	9	8	7
42	Rate 401	-	-	-	-	-	-
43	Total EGD Rate Zone	<u>469,179</u>	<u>55.1%</u>	<u>31,356</u>	<u>28,625</u>	<u>25,928</u>	<u>22,428</u>
44	TOTAL Enbridge Gas Inc. (line 29 + line 43)	<u>851,682</u>	<u>100.0%</u>	<u>56,918</u>	<u>51,963</u>	<u>47,066</u>	<u>40,713</u>

Notes:

- (1) Union Rate Zone as per EB-2011-0210, Exhibit G3, Tab 5, Schedule 1, pp. 22-24, updated.
 EGD Rate Zone as per EB-2017-0086, Exhibit G2, Tab 5, Schedule 3, p. 1, updated.
- (2) EB-2019-0183, Decision and Order, dated April 9, 2020, pp. 29-30.
- (3) Allocated in proportion to column (a).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 8 of 16

Preamble:

In the reference above, Enbridge Gas states that there was no Lost Revenue Adjustment Mechanism (LRAM) adjustment included in 2025 Rates as the final audit of 2023 and/or 2024 was not complete at that time. The final audited 2024 LRAM volumes are still not available, and Enbridge Gas will propose to update for 2024 LRAM as part of a future annual rate setting application.

Question(s):

- a) Please explain if the final audited 2023 and/or 2024 LRAM volumes will still be relevant and proposed as part of a future annual rate setting application.
- b) Please provide an approximate timeline for when the final audited 2023 and/or 2024 LRAM volumes will become available.

Response:

- a) As described at Exhibit B, Tab 1, Schedule 1, page 8, paragraph 18, Enbridge Gas is proposing to update 2026 rates to capture the volume impact of final audited 2023 Lost Revenue Adjustment Mechanism (LRAM) volumes relative to the assumption included in the OEB-approved 2024 Test Year forecast. Enbridge Gas will propose to update rates for the audited 2024 LRAM volumes in the next annual rate setting application following the release of the audit results. The impact of LRAM volumes is captured as part of the LRAM variance account until they are included in rates.

Enbridge Gas has identified a correction to the 2023 audited LRAM volumes provided at Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 10, column (a). The volumes currently shown in Schedule 10 are the monthly weighted average of

the fully effective 2023 DSM volumes, which accounts for the timing of when DSM initiatives were implemented throughout 2023 and will be updated to the fully effective 2023 DSM volumes. Enbridge Gas proposes to update this as part of the 2026 Rates Rate Order process as the contract rate class bill impacts related to the LRAM volumes correction are immaterial ranging from 0.0% to 0.1% for sales service total bill, and 0.0% to 0.4% of delivery bill. Please refer to Attachment 1 for the corrected 2023 LRAM volume impact and the proposed change relative to pre-filed evidence.

- b) The final 2023 audited LRAM volumes are available¹, though they are not yet OEB-approved. It is expected that the 2023 Demand Side Management (DSM) Deferral and Variance Account Disposition Application will be submitted to the OEB for approval in Q4, Enbridge Gas would capture any variance as part of the LRAM deferral account and true up the variance in rates in a future annual rate-setting application. OEB orders a change to the final 2023 audited LRAM results, Enbridge Gas would capture any variance as part of the LRAM deferral account and true-up the variance in rates in a future annual rate-setting application.

The final 2024 audited LRAM volumes are not yet available. It is expected that the OEB's Evaluation Contractor will provide the audited LRAM volume in their 2024 Natural Gas Demand-Side Management Annual Verification Final Report in Q4 2025.

¹ 2023 Natural Gas Demand-Side Management Annual Verification Final Report, Ontario Energy Board, March 21, 2025, <https://engagewithus.oeb.ca/26884/widgets/108755/documents/150267>.

Lost Revenue Adjustment Mechanism
Updated Volume Adjustment for 2026 Rates Calculations

Line No.	Particulars (10 ³ m ³)	2026 Rates	2026 Rates	Change (c) = (a - b)
		DSM LRAM Volume Adjustment Updated (1) (a)	DSM LRAM Volume Adjustment (2) (b)	
<u>EGD Rate Zone</u>				
1	Rate 100	654	654	(0)
2	Rate 110	(3,749)	329	(4,078)
3	Rate 115	2,236	3,177	(942)
4	Rate 135	1,768	2,287	(519)
5	Rate 145	(116)	(24)	(92)
6	Rate 170	126	509	(383)
7	Total EGD	<u>918</u>	<u>6,933</u>	<u>(6,015)</u>
<u>Union North Rate Zone</u>				
8	Rate 20	3,663	4,873	(1,210)
9	Rate 100	(2,634)	(652)	(1,982)
10	Total Union North	<u>1,028</u>	<u>4,221</u>	<u>(3,193)</u>
<u>Union South Rate Zone</u>				
11	Rate M4	3,051	5,155	(2,104)
12	Rate M5	204	313	(109)
13	Rate M7	(12,408)	(5,569)	(6,839)
14	Rate T1	1,502	1,585	(83)
15	Rate T2	(10,792)	(5,141)	(5,651)
16	Total Union South	<u>(18,444)</u>	<u>(3,658)</u>	<u>(14,786)</u>
17	Total EGI (line 7 + line 10 + line 17)	<u>(16,497)</u>	<u>7,496</u>	<u>(23,993)</u>

Notes:

- (1) P. 2
- (2) EB-2025-0163, Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 10, column (c).

Lost Revenue Adjustment Mechanism
Volume Adjustment for 2026 Rates Calculations

Line No.	Particulars (10 ³ m ³)	2023 Audited Full Year Impact DSM Volumes (a)	2023 Fully Effective DSM Volumes (1) (b)	2026 Rates DSM LRAM Volume Adjustment (c) = (a - b)
<u>EGD Rate Zone</u>				
1	Rate 100	(2)	(656)	654
2	Rate 110	(9,791)	(6,042)	(3,749)
3	Rate 115	(1,897)	(4,132)	2,236
4	Rate 135	(1,048)	(2,816)	1,768
5	Rate 145	(125)	(9)	(116)
6	Rate 170	(869)	(995)	126
7	Total EGD	<u>(13,732)</u>	<u>(14,651)</u>	<u>918</u>
<u>Union North Rate Zone</u>				
8	Rate 20	(2,128)	(5,790)	3,663
9	Rate 100	(4,945)	(2,311)	(2,634)
10	Total Union North	<u>(7,073)</u>	<u>(8,101)</u>	<u>1,028</u>
<u>Union South Rate Zone</u>				
12	Rate M4	(6,842)	(9,893)	3,051
13	Rate M5	(319)	(522)	204
14	Rate M7	(22,613)	(10,205)	(12,408)
15	Rate T1	(755)	(2,256)	1,502
16	Rate T2	(17,782)	(6,989)	(10,792)
17	Total Union South	<u>(48,310)</u>	<u>(29,866)</u>	<u>(18,444)</u>
18	Total EGI (line 7 + line 10 + line 17)	<u>(69,115)</u>	<u>(52,618)</u>	<u>(16,497)</u>

Notes:

(1) Forecasted 2023 fully effective DSM abatement volumes included as part of 2024 OEB Approved volumes.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, pages 10-11 of 16

Preamble:

In the reference above, Enbridge Gas states that in Phase 1 2024 Rebasing (EB-2022-0200), it included a forecast consumer Carbon Charge working cash credit of \$184.8 million as part of its working cash allowance component of rate base, which reflected the 2024 forecast level of Carbon Pricing and distribution volumes (excluding customer volumes that were fully or partially exempt from the Federal Carbon Charge). In 2026, the actual working cash needs, and resultant rate base of Enbridge Gas, are increased as the working cash benefit related to the consumer Federal Carbon charge is no longer being realized as of April 1, 2025.

Question(s):

Please provide the forecast detail, and any calculation to support that the \$184.8 million is the expected 2026 working cash allowance related to carbon pricing collection from customers, if carbon pricing was still in effect.

Response:

- a) The \$184.8 million working cash allowance impact was in relation to the base established in the 2024 Test Year forecast. Please refer to Exhibit I.SEC-1. Attachment 1 for the support for this forecast. However, this would not be the expected 2026 actual working cash allowance impact related to the consumer Federal Carbon charge had carbon pricing still been in effect for 2026. Had carbon pricing still been in effect for 2026, it was expected that the cost for carbon would have been 0.1980 cents per m³ based on a blended rate, resulting in an approximate working cash allowance impact of \$233.4 million holding the 2024 forecast volumes consistent in 2026. Please see Table 1.

Table 1
Enbridge Gas Inc.
Federal Carbon Charge Remittance Forecast
and Working Cash Impact - 2026 Forecast

	<u>2026</u>
Forecast Volumes (m3) (1)	17,711,082,407
Forecast Carbon Cost (cents/m3) (2)	\$0.1980
Federal Carbon Charge Remittance Forecast (\$ millions)	3,506,333,828
Expense Lead Days (3)	(24.3)
Working Cash Impact (\$ millions) (4)	(233.4)

(1) Forecast volumes based on 2024 forecast held consistent

(2) Based on blended cost-cents/m3 from April 1, 2025-March 31, 2026 (\$0.1811) & April 1, 2026-March 31, 2027 (\$0.2097)

(3) EB-2022-0200, Exhibit 2, Tab 3, Schedule 2, Attachment 2, row 7

(4) Working Cash Impact = Annual FCC Remittances x Expense Lead Days / 365

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, page 14 of 16

Preamble:

In the reference above, Enbridge gas states that it is proposing to correct the Panhandle Regional Expansion Project (PREP) unit rates for Rate 331, Rate 332, Rate M16, and Rate M17 as part of 2026 Rates. The error impacts five customers that currently take service under these rate classes, and the total impact is projected at less than \$700,000.

In the reference above, Enbridge Gas states that any overcollection of PREP amounts would be trued up through the Panhandle Regional Expansion Project Variance Account, but considering the error in the unit rate and that the variance account is not expected to be brought forward for disposition until 2029 Rebasing, Enbridge Gas is requesting that the corrected PREP unit rates be approved effective January 1, 2025. Enbridge Gas will rebill the impacted customers to refund the overcollection in a more timely manner.

Question(s):

- a) Please clarify if there are also customers being under-allocated of PREP amounts due to the PREP unit rate error.
- b) Please clarify the intended communication approach for notifying the corrected 2025 PREP rates, whether Enbridge Gas intends to communicate to the five customers only, or it is a broader notice to all PREP-related customers.
- c) Please clarify if Enbridge Gas intends to re-issue the related PREP rate schedules retrospectively as at January 1, 2025 for the corrected rates.

Response:

- a) The nature of the PREP unit rate error is isolated to Rate 331, Rate 332, Rate M16 and Rate M17 and does not affect other rate classes. There are no customers being under-allocated PREP amounts, as the error is related to the unit rate to recover PREP amounts and not the allocation to the rate classes.
- b) Enbridge Gas intends to communicate with the five impacted customers directly.
- c) The Company does not plan to re-issue corrected schedules retrospectively and will instead address the correction with this Application (including rate order) and with direct customer communication as indicated in part b) above.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board Staff (STAFF)

Interrogatory

Reference:

Exhibit C, Tab 1, Appendix B, Rate Schedules, page 46 of 220, page 48 of 220

Preamble:

In the reference above, for the EGD Rate Zone, the delivery charge for the R1 includes the Gas Supply Load Balancing Charge while the delivery charge for the R100 does not include the Gas Supply Load Balancing Charge.

Question(s):

Please explain why some of the delivery charges include the Gas Supply Load Balancing Charge while others do not.

Response:

The load balancing charge has been included in the delivery charges in the rate handbook for general service customers in the EGD rate zone to simplify and align with the customers' bills presentation as part of the Delivery to You line. The gas supply load balancing charge for contract market rate classes in the EGD rate zone is shown as a separate line item on the customer's bill. The last change implemented to what was included in the delivery charges in the rate handbook was October 1, 2009, when the transportation charge was unbundled from the delivery charges for general service as approved in RP-2003-0203 Settlement Agreement¹. General service customers who wish to see the separation of load balancing charges from delivery charges can refer to Exhibit C, Tab 1, Rate Order, Working Papers, Appendix A.

¹ RP-2003-0203, Exhibit N1, Tab 1, Schedule 1, p.53.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Consumers Council of Canada (CCC)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, pp. 9-12
 Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 4
 Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 12
 EB-2024-0251, Exhibit C, Tab 1, Schedule 1, pp. 4-9
 EB-2024-0251, Decision and Order, pp. 7-8

Preamble:

In the Decision and Order in Enbridge Gas’s 2025 Federal Carbon Pricing Program (FCCP) Application (EB-2024-0251), the OEB notes that “[a]ll cost elements previously recorded in the GGEADAs (excluding bad debt) will be recovered through 2024 base rates.”

In its EB-2024-0251 evidence, Enbridge Gas provided the following table regarding its 2023 FCCP-related administration costs.

Table 1
2023 Administration Costs (\$millions)

Line No.	Cost Element	2023 Forecasted Costs ¹⁸	2023 Actual Costs ¹⁹			Variance
			EGD Rate Zone	Union Rate Zones	Total	
1	IT Billing System	0.05	0.00	0.05	0.05	(0.00)
2	Staffing Resources	1.45	0.87	0.53	1.40	(0.05)
3	Consulting and External Legal Support	0.34	0.00	0.00	0.0020	(0.34)
<u>4</u>	GHG Reporting and Verification	0.05	0.01	0.01	0.02	(0.03)

<u>5</u>	Bad Debt	5.16	3.24	2.01	5.26	0.09
<u>6</u>	Other Miscellaneous Costs	0.14	0.02	0.01	0.03	(0.11)
<u>7</u>	Interest	N/A	0.39	0.24	0.63	0.63
<u>8</u>	Total	7.20	4.54	2.86	7.40	0.20

Question(s):

- a) Please provide a table similar to the table copied above showing the 2024 FCCP-related administrative costs that are reflected in 2024 base rates. Please also provide references to the relevant evidence in Enbridge Gas's 2024 rebasing proceeding (EB-2022-0200).
- b) Please provide Enbridge Gas's total 2024 bad debt expense (as reflected in 2024 base rates). Please also provide references to the relevant evidence in Enbridge Gas's 2024 rebasing proceeding (EB-2022-0200).
- c) Please advise whether any of the bad debt expense reflected in Enbridge Gas's 2024 base rates is related to the FCCP. If not, please explain how Enbridge Gas forecasted bad debt expense in its 2024 rebasing application. If yes, please provide the amount of FCC-related bad debt expense that is recovered through 2024 base rates.
- d) Please provide the 2024 FCCP-related administrative costs (including any related bad debt expense) reflected in 2024 base rates escalated for Enbridge Gas's 2025 PCI.
- e) Please further explain the purpose of the Z-Factor Proportional Impact calculation in Working Papers, Schedule 12. Please also explain the implications of this calculation on the way the working cash impact of FCC elimination is allocated between rate classes.

Response:

- a) Please see Table 1 for the administration costs associated with the impacts of federal and provincial regulations related to greenhouse gas emission requirements included in the 2024 Test Year Forecast. However, Enbridge Gas notes that the amounts below do not reflect any potential impact of settlement agreement reductions to O&M:

Table 1
Enbridge Gas Inc.
Administration costs associated with the impacts of federal and provincial
regulations related to greenhouse gas emission requirements 2024 Test
Year Forecast - Administration Costs

Line No.	Cost Element (\$ millions)	2024 Test Year
1	Staffing Resources ⁽¹⁾	0.9
2	Bad Debt	-
3	Other Miscellaneous Costs ^{(1) (2)}	0.5
4	Total	1.4

(1) As previously noted in EB-2022-0200 - Exhibit I.9.1-STAFF-251 and EB-2022-0200, Exhibit I.4.4-STAFF-117, p.4.

(2) Includes non-labour costs such as consulting and legal costs, travel and other employee related expenses.

Administrative cost elements previously recorded in the Greenhouse Gas Emissions Administration Deferral Account and now incorporated into 2024 base rates will continue to be incurred following the removal of the Federal Carbon Charge (FCC). While the FCC rates beyond April 1, 2025 have been set to zero, the repeal of the Greenhouse Gas Pollution Pricing Act (GGPPA) in its entirety and associated responsibilities will not occur until 2035. Until that time, Enbridge Gas' obligation to apply and remit FCC for natural gas consumed during periods prior April 1, 2025 will continue. Further, other federal and provincial climate and energy policies remain in place with which Enbridge Gas and its customers must comply (e.g. Ontario Emissions Performance Standards and Clean Fuel Regulations), and as such, staffing resources and other non-labour costs will continue to be incurred.

- b) The bad debt expense approved by the OEB in Phase 1 of Enbridge Gas's 2024 Rebasing Application¹ is \$22.0 million. Please see Table 4, line 3 in EB-2022-0200, Exhibit 4, Tab 4, Schedule 2, page 18 for the 2024 Test Year customer care bad

¹ EB-2022-0200.

debt expense forecast of \$21.5 million. The remaining \$0.5 million of bad debt expense is related to limited balancing agreement (LBA) customers and is included in the Other O&M amount shown in Table 4, line 4.

- c) No amount of bad debt expense related to FCPP was forecasted as part of the 2024 Test Year Bad Debt Expense noted in (b) above. As a result of the expected material increases in the cost for carbon annually post 2024, the Company proposed and it was agreed to in the 2024 Rebasing Phase 1² Settlement Agreement that the entire amount of any bad debt associated with carbon charges would be recorded in the repurposed Carbon Charges Bad Debt Deferral Account.
- d) If the 2024 FCCP-related administrative costs reflected above in Table 1 and in 2024 base rates were escalated for Enbridge Gas's 2025 PCI of 3.33%, that would increase the amount to approximately \$1.5 million. As noted, this does not take account of the fact that all components of the Company's O&M budget envelope were reduced in the 2024 Rebasing Phase 1³ Settlement Proposal.
- e) Consistent with the recovery of the 2024 Rebasing Phase 1⁴ and 2024 Rebasing Phase 2⁵ revenue deficiencies, Enbridge Gas has proportionally applied the impact of the Z-factor to each rate zone and rate class based on current approved revenue, consistent with the rate design of each rate class. In the absence of an OEB-approved cost study for 2024, this ensures consistent treatment of revenue requirement adjustments during the incentive rate-setting mechanism (IRM) period and is consistent with the direction provided by the OEB in the 2024 Rebasing Phase 1 Settlement Agreement⁶.

² EB-2022-0200.

³ Ibid

⁴ Ibid.

⁵ EB-2024-0111.

⁶ EB-2022-0200 Decision on Settlement Proposal, August 17th, 2023. p.13.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit A, Tab 2, Schedule 1, Page 2, Paragraph 7, and Exhibit B, Tab 1, Schedule 1, Page 3, Line 4

Question(s):

- a) Please reconcile the difference between the \$50 million base rate adjustment to reflect the shifting of \$50 million in overhead capital to operating and maintenance (O&M) costs in Exhibit A, Tab 2, Schedule 1, Page 2, Paragraph 7 and the and the \$51,963,000 Adjustment for Expensing Capitalized Indirect Overheads shown in Exhibit B, Tab 1, Schedule 1, Page 3, Table 1, Line 4.
- b) Please indicate which exhibit shows the removal of \$50 million in overhead capital from rate base?

Response:

a-b) Please see response at Exhibit I.STAFF-2.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 7, Section 3.2 DSM, Paragraph 15

Preamble:

"The proposed 2026 DSM budget for the EGD rate zone is \$115.9 million and \$83.9 million for the Union rate zones

Question(s):

Please confirm that Enbridge will revise these budgets once the OEB issues its decision on EB-2024-0198, Enbridge Gas 2026 DSM Plan Rollover Application.

Response:

Confirmed. Enbridge Gas will reflect any changes to the proposed 2026 DSM budget¹ as part of the draft rate order for 2026 Rates. If the OEB's decision on the 2026 DSM Plan Rollover application is not available in time for the 2026 Rates draft rate order process, any variance between the proposed 2026 DSM budget and the approved 2026 DSM budget will be captured as part of the Demand Side Management variance account.

¹ EB-2024-0198, Exhibit B, Tab 1, Schedule 1, Attachment 1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 1, Rate Order Working Papers, Schedule 1, Line 4, Adjustment for Expensing Capitalized Indirect Overheads

Question(s):

Please provide the calculation that explains the \$51.963 million Adjustment for Expensing Capitalized Indirect Overheads

Response:

Please see response at Exhibit I.STAFF-2.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe Research Foundation (EP)

Interrogatory

Reference:

Exhibit C, Tab 1, Rate Order Working Papers, Schedule 2, Page 1, Col. (f)

Question(s):

Please explain how the Indirect OH Adjustment was allocated to rate classes.

Response:

Enbridge Gas allocates the indirect overhead adjustment to rate classes in proportion to total O&M expenses excluding cost of gas. The allocation factor is based on the last OEB-approved cost allocation studies for the EGD rate zone¹ and Union rate zones². The allocation methodology was approved by the OEB in Phase 2 of Enbridge Gas's 2024 Rebasing Application³. Enbridge Gas has proposed a harmonized cost allocation study in Phase 3 of the 2024 Rebasing Application⁴, and notes that, should the OEB approve the harmonized cost allocation study, the Company proposes to update the allocation of the annual base rate adjustment as part of a subsequent annual rate application.

¹ EB-2017-0086.

² EB-2011-0210.

³ EB-2024-0111.

⁴ EB-2025-0064.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 1, Appendix B

Preamble:

We would like to understand if there any changes beyond proposed rates that have been made to the services or conditions in the Rate Handbook.

Question(s):

Please provide a list of the changes made to services or conditions that have been made to the Rate Handbook since the start of 2024.

- a) For each change identified, please provide the impetus for the change and where Board approval was obtained, if needed.

Response:

Enbridge Gas undertook a review of the existing rate handbook for the EGD rate zone and rate schedules for the Union rate zones for opportunities to harmonize common elements of content such as structure and appearance for consistency and ease of use in Phase 1 of the 2024 Rebasing¹ application. The combined Rate Handbook, which included an introduction, rate class schedules, and rate riders schedules, was approved by the Ontario Energy Board (OEB) in the 2024 Rebasing Phase 1 Settlement Proposal². Please see EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, pages 59 to 62 for details on the OEB approved changes to the Rate Handbook. The combined Rate Handbook was filed in the 2024 Rebasing Phase 1 draft rate order³ and subsequently approved by the OEB⁴.

¹ EB-2022-0200, Phase 1, Exhibit 8, Tab 2, Schedule 7.

² EB-2022-0200, Decision on Settlement Proposal, August 17th, 2023.

³ EB-2022-0200, Draft Rate Order, updated March 15th, 2024.

⁴ EB-2022-0200, Interim Rate Order, April 11th, 2024.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Exhibit C, Tab 1, Schedule 14

Preamble:

We would like to understand the principles and basis for the continuation of the cross charge.

Question(s):

Please provide a description of the cross charge components and the basis for each type of charge.

- a) Please provide the company's rationale given the agreements on asset cost allocation between the utility and non-utility storage operations in Phase 2 of the rebasing proceeding.
- b) Does the company propose that these charges would remain after Phase 3 of the rebase proceeding?

Response:

The non-utility cross charge was included in the 2024 Test Year Forecast as part of the 2024 Rebasing proceeding. Enbridge Gas filed evidence describing the non-utility cross charge at the time¹, and provided the calculation of the non-utility cross charge as part of the 2024 Rate Order.² The non-utility cross charge included in rates is comprised of the following components:

1. Heritage and Tipperary Pool Transportation Charges: These are unregulated storage pools that use utility transmission assets to transport gas to and from

¹ EB-2022-0200, Exhibit 8, Tab 2, Schedule 5, pp.26-30.

² EB-2022-0200, Interim Rate Order, April 11, 2024, Schedule 25.

Dawn and the storage pools. The cross charge recognizes a contribution to the cost of the transmission assets by non-utility operations.

2. Dow Moore and Black Creek Storage Pool Charges: Prior to the amalgamation of EGD and Union, the Dow Moore and Black Creek storage pools were joint ventures between the two companies. EGD operated the storage pools and invoiced Union under Rate 325 for the storage space, deliverability, and commodity charges on a monthly basis. Rate 325 was a regulated service of EGD. Following the amalgamation, the Dow Moore and Black Creek became wholly owned storage pools of Enbridge Gas. As part of the 2024 Rebasing Phase 1 Rate Order³, Rate 325 was eliminated, and Enbridge Gas recorded the non-utility components of the Dow Moore and Black Creek storage pools as part of the cross charge. The non-utility component recognizes the use of the storage pools by non-utility operations for the Union rate zone.
3. Storage Operational Contingency: This relates to the long-term storage allocation of storage operational contingency (previously referred to as system integrity) per Union's 2013 Cost Allocation Study.⁴ The cross charge recognizes that the operational contingency space also supports the non-utility storage business operations.

The 2024 Test Year Forecast did not include an excess utility non-utility cross charge component, as it was deemed the excess utility space would be used by all Enbridge Gas in-franchise customers. As noted in Phase 2 of the 2024 Rebasing proceeding, to the extent there is any net ratepayer benefit from the sale of excess utility storage space, it will be recorded in the Short-Term Storage Deferral Account.⁵

- a) The Phase 2 Settlement Agreement⁶ approved the harmonized storage cost allocation methodology and, as a result, storage assets will continue to have an allocation between regulated and unregulated storage operations, where applicable. The non-utility cross charge does not impact the costs allocated to unregulated storage operations. The non-utility cross charge recognizes a contribution for the use of utility assets by the unregulated storage operations.
- b) Yes, the Company proposes that the cross charge will remain and has proposed to update the cross charge as part of Phase 3 of the Rebasing Application. Enbridge

³ EB-2022-0200, Interim Rate Order Decision, April 11, 2024.

⁴ As noted in EB-2024-0111, Phase 2 Exhibit 4, Tab 2, Schedule 4, p.8, the 2024 Cost Allocation Study and the determination of the non-utility cross charge for operational contingency (which is also based on 2024 Cost Allocation Study) will be addressed as part of Phase 3 of the 2024 Rebasing proceeding.

⁵ EB-2024-0111, Phase 2, Exhibit 1, Tab 13, Schedule 2, p.13.

⁶ EB-2024-0111, Exhibit N, Tab 1, Schedule 1, p.9.

Gas has also proposed changes to the derivation of the Dow Moore and Black Creek storage pools and the Storage Operational Contingency components of the cross charge. Please see EB-2025-0064, Phase 3 Exhibit 8, Tab 2, Schedule 5, pages 37 to 39 for further information on the proposed changes to the cross charge.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B Tab 1 Schedule 1 Page 9 of 18

Preamble:

Enbridge Gas is requesting Z-factor treatment in relation to the impact of removing the embedded credit related to the consumer Federal Carbon Charge (\$184.8 million) from the working cash allowance component of approved rate base. The credit reflected in rate base equates to a \$13.6 million revenue requirement reduction embedded in rates effective as of Jan 1, 2024. In 2026, the actual working cash needs, and resultant rate base of Enbridge Gas are increased as the working cash benefit related to the consumer

Federal Carbon charge is no longer being realized as of April 1, 2025. The higher rate base will drive higher financing charges and resultant revenue requirement to be incurred by the Company. Without Z-factor treatment, this would put more pressure on Enbridge Gas to meet its allowed ROE, as a result of a government policy change which was beyond its control.

As such, Enbridge Gas requests that this Z-factor request be approved and effected through a base rate adjustment in 2026, since this is the first full year subsequent to the elimination of the Federal Carbon Charge and the resultant reduction in credit in Enbridge Gas' working capital. The base rate adjustment reflects the 2024 revenue requirement escalated for one full year through 2025. Refer to Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 12 for the calculation of the proportional impact of the Z-factor that will be used to escalate base rates.

Question(s):

- a) Please confirm that EGI is not seeking relief related to the elimination of the Federal Carbon Charge for the 2025 rate year. If not confirmed, please explain how the impact of the elimination of the Federal Carbon Charge in 2025 is proposed to be recovered by EGI.

- b) Please confirm that the base rate adjustment for 2026 that EGI is proposing in relation to the elimination of the Federal Carbon Charges is \$14.024M, to be added to the approved 2025 revenue prior to applying IRM adjustments to produce 2026 rates.
- c) Please explain how EGI has managed the elimination of the Federal Carbon Charge in 2025 without a base rate adjustment, including an estimate of the cost of managing the impact on EGI's working capital needs.

Response:

- a) Confirmed. Enbridge Gas is not seeking relief related to the elimination of the Federal Carbon Charge for the 2025 rate year.
- b) Confirmed. The proposed base rate adjustment related to the elimination of Federal Carbon Charges (\$14.024 million) is to be added to the approved 2025 revenue (base delivery revenue) before any IRM adjustments are added to calculate 2026 rates, as presented in Exhibit C, Tab 1, Schedule 2, column (e).
- c) Enbridge Gas is managing the 2025 consumer federal carbon working capital cost change impacts similar to how it manages other cost increases or revenue declines during the IRM term. Enbridge Gas currently estimates that the cost/revenue requirement impact for 2025 to be approximately \$7 million, taking into account that customer consumption in higher volume winter months, December through March, were largely billed and remitted in the January to April 2025 time period. As Enbridge Gas prepared this application and filed it with the OEB on June 30th, it was not obvious whether the 2025 impact would exceed the \$6.7 million Z-Factor threshold, and the 2025 rates application had already been reviewed, approved and implemented. For those reasons, Enbridge Gas has not sought Z-factor treatment for 2025. However, this means that the Company has and will have to absorb the 2025 working cash impacts.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Greenhouse Vegetable Growers (OGVG)

Interrogatory

Reference:

Exhibit B, Tab 1, Schedule 1, Page 14 of 16

Preamble:

Enbridge Gas is proposing to correct the PREP unit rates for Rate 331, Rate 332, Rate M16, and Rate M17 as part of 2026 Rates. The approved PREP unit rates for these exfranchise rate classes do not reflect the correct billing units which has resulted in an overstatement of the unit rates. The error impacts five customers that currently take service under these rate classes, and the total impact is projected at less than \$700,000. Any overcollection of PREP amounts would be trued up through the Panhandle Regional Expansion Project Variance Account, but considering the error in the unit rate and that the variance account isn't expected to be brought forward for disposition until 2029 Rebasings, Enbridge Gas is requesting that the corrected PREP unit rates be approved effective January 1, 2025. Enbridge Gas will rebill the impacted customers to refund the overcollection in a more timely manner.

Question(s):

- a) Please detail the nature of the error that was made in the original calculation of the PREP unit rates for Rate 331, Rate 332, Rate M16, and Rate M17. In providing the explanation, please provide excel versions of the proposed new rates as shown in Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 15, Page 2 of 2 in this application and EB-2024-0111, Rate Order, Working Papers, Schedule 13, Page 2 of 2, which appear to be identical to each other except for the Rate 331, Rate 332, Rate M16 and Rate 17 rates in column e).
- b) Does EGI normally reconcile over/under-collection of rider revenue for ICM projects on a rate class by rate class basis? Please explain using an example of a previously approved ICM rider revenue reconciliation, if available.

Response:

- a) The original calculation for the PREP unit rates for Rate 331, Rate 332, Rate M16 and Rate M17 do not reflect the correct billing units as shown in EB-2024-0111, Rate Order, Working Papers, Schedule 13, page 2 of 2, column (e). The calculation for these unit rates should be divided by 12. This is corrected in Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 15, page 2 of 2, column (e) and shown in the provided attachment.

- b) No, Enbridge Gas does not reconcile the over/under collection of rider revenue on a rate class by rate class basis for ICM projects. Please see EB-2022-0200, Rate Order, Working Papers, Schedule 27 for an example of how the actual deferral account balances for ICM projects were allocated to rate classes.

Filed as EB-2025-0163
Derivation of PREP Levelized Approach Unit Rates by Rate Class

Line No.	Particulars	Allocator	PREP	2024 Forecast Usage (3)	Billing Units (d)	PREP Unit Rate (4) (e) = (b / c)
		Current Approved Delivery Revenue (\$000s) (1) (a)	Revenue Requirement (\$000s) (2) (b)			
<u>EGD Rate Zone</u>						
1	Rate 1	1,081,124	3,259	5,011,588	10³m³	0.0650
2	Rate 6	463,199	1,396	4,799,240	10³m³	0.0291
3	Rate 100	2,392	7	4,503	10³m³/d	0.1601
4	Rate 110	37,311	112	75,654	10³m³/d	0.1487
5	Rate 115	6,686	20	14,481	10³m³/d	0.1392
6	Rate 125	12,827	39	111,124	10³m³/d	0.0348
7	Rate 135	2,200	7	52,646	10³m³	0.0126
8	Rate 145	1,054	3	6,138	10³m³/d	0.0517
9	Rate 170	2,943	9	30,928	10³m³/d	0.0287
10	Rate 200	5,155	16	15,025	10³m³/d	0.1034
11	Rate 300	-	-	-	10³m³/d	-
12	Total EGD Rate Zone	<u>1,614,890</u>	<u>4,868</u>			
<u>Union North Rate Zone</u>						
13	Rate 01	235,596	710	976,880	10³m³	0.0727
14	Rate 10	30,583	92	341,664	10³m³	0.0270
15	Rate 20	30,748	93	91,732	10³m³/d	0.1010
16	Rate 25	5,073	15	126,831	10³m³	0.0121
17	Rate 100	<u>11,765</u>	<u>35</u>	<u>42,050</u>	<u>10³m³/d</u>	<u>0.0843</u>
18	Total Union North Rate Zone	<u>313,766</u>	<u>946</u>			
<u>Union South Rate Zone</u>						
19	Rate M1	570,180	1,719	3,238,864	10³m³	0.0531
20	Rate M2	90,283	272	1,343,314	10³m³	0.0203
21	Rate M4 (F)	35,664	107	46,836	10³m³/d	0.2295
22	Rate M4 (I)	119	0	238	10³m³	0.0133
23	Rate M5 (F)	373	1	432	10³m³/d	0.2604
24	Rate M5 (I)	2,317	7	55,087	10³m³	0.0133
25	Rate M7 (F)	28,026	84	71,858	10³m³/d	0.1176
26	Rate M7 (I)	2,122	6	75,999	10³m³	0.0084
27	Rate M9	1,819	5	6,040	10³m³/d	0.0908
28	Rate T1 (F)	13,183	40	26,540	10³m³/d	0.1497
29	Rate T1 (I)	825	2	37,536	10³m³	0.0066
30	Rate T2 (F)	78,942	238	308,713	10³m³/d	0.0771
31	Rate T2 (I)	1,191	4	41,762	10³m³	0.0086
32	Rate T3	<u>8,098</u>	<u>24</u>	<u>28,200</u>	<u>10³m³/d</u>	<u>0.0866</u>
33	Total Union South Rate Zone	<u>833,142</u>	<u>2,511</u>			
<u>Ex-Franchise</u>						
34	Rate 331	174	0.524	91,095.480	GJ/d/mo	0.000
35	Rate 332	19,704	59	1,210,000	GJ/d/mo	0.004
36	Rate 401	3,561	-	-	-	-
Rate M12/C1 Dawn Parkway						
37	Dawn-Parkway	87,083	262	1,867,861	GJ/d/mo	0.012
38	Dawn-Kirkwall	1,949	6	49,500	GJ/d/mo	0.010
39	Kirkwall-Parkway	2,686	8	383,739	GJ/d/mo	0.002
40	M12-X	3,122	9	54,513	GJ/d/mo	0.014
41	Parkway-Dawn	11,416	35	1,047,191	GJ/d/mo	0.003
42	Kirkwall-Dawn	1,218	4	63,329	GJ/d/mo	0.005
43	Rate M13	386	1	4,791,112	GJ	0.000
44	Rate M16	425	1	7,333	GJ/d/mo	0.015
45	Rate M17	543	2	8,863	GJ/d/mo	0.015
Rate C1 - Firm						
St.Clair/Ojibway/Bluewater -						
46	Dawn	1,091	3	36,927	GJ/d/mo	0.007
47	Dawn to Dawn Vector	81	0	203,626	GJ/d/mo	0.000
48	Dawn to Dawn TCPL	936	3	500,000	GJ/d/mo	0.000
49	Rate C1 (I)	<u>12,139</u>	<u>-</u>			
50	Total Ex-Franchise	<u>146,512</u>	<u>394</u>			
51	Total	<u>2,908,310</u>	<u>8,718</u>			

Notes:

- (1) EB-2024-0111, Rate Order, Working Papers, Schedule 3, column (a).
- (2) P.1, column (f), line 15, allocated to rate classes in proportion to column (a), excluding F24-T, Rate 401 and Rate C1 Short Term which are based on service and/or negotiated charges.
- (3) EB-2024-0111, Rate Order, Working Papers, Schedule 5, column (a).
- (4) Cents/m³ or \$/GJ as applicable, to be included in delivery and transportation rates.

Filed as EB-2024-0111
 Derivation of PREP Levelized Approach Unit Rates by Rate Class

Line No.	Particulars	Allocator	PREP	2024 Forecast Usage (3)	Billing Units (d)	2025 PREP Rate (4) (e) = (b / c)
		Current Approved Delivery Revenue (\$000s) (1) (a)	Revenue Requirement (\$000s) (2) (b)			
<u>EGD Rate Zone</u>						
1	Rate 1	1,081,124	3,259	5,011,588	10 ³ m ³	0.0650
2	Rate 6	463,199	1,396	4,799,240	10 ³ m ³	0.0291
3	Rate 100	2,392	7	4,503	10 ³ m ³ /d	0.1601
4	Rate 110	37,311	112	75,654	10 ³ m ³ /d	0.1487
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9	Rate 170	2,943	9	30,928	10 ³ m ³ /d	0.0287
10	Rate 200	5,155	16	15,025	10 ³ m ³ /d	0.1034
11	Rate 300	-	-	-	10 ³ m ³ /d	-
12	Total EGD Rate Zone	1,614,890	4,868			
<u>Union North Rate Zone</u>						
13	Rate 01	235,596	710	976,880	10 ³ m ³	0.0727
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<u>Union South Rate Zone</u>						
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27	Rate M9	1,819	5	6,040	10 ³ m ³ /d	0.0908
28	Rate T1 (F)	13,183	40	26,540	10 ³ m ³ /d	0.1497
29	Rate T1 (I)	825	2	37,536	10 ³ m ³	0.0066
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31	Rate T2 (I)	1,191	4	41,762	10 ³ m ³	0.0086
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33	Total Union South Rate Zone	833,142	2,511			
<u>Ex-Franchise</u>						
34	Rate 331	174	1	91,095.480	GJ/d/mo	0.006
35	Rate 332	19,704	59	1,210,000	GJ/d/mo	0.049
36	Rate 401	3,561	-	-	-	-
Rate M12/C1 Dawn Parkway						
37	Dawn-Parkway	87,083	262	22,414,332	GJ/d/mo	0.012
38	Dawn-Kirkwall	1,949	6	594,000	GJ/d/mo	0.010
39	Kirkwall-Parkway	2,686	8	4,604,866	GJ/d/mo	0.002
40	M12-X	3,122	9	654,156	GJ/d/mo	0.014
41	Parkway-Dawn	11,416	35	12,566,292	GJ/d/mo	0.003
42	Kirkwall-Dawn	1,218	4	759,948	GJ/d/mo	0.005
43	Rate M13	386	1	4,791,112	GJ	0.000
44	Rate M16	425	1	7,333	GJ/d	0.175
45	Rate M17	543	2	8,863	GJ/d/mo	0.185
Rate C1 - Firm						
St.Clair/Ojibway/Bluewater -						
46	Dawn	1,091	3	443,124	GJ/d/mo	0.007
47	Dawn to Dawn Vector	81	0	2,443,512	GJ/d/mo	0.000
48	Dawn to Dawn TCPL	936	3	6,000,000	GJ/d/mo	0.000
49	Rate C1 (I)	12,139	-			
50	Total Ex-Franchise	146,512	394			
51	Total	2,908,310	8,718			

Notes:

- (1) Working Papers, Schedule 3, column (a).
- (2) P.1, column (f), line 15, allocated to rate classes in proportion to column (a), excluding F24-T, Rate 401 and Rate C1 Short Term which are based on service and/or negotiated charges.
- (3) Working Papers, Schedule 5, column (a).
- (4) Cents/m³ or \$/GJ as applicable, to be included in delivery and transportation rates.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

In this Application, Enbridge Gas seeks approval of interim distribution rates for each rate zone for the year commencing January 1, 2026, including all adjustments resulting from the application of Enbridge Gas's OEB-approved IRM rate adjustment.

Question(s):

- a) Please indicate what components of the 2026 rate application are for interim rate approval and which components relate to final rate approval.
- b) For each component where interim rates are requested, please indicate why and when Enbridge proposes to apply for final 2026 rates.

Response:

- a) Enbridge Gas is seeking approval of interim distribution rates pending the outcome of the Divisional Court appeal and judicial review application relating to certain aspects of the OEB's Decision in Phase 1 of the 2024 Rebasing application¹. The outcome of these appeals may result in an adjustment to the 2024 revenue requirement and would subsequently result in changes to the current approved base delivery revenue, impacting all rates in this Application.
- b) The Company is unable to comment on the expected timing of final 2026 rates because the timing of the Divisional Court decision(s) is unknown.

¹ EB-2022-0200.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Question(s):

- a) If the OEB approves Enbridge's requests in its EB-2025-0064 application, please indicate that what adjustments would need to occur to 2026 rates compared to what is in this 2026 rates application.
- b) If the OEB rejects Enbridge's requests in its EB-2025-0064 application, please indicate that what adjustments would need to occur to 2026 rates compared to what is in this 2026 rates application.

Response:

a-b) The outcomes of the decision on Enbridge Gas's 2024 Rebasing Phase 3 application¹ are not expected to impact the 2026 Rates application as the Company does not expect to implement the outcomes of 2024 Rebasing Phase 3 until sometime in 2027. The implementation of the 2024 Rebasing Phase 3 approvals is dependent on the timing and the outcomes of the OEB Decision. Enbridge Gas anticipates a lead time of approximately 1-2 years to implement the necessary changes following the OEB Decision.

¹ EB-2025-0064.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

The base rate adjustment for expensing capitalized overheads is provided at Exhibit C, Tab 1, Rate Order, Working Papers, Schedule 8.

Question(s):

- a) Please explain how the total capital deduction amount in part a (above) matches the capital overhead reduction amount required by the OEB.
- b) Enbridge identifies the reduction in capitalized overheads for 2026 as equivalent to \$51,963,000 for 2026. Please explain if Enbridge is requesting approval for \$51,963,000 of incremental O&M or if this amount is already contained within the O&M envelope previously approved for the 2025 to 2028 term.

Response:

- a) Please see the response at Exhibit I.STAFF-2 which describes what the annual base rate adjustments related to the migration of capitalized overhead from capital to O&M capture, and how they are calculated.
- b) Enbridge Gas has not identified that a reduction in capitalized overheads for 2026 is equivalent to \$51.963 million. Enbridge Gas has identified that the forecast incremental revenue requirement impact of migrating an additional \$50 million of capitalized overheads to O&M, on top of the \$50 million that was migrated in 2025 and captured in the associated 2025 base rate adjustment, is equal to \$51.963 million. Evidence describing the intent, methodology for determining, and calculation of the annual base rate adjustments needed to implement the OEB's direction (EB-2022-0200 Phase 1 Decision and Order) to migrate \$50 million of capitalized overheads to O&M in each year of the incentive regulation term was provided in EB-2024-0111, at Exhibit 10, Tab 1, Schedule 1, Paragraphs 11 – 17, as well as Attachment 5 to that exhibit, and approved as part of the Settlement Proposal in that

proceeding. That evidence is also summarized in the response at Exhibit I.STAFF-2 in this proceeding.

Enbridge Gas notes that, as was articulated in the EB-2024-0111 evidence, the intent of the annual base rate adjustment is to keep rates aligned with the treatment/accounting for indirect overheads ordered by the OEB, and to allow the Company to continue to recover its costs of providing service. The change in accounting treatment, or migration of capitalized overheads from capital to O&M, does not impact the gross level of costs incurred to provide service year-to-year, but does have an impact on annual revenue requirements, which the base rate adjustments address.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Enbridge Gas does not view the 2024 Rebasing Phase 1 approved capital budget as a hard cap for each year of the IR term, but it does serve as a base for capital planning/optimization purposes. Customer and business needs, as reflected annually in the updated AMP, will dictate the level of capital spending in each of 2025 to 2028. In addition, the migration of overhead capitalization, as ordered by the OEB in the 2024 Rebasing Phase 1 Decision, will also impact annual capital expenditure levels. [EB-2025-0064 Exhibit I.2.5-PP-35a]

Question(s):

- a) Enbridge indicates that it believes it can make further adjustment to allocation of capital in 2025 to 2028 term, which includes 2026. Please provide details on all conditions in place that would allow or restrict Enbridge from making 2026 capital plan adjustments outside existing OEB direction and what is included in this 2026 rate application for OEB approval.
- b) If Enbridge decides to overspend capital in 2026 above that which has been OEB approved for the term, please explain what mechanisms Enbridge could use to recover those incremental capital expenditures.
- c) Is Enbridge requesting flexibility to make changes for 2026 to the way it actually allocates the \$50 million of overhead capital to O&M, or would it be mandatory to allocate those costs exactly in the manner outlined in this application (or as adjusted by the OEB in its pending Decision for this proceeding)?

Response:

- a) Enbridge Gas notes that no specific capital amount was approved for the 2026 budget as part of the 2024 rebasing proceeding, nor is it seeking approval for the 2026 capital budget in this rate application. The Company's annual capital plan is driven by customer and business needs, which are optimized as part of the asset

management process and reflected in the Asset Management Plan. The Company also notes that the 2024 capital budget approved as part of the rebasing application continues to serve as a baseline for ongoing capital planning and optimization during the 2025-2028 incentive rate term. Please refer to Section 3.1 of the 2025-2034 AMP, dated November 8, 2024 filed in EB-2020-0091.

- b) Within this 2026 rate application, Enbridge Gas is not seeking any incremental funding for 2026 capital expenditures beyond what is accommodated within OEB-approved base rates.
- c) Enbridge Gas has proposed to adjust the \$50 million in capitalized indirect overheads in alignment with the approved base rate adjustment mechanism approved by the OEB in the Phase 2 Settlement Agreement¹. The Company does not propose making changes to this methodology.

¹ EB-2024-0111, Decision on Settlement Proposal and Interim Rate Order, November 29th, 2024.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

[B-1-1, p.10]

Question(s):

Please provide the supporting calculations and all relevant working papers used to calculate the \$184.8 million working cash allowance credit included in 2024 base rates as a result of the Federal Carbon Charge.

Response:

a) Please see Attachment 1 for supporting working papers and calculations.

Enbridge Gas Inc.
Federal Carbon Charges - Impacts to Working Cash and Rate Base
2024 Test Year Forecast - Revenue Requirement Impact

	2024
Rate Base Impact ⁽¹⁾ (\$ millions)	(184.8)
Cost of Capital ⁽²⁾	6.08%
Cost of Capital (grossed-up) ⁽³⁾	7.34%
Revenue Requirement ⁽⁴⁾	(13.6)

(1) Exhibit I.STAFF-4.Attachment 1, pg 2 - Working Cash impact to Rate Base

(2) EB-2024-0111, Rate Order, Working Papers, Schedule 1, Page 6 of 8

(3) Reflects the tax gross-up of the actual equity component annually (Equity rate x 26.5% / 0.735)

(4) Revenue Requirement impact = Rate Base Impact x Grossed-up Cost of Capital

Enbridge Gas Inc.
Federal Carbon Charge Remittance Forecast
and Working Cash Impact - 2024 Test Year

	2024
Forecast Volumes (m3)	17,711,082,407
Forecast Carbon Cost (cents/m3)	\$ 0.1567
Federal Carbon Charge Remittance Forecast (\$ millions) ⁽¹⁾	2,775,326,613
Expense Lead Days ⁽¹⁾	(24.3)
Working Cash Impact (\$ millions) ⁽¹⁾⁽²⁾	(184.8)

(1) EB-2022-0200, Exhibit 2, Tab 3, Schedule 2, Attachment 2, row 7

(2) Working Cash Impact = Annual FCC Remittances x Expense Lead Days / 365

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

[B-1-1, p.10]

Question(s):

With respect to pre-2024 rates:

- a) Please explain why Enbridge did not seek a Z-Factor, or record in its various Federal Carbon Charge related DVAs, the working cash allowance credit that would not have previously been included in the Enbridge Gas Distribution and Union Gas rate base rates.
- b) Please provide all evidentiary references to the pre-2024 rates application, that disclose the working capital benefit to Enbridge because of the Federal Carbon Charge.

Response:

- a) Upon implementation of the Federal Carbon Charge, Enbridge Gas' initial thoughts and efforts were focused on the administrative and operational challenges in addition to the costs of implementing and operationalizing the government's directive. These included the following: obtaining OEB approval to add the Federal Carbon Charge to customer bills and the costs of such regulatory proceedings, having billing systems capable of billing for Federal Carbon Charge (while excluding exempt customers), customer communications in support of carbon charges, tracking and accounting of carbon charges, the potential uncollectable amounts resulting from hundreds of millions in additional billings, costs for measurement, verification and reporting of greenhouse gas emissions, and having cash on hand to make remittance payments on required due dates.

It was not evident to Enbridge Gas that the consumer Federal Carbon Charge would produce any benefits to its working cash requirements. The Company also notes

that over the deferred rebasing period, this was not an observable outcome, given that Enbridge Gas calculated its working cash component of rate base reflecting previously approved working cash elements contained in prior approved lead/lag studies, which occurred prior to the implementation of the consumer Federal Carbon charge.

With specific regards to possible Z-factor treatment, please refer to Exhibit I.SEC-3, Attachment 1 which calculates and presents the approximate annual working cash allowance credits and resultant revenue requirement impacts for the 2019-2023 deferred rebasing period, leveraging the same methodology that was used for the 2024 rebasing forecast.

In retrospect, as can be seen in that exhibit, when the consumer Federal Carbon Charge was introduced to Ontario in 2019, the revenue requirement impact would not have exceeded the Z-factor threshold (of \$5.5 million) that was in place over the deferred rebasing period.

Subsequent to 2019, the annual carbon price changes also would not have qualified for Z-factor treatment on two grounds. First, the incremental annual impacts of the annual price changes (i.e. the change in annual revenue requirement impact from one year to the next) did not exceed the annual Z-factor threshold. Second, annual price changes (the causation for subsequent revenue requirement impacts) were not unexpected or non-routine events, a requirement for z-factor treatment, as the price changes were expected and routine.

- b) There are no evidentiary references, related to the working capital benefit that resulted from the consumer Federal Carbon Charge, prior to the 2024 Rates Application for the reasons noted above.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

[B-1-1, p.10]

Preamble:

Question(s):

For each year since the establishment of the Federal Carbon Charge and 2023, please provide the working cash allowance credit and the resulting revenue equipment impact using the same methodology used to calculate the Z-Factor amount. Please provide supporting calculations and all relevant working papers.

Response:

Enbridge Gas does not believe that the requested calculations related to prior completed years are relevant. Please see the explanation at Exhibit I.SEC-2. With that context, and without agreeing to the relevance of this request, Enbridge Gas has prepared the requested calculations and working papers, and they are found at Attachment 1.

Enbridge Gas Inc.
Impacts of Federal Carbon Charges to Working Cash
and Resulting Revenue Requirement: 2019-2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Rate Base Impact (1) (\$ millions)	(23.0)	(53.7)	(72.6)	(98.7)	(118.5)
Cost of Capital (2)	6.01%	5.84%	5.63%	5.74%	6.10%
Cost of Capital (grossed-up) (3)	7.17%	6.95%	6.71%	6.86%	7.31%
Revenue Requirement (4)	(1.6)	(3.7)	(4.9)	(6.8)	(8.7)

(1) Exhibit I.SEC-3.Attachment 1, pg 2 - Working Cash impact to Rate Base

(2) Actual Cost of Capital as provided in Annual Deferral Disposition: Exhibit B, Tab 1, Schedule 5, not including 1.5% threshold for earning sharing:

EB-2020-0134, EB-2021-0149, EB-2022-0110, EB-2023-0092, EB-2024-0125

(3) Reflects the tax gross-up of the actual equity component annually (Equity rate x 26.5% / 0.735)

(4) Revenue Requirement impact = Rate Base Impact x Grossed-up Cost of Capital

Enbridge Gas Inc.

Impacts of Federal Carbon Charges to Working Cash: 2019-2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual Federal Carbon Charge Remittances (\$ millions) (1)	345.2	807.0	1,090.3	1,483.0	1,779.4
Expense Lead Days (2)	(24.3)	(24.3)	(24.3)	(24.3)	(24.3)
Working Cash Impact (\$ millions) (3)	(23.0)	(53.7)	(72.6)	(98.7)	(118.5)

(1) Actual remittances - annual calendar basis

(2) EB-2022-0200, Exhibit 2, Tab 3, Schedule 2, Attachment 2, row 7

(3) Working Cash Impact = Annual FCC Remittances x Expense Lead Days / 365