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P. O. Box 2001
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December 18, 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, or the Company)
EB-2025-0064: 2024 Rebasing Phase 3 – Settlement Proposal

Further to our November 21, 2025 letter, attached is the Settlement Proposal for this proceeding, reflecting agreement among the Parties to almost every issue that was eligible for settlement in this 2024 Rebasing Phase 3 proceeding.[1]

As set out in the Settlement Proposal, there is one item eligible for settlement that is not currently resolved. It relates to Issue 5 (Harmonized Services and Related Charges), and specifically relates to the "Unbundled Balancing Service" relevant to unbundled direct purchase customers. Notwithstanding that there is no resolution of that item, the interested parties continue to discuss whether there may be a resolution and/or narrowing of what is currently unresolved. The Parties propose to continue their discussions and report back to the OEB by January 15, 2026 on whether the remaining item has been settled, or as to the specifics of what remains outstanding. If there is no resolution by that date, then the Parties will set out their views as to how the OEB could consider proceeding to hear and determine the remaining item.

The Parties do not believe that continuing the ongoing discussions on the remaining item for the next few weeks should or will impede the OEB from considering the balance of the Settlement Proposal. The remaining item is separate from the package settlement of all other items set out in the Settlement Proposal.

Enbridge Gas will be filing two other letters today.

The first letter will attach a Draft Rate Order, with appendices and working papers, that reflects the Settlement Proposal.

[1] As set out in Procedural Order No. 3, Issues 13(a) through (d) were not part of the Settlement Conference, and will proceed directly to hearing.

The second letter will attach Enbridge Gas's responses to ADR Information Requests received during the Settlement Conference. These set out additional evidence provided by Enbridge Gas that is relevant to the proceeding.

On behalf of all Parties, we thank the OEB for its patience in permitting the lengthy settlement process to proceed. This has allowed the Parties, through active, constructive and responsible engagement, to reach complete settlement on almost all Phase 3 issues.

Should you have any questions, please let us know.

Sincerely,

Robin Stevenson

Robin Stevenson
Technical Manager, Strategic Applications – Rate Rebasing

SETTLEMENT PROPOSAL

Enbridge Gas Inc. Application for approval of 2024 Rates – Phase 3

December 18, 2025

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PREAMBLE

Enbridge Gas's 2024 Rebasing application was filed under Ontario Energy Board (referred to herein as the OEB) docket number EB-2022-0200. The proceeding was later split into three phases through the OEB's Decision on the Issues List (Procedural Order No. 2 in Phase 1) and the subsequent Phase 1 Settlement Agreement reached amongst the Parties.

Phase 1 of the 2024 Rebasing proceeding (which retained docket number EB-2022-0200) was completed with a December 21, 2023 Decision and Order, and an Interim Rate Order that was effective May 1, 2024.

Phase 2 of the 2024 Rebasing proceeding (which received a new docket number EB-2024-0111) was completed with a January 1, 2025 Interim Rate Order (reflecting the settlement of most issues in the proceeding, as approved on November 29, 2024) and a May 29, 2025 Decision and Order for the remaining outstanding items.

The OEB subsequently issued EB-2025-0064 as the new docket number for Phase 3 of the 2024 Rebasing proceeding. In general, Phase 3 involves requests for approval of harmonized rates and services for the amalgamated utility, including an updated Cost Allocation Study.

This Settlement Proposal pertains to Phase 3.

Enbridge Gas filed its evidence for Phase 3 on February 28, 2025, and the OEB issued Procedural Order No. 1 on March 21, 2025.

Procedural Order No. 2, dated May 16, 2025, set out the Issues List for Phase 3. Procedural Order No. 3, dated August 1, 2025 set out the processes to address the Settlement Conference, including that Issues 13 (a) – (d) of the Issues List will proceed directly to hearing and will not be canvassed in the Settlement Conference, meaning that those issues are not addressed in this Settlement Proposal.[1]

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[1] These items, which were not discussed at the Settlement Conference, are as follows:

13) Has Enbridge Gas identified and responded appropriately to all relevant OEB directions and Enbridge Gas commitments made in OEB proceedings (inclusive of any relevant directions arising from the OEB's pending decision on Phase 2), including those relating to:

> *a) an update on the Automated Metering Infrastructure pilot project;*
>
> *b) a report on the steps that it has taken to achieve the capital reduction set out in the Phase 1 Decision;*
>
> *c) reporting on the status of its responses to previous Integrated Resource Planning directions;*
>
> *d) filing updated written marketing materials or reference materials aimed at customers, potential customers, HVAC contractors or builders that include or previously included energy comparison information;*

A Settlement Conference was held over more than 15 meeting dates in September, October and November 2025. There were many more days where the Parties (together or as smaller groups) met or communicated with one another to continue settlement discussions. Through this process, a settlement in principle was reached on all items eligible for settlement, with one exception. Parties worked through December 2025 to document the settlement, as set out in this Settlement Proposal and associated Draft Rate Order[2]. The Draft Rate Order is being filed at the same time as this Settlement Proposal.

Enbridge Gas and the following intervenors participated in the Settlement Conference:

Association of Power Producers of Ontario (APPrO)
Building Owners and Managers Association, Toronto (BOMA)
Canadian Biogas Association (CBA)
Canadian Manufacturers & Exporters (CME)
Consumers Council of Canada (CCC)
Energy Probe Research Foundation (EP)
Environmental Defence (ED)
Federation of Rental-housing Providers of Ontario (FRPO)
Ginoogaming First Nation (GFN)
Industrial Gas Users Association (IGUA)
Kitchener Utilities (Kitchener)
London Property Management Association (LPMA)
Minogi Corp. (Minogi)
Ontario Association of Physical Plant Administrators (OAPPA)
Ontario Greenhouse Vegetable Growers (OGVG)
Ontario Home Builders Association (OHBA)
Ontario Petroleum Institute (OPI)
Pollution Probe (PP)
Quinte Manufacturers Association (QMA)
School Energy Coalition (SEC)
Six Nations Natural Gas Company Limited (SNNG)
Three Fires Group Inc. (Three Fires)
Vulnerable Energy Consumers Coalition (VECC)

All intervenors listed above (the “Intervenors”) participated in some, or all, of the Settlement Conference and subsequent discussions. As stipulated in Procedural Order No. 3, OEB staff did not attend the Settlement Conference and is not a party to the Settlement Proposal. OHBA takes no position on any aspect of the Settlement Proposal

[2] The Phase 3 Draft Rate Order (including all attachments and schedules) has been reviewed by the Parties in advance of its filing. The Phase 3 Draft Rate Order, dated December 18, 2025, is referred to in this Settlement Proposal as the “Draft Rate Order”.

and is not a party to the Settlement Proposal.

In this Settlement Proposal, the above-listed Intervenors (except for OHBA) and Enbridge Gas are referred to as the "Parties".

Enbridge Gas wishes to acknowledge the efforts made by the Intervenors, including in coordinating amongst themselves in order to present organized and comprehensive positions on the various issues negotiated, and the Intervenors wish to acknowledge the efforts made by, Enbridge Gas to provide information and respond to many questions and requests for supplementary analyses, all of which have allowed the Parties through active, constructive and responsible engagement to reach complete settlement on almost all Phase 3 issues. These efforts have enhanced regulatory efficiency and resulted in both a robust settlement proposal and a significantly shorter hearing process for Phase 3 than would otherwise have been the case.

As noted, the Parties have reached complete agreement on almost all items in this Phase 3 process. The exceptions are as follows:

1. There is no agreement on Issues 13 (a) – (d), because the OEB directed that these items will proceed directly to hearing.

2. There is no agreement on one part of Issue 5 (proposed services and charges for harmonized rate classes). Specifically, there is no agreement related to the "Unbundled Balancing Service" (UBS) applicable for unbundled direct purchase customers. All other aspects of Issue 5 are completely settled. Therefore, Issue 5 is considered to be "partially settled".

Collectively, the completely settled and partially settled issues are referred to as the "Settled Issues" in this Settlement Proposal. There is no disagreement with any of the completely or partially settled issues – in other words, no Party objects to what is identified as settled.

The CBA participated primarily in the negotiation and resolution of Issue 3 c) as it relates to ex-franchise rates applicable to the injection service that Enbridge Gas provides to producers of renewable natural gas and takes no position on any other Issue except to the extent that they relate to the proposed injection services.

This document is called a "Settlement Proposal" because it is a proposal by the Parties to the OEB to settle certain issues in this proceeding. It is termed a proposal as between the Parties and the OEB. However, as between the Parties, and subject only to the OEB's approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and is binding and enforceable in accordance with its terms. As set forth below, this Settlement Proposal is subject to a condition subsequent, that if it is not accepted by the OEB in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand

and agree that, pursuant to the *Ontario Energy Board Act*, *1998*, the OEB has exclusive jurisdiction with respect to the interpretation or enforcement of the terms hereof. No amendment or modification to this agreement shall be enforceable unless reduced to writing and mutually agreed upon by the Parties and accepted by the OEB.

Many of the Settled Issues represent compromises from the position that parties would take on certain items if addressed in isolation. However, the Parties agree to the Settled Issues in total. It is fundamental to the agreement of the Parties that none of the provisions of this Settlement Proposal are severable. If the OEB does not accept the provisions of the Settlement Proposal in their entirety, there is no Settlement Proposal (unless the Parties agree that any portion of the Settlement Proposal that the OEB does accept may continue as a valid Settlement Proposal).

It is understood and agreed that none of the Parties can withdraw from the Settlement Proposal except in accordance with Rule 30 of the *Ontario Energy Board Rules of Practice and Procedure*. Further, unless stated otherwise, a settlement of any particular issue in this proceeding is without prejudice to the positions the Parties might take with respect to the same issue in future proceedings, whether or not Enbridge Gas is a party to the proceeding, in which such issue is otherwise properly raised.

The Settlement Proposal describes the agreements reached on the Settled Issues. The Settlement Proposal provides a direct link between each Settled Issue and the supporting evidence in the record to date and/or the additional evidence attached hereto.

Best efforts have been made to identify all of the evidence that relates to each Settled Issue. The supporting evidence for each Settled Issue is identified individually by reference to its exhibit number in an abbreviated format; for example, Exhibit 1, Tab 1, Schedule 1 is referred to as 1.1.1. The interrogatory responses have been grouped by Exhibit and Tab. The identification and listing of the evidence that relates to each Settled Issue is provided to assist the OEB.

Some aspects of the settlement are different from what is included in Enbridge Gas's prefiled evidence. Key items for which this is the case are the rate zones proposal (Issue 2), the general service rate design proposal (Issue 3) and the rate mitigation proposal (Issue 9). While the settled version of each of these proposals is premised, and builds, upon Enbridge Gas's filing, the details of what has been agreed are different from any of the alternatives set out in the prefiled evidence. To support the Settlement Proposal, Enbridge Gas has created additional evidence setting out the details of the three items noted above. The additional evidence is included with the Draft Rate Order.

The Parties are of the view that the evidence provided, inclusive of the materials included in the Draft Rate Order, is sufficient to support the Settlement Proposal in relation to the Settled Issues and, moreover, that the quality and detail of the supporting evidence, together with the corresponding rationale, will allow the OEB to make findings agreeing with the proposed resolution of the Settled Issues.

The Parties acknowledge that all data, documents or information provided and any discussions, including negotiations, admissions, concessions, offers and counter-offers occurring during the course of the Settlement Conference (settlement information), including subsequent related discussions, are privileged and confidential and without prejudice in accordance with (and subject to the exceptions set out in) the OEB's *Practice Direction on Settlement Conferences* (see pages 4-5 of the OEB's *Practice Direction on Settlement Conferences*, as revised February 17, 2021). Without derogation of the foregoing, the Parties have agreed that certain information provided by Enbridge Gas during the Settlement Conference in response to written information requests will be publicly filed with the OEB. This will be filed at or around the same time as the Settlement Proposal, using the descriptor "ADR Information Requests".

Filed with this Settlement Proposal is a Draft Rate Order which supports the proposed settlement. The Parties acknowledge that the Draft Rate Order and its appendices and attachments were prepared by Enbridge Gas. While the Intervenors have reviewed the Draft Rate Order and its appendices and attachments, the Intervenors are relying on their accuracy and the underlying evidence in entering into this Settlement Proposal.

OVERVIEW

Enbridge Gas's 2024 Rebasing proceeding has involved a large number of items and issues related to setting rates for 2024, including many items related to the amalgamation and integration of Enbridge Gas Distribution (EGD) and Union Gas (Union). This Phase 3 Rebasing proceeding is the final stage of the rebasing process. It generally involves the approval of harmonized rates and services for the amalgamated utility (including a Cost Allocation Study). Enbridge Gas seeks approval of the harmonized rates in this proceeding, based on 2024 approved revenue requirement, and will then implement the updated rates in or around 2027, after all necessary preparation work is complete. The implemented harmonized rates will reflect the annual rate updates (using the price cap mechanism approved in Phase 2) for 2025, 2026 and 2027. Enbridge Gas will seek approval of the updated harmonized rates in its 2027 Rates Application. Also, as part of the 2027 Rates Application, Enbridge Gas will provide an update to its Rate Harmonization Implementation Plan for the harmonized rates.

The Parties engaged in a lengthy and productive Settlement Conference for Phase 3. Through diligent efforts, constructive discussion and extensive co-operation, the Parties have resolved almost every item from the Phase 3 Issues List. If the Settlement Proposal is approved, there would be an OEB hearing to determine four unresolved items (Issues 13(a) to (d)), which the OEB designated for hearing, as well as an unsettled item from Issue 5).

The overall settlement would allow Enbridge Gas to implement harmonized rates and services across its entire service territory. For cost allocation and rate design purposes, Enbridge Gas would implement a single rate zone for distribution costs and three rate zones (North, Central and South) for gas supply, storage and transmission costs. This recognizes the commonality of distribution costs and the difference in gas costs for different areas of the Company's service territory. For general service customers, volumetric rates would continue to apply, as compared to the Company's proposal for a "straight fixed variable with demand" (SFVD) rate design. For contract customers, the rates that apply would be substantially similar to what Enbridge Gas proposed in evidence.

Recognizing that there will be some material rate impacts on customers as they transition to the harmonized rates and experience the impacts of the first comprehensive Cost Allocation Study completed for more than 10 years, the Parties have agreed on a Rate Mitigation Plan. This Rate Mitigation Plan will see the impact of the harmonized rates phased in over five years, and limits the bill impacts for customers to maximum average (for legacy rate classes) annual bill increases of 3% or less[3], and measures to limit bill increases as much as practical for all customers. All parties agree that the Company's rate mitigation approach as set out in this Settlement Proposal

[3] Note that the overall bill no longer includes the federal carbon charge, which is different from the bill impacts and proposed mitigation plan set out in the prefiled evidence.

optimizes mitigation across all customers.

Description of the Settled Issues

A summary of the key Settled Issues is set out below. This is intended to assist the OEB with an overall high-level view of what will be resolved if the Settlement Proposal is accepted.[4] Full detail is provided in the Issues section of the Settlement Proposal.

a) *Harmonization of rate zones (Issue 1)*

Enbridge Gas will have one rate zone for distribution costs and three rate zones for gas supply, storage and transmission costs. The three rate zones would be: (i) a North rate zone, which includes 0.2 million customers (or 6% of Enbridge Gas's total customers); (ii) a Central rate zone for the combined Central and East service areas which includes 2.4 million customers (or 63% of Enbridge Gas's total customers); and (iii) a South rate zone which includes 1.2 million customers (or 31% of Enbridge Gas's total customers).

b) *Harmonization of rate classes (Issue 1)*

Enbridge Gas will have new rate classes that will apply to all customers regardless of rate zone. There will be 2 general service rate classes and 16 contract rate classes (including 4 that relate to ex-franchise customers).

c) *Cost Allocation Study (Issue 2)*

Enbridge Gas has prepared an updated Cost Allocation Study, reflecting the agreed approach for rate zones, along with three other changes agreed between the Parties. The updated Cost Allocation Study, for which Enbridge Gas seeks OEB approval, is filed as Appendix D to the Draft Rate Order.

d) *General Service rate design (Issue 3(a))*

Enbridge Gas will implement two rate classes for general service customers – Rate E01 and Rate E02. Enbridge Gas will use a volumetric rate design for its general service rates, rather than the proposed SFVD rate design. There will be a modified design for the volumetric rates for Rates E01 and E02, compared to the Company's filed (alternative) proposal for volumetric rates. The main difference from the Company's filed alternative proposal is that the "break point" (divider) between Rate E01 and Rate E02 will be 50,000 m^3 annual volume (as compared to the proposed 15,000 m^3 break point). This is consistent with the current approved break point for general service rate classes in the Union rate zones. This will mean fewer customers will change rate classes. Enbridge Gas will update the presentation and calculation of delivery rates for Rates E01 and E02, so that the Company can recover distribution costs in a common delivery charge and have rate zone specific

[4] In the event of any inconsistency between the description of the Settled Issues in this Summary and the descriptions of the Settled Issues in the Issues section of the Settlement Proposal, the description in the Issues section is intended to represent the positions of the Parties to the Settlement Proposal.

gas supply, storage and transportation charges.[5]

e) *Contract rate design (Issue 3(b))*

Enbridge Gas will implement its harmonized contract rates as proposed with minor changes.

f) *Ex-franchise rate design (Issue 3(c))*

Enbridge Gas will implement its harmonized ex-franchise contract rates as proposed with minor changes to the "station fees" for Rate E80 (Producer services).

g) *Gas supply charges and common reference price methodology (Issues 4 and 7)*

Enbridge Gas will maintain a common weighted average reference price (WARP) for the calculation of unaccounted for gas (UFG), compressor fuel, own use gas and gas in inventory, as these costs are common across rate zones. Enbridge Gas will establish a separate WARP for sales service customers in each rate zone (North, Central, South) to ensure that rates recover the rate zone specific gas supply portfolio costs on a forecast basis.

Enbridge Gas will implement a separate gas supply commodity charge for each rate zone and separate gas supply transportation charges for each rate zone based on the allocated costs for each rate zone. There will be a common gas supply administration cost for all rate zones.

Enbridge Gas will expand the availability of the Parkway Delivery Commitment Incentive (PDCI) credit to certain bundled direct purchase (DP) customers in the current EGD rate zone.

h) *Terms and conditions of service (Issue 5)*

Subject to some stipulated exceptions and changes, Enbridge Gas will implement the terms and conditions for its harmonized services as proposed in evidence.

i) *Rate harmonization plan (Issue 8)*

Enbridge Gas seeks approval of the harmonized rates in this proceeding, based on the 2024 approved revenue requirement, and will then implement the updated rates at the beginning of or during 2027, assuming all necessary preparation work is complete. The implemented harmonized rates will reflect the annual rate updates (using the price cap mechanism approved in Phase 2) for 2025, 2026 and 2027. In the 2027 Rates Application, which will be filed in mid 2026, Enbridge Gas will seek approval of the updated harmonized rates, reflecting the PCI adjustments for prior

[5] Note that as part of the rate mitigation plan the volumetric delivery charge for Rate E01 will temporarily be different for the South rate zone as compared to the North and Central rate zones and until such time (assumed to be 2029) when the fixed delivery charges for each rate zone are set at the same level.

years, as well as the impacts of the Rebasing Phase 2 Settlement Agreement.

Enbridge Gas will proceed with a Rate Harmonization Plan that will see the harmonized rates implemented in two phases during 2027. One phase will implement the harmonized contract rates and services, and the other will implement the harmonized general service rates. The Company will provide a more detailed Rate Harmonization Implementation Plan as part of its 2027 Rates Application. Enbridge Gas anticipates that the 2027 Rates Application will also include proposals for rate adjustments resulting from the mid-year implementation of harmonized rate classes and rate design changes.

j) Rate mitigation plan (Issue 9)

Enbridge Gas will implement a Rate Mitigation Plan using rate riders . This Rate Mitigation Plan will see the impact of the harmonized rates phased in over five years, and limits the bill impacts for customers to maximum average (for legacy rate classes) annual bill increases of 3% or less, and measures to limit bill increases as much as practical for all customers.

Enbridge Gas will use both fixed and volumetric unit rate riders to ensure an optimal distribution of the mitigation across various customers of different sizes in the applicable classes. Funding for the mitigation will come first from within the same harmonized rate class that receives the mitigation benefit and then, where necessary, from customers in other rate classes with the largest average total bill decreases.

By incorporating these principles, the Phase 3 bill impacts will be phased in over a five-year period from the implementation date in 2027 to 2031. Enbridge Gas proposes to implement the mitigation riders (Rider R) over 5 years, with changes every 12 months. The rate mitigation credits and charges decrease evenly over the five-year period until they expire in year 4 with final bill impacts and unmitigated rates in effect by year 5.

k) Gas supply deferral and variance accounts (Issue 10)

Enbridge Gas will implement harmonized gas supply variance accounts, generally as proposed in evidence. For the PGVA and Third-Party Transportation Variance Accounts, separate accounts will be created for each of the North, Central and South rate zones.

l) Other accounts, including Rate Harmonization Variance Account (Issues 11 and 12)

Enbridge Gas will establish a Rate Harmonization Variance Account (RHVA) to record differences to forecast revenue that are attributable to customers switching rate classes as a result of the implementation of new rate classes.

Enbridge Gas will withdraw its request for a Volume Variance Account (VOLUVAR), without prejudice to Enbridge Gas being able to advance a request for a VOLUVAR or similar mechanism as part of the 2029 Rebasing proceeding.

m) *Information to be provided to Indigenous Working Group (Other Issues – Issue 13)*

Enbridge Gas will support the consultation and discussions of the Indigenous Working Group (IWG) about "whether and if so, how, there should be any differential in rates for First Nations, Indigenous communities and reserves as compared to other gas consumers for the purposes of potentially developing proposals for OEB review and approval" by providing to the IWG as much of the following information as is available by no later than March 31, 2026: (i) Enbridge Gas's best information as to the current number of its on-reserve First Nations gas customers in Ontario; (ii) particulars of any studies Enbridge Gas has conducted or made use of to determine the appliance inventory, housing types and/or usage patterns of its customers in different classes, including whether the studies included First Nations and Indigenous customers and whether the data for any such customers can be separated out; and (iii) any other existing documents that are material and relevant showing Enbridge Gas's current information about the topics noted in item (ii). The Indigenous members of the IWG may retain an expert, using established IWG practices and budgets, to obtain any information about Indigenous customers from items (i) and (ii) above that Enbridge Gas does not have.

Financial Impact of Settlement Proposal

The Settlement Proposal supports the approval of harmonized rates to recover Enbridge Gas's approved 2024 revenue requirement, as set out in the EB-2022-0200 Phase 1 Rate Order and updated in the July 2024 EB-2024-0166 QRAM application.

In prefiled evidence, Enbridge Gas set out two changes to the EB-2022-0200 revenue requirement for 2024 to be recovered through the harmonized rates.

a) First, there is a reduction of $18.6 million to reflect lower gas costs included in rates based on the 2024 gas supply plan.

b) Second, there is an increase of $1 million to recognize the additional costs of expanding the eligibility of the PDCI credit, as set out under Issue 4 below.

As a result of the settlement of Issue 5, described below, there is one additional adjustment. Parties have agreed that Enbridge Gas will continue to offer consolidated billing to customers in the Union rate zone currently receiving that service. This will result in an incremental revenue deficiency of approximately $0.9 million.

These items are summarized in the following table.

Restatement of Enbridge Gas's 2024 Revenue Requirement

Line No.	Particulars ($ millions)	Total
		(a)
	Restatement of 2024 Revenue Requirement	
1	Phase 1 Rate Order (1)	6,150.3
2	July 2024 QRAM Revenue Update (2)	(803.7)
3	Current Approved Revenue - Phase 3	5,346.6
4	2024 Revenue Requirement - Phase 3	5,329.9
5	Phase 3 Revenue (Deficiency)/Sufficiency	16.7
	Rate Order and Phase 3 Adjustments (3)	
6	Consolidated billing adjustment	(0.9)
7	Parkway Delivery Commitment Incentive cost	(1.0)
8	Gas costs included in rates	18.6
9	Phase 3 Revenue (Deficiency)/Sufficiency	16.7

Notes:
(1) EB-2022-0200 Rate Order, Working Papers Schedule 16, line 14 column (j).
(2) EB-2024-0166.
(3) Positive adjustments decrease the revenue requirement and result in a revenue sufficiency. Negative adjustments increase the revenue requirement and result in a revenue deficiency.

Enbridge Gas has designed rates to recover the adjusted Phase 3 revenue requirement of $5,329.9 million. This adjustment for Phase 3 results in a decrease to rates, or a revenue sufficiency, of $16.7 million.

Details of the foregoing are set out in the Draft Rate Order being filed with this Settlement Proposal.

Bill Impacts

The total bill impacts for a typical residential and small commercial sales service customer in each rate zone resulting from Phase 3 Settlement Proposal, as compared to Enbridge Gas's approved interim 2024 Rates (EB-2022-0200) at July 2024 QRAM gas costs and prior to mitigation, are shown below.

Typical General Service Bill Impacts (Excluding Rate Mitigation Rider)

Rate Class	Annual Consumption (m^3)	Total Bill Impact ($)	Total Bill Impact (%)
		(a)	(b)
Central Rate Zone			
Rate 1	2,400	$14.41	1.6%
Rate 6	22,606	($506.48)	(7.8%)
Rate 01 North East	2,200	($187.11)	(17.5%)
Rate 10 North East	93,000	($6,785.72)	(23.3%)
North Rate Zone			
Rate 01 North West	2,200	$2.22	0.2%
Rate 01 North East	2,200	($162.00)	(15.1%)
Rate 10 North West	93,000	$593.93	2.6%
Rate 10 North East	93,000	($5,634.30)	(19.4%)
South Rate Zone			
Rate M1	2,200	$57.94	7.1%
Rate M2	73,000	($351.55)	(2.0%)

The foregoing are typical bill impacts, and there are in each customer class a range of impacts as among customers in that class. Enbridge Gas will implement a Rate Mitigation Rider (Rider R) to smooth the bill impacts of implementing the Rate Harmonization Plan, which rider is designed to also address the "outliers" in terms of impacts in each rate class. The Rate Mitigation Rider will be in place over a five-year period from the proposed implementation date in 2027 to 2031. The rate mitigation credits and charges under Rider R decrease evenly over the five-year period until they expire in year 4 with final bill impacts and unmitigated rates in effect by year 5.

The bill impacts for a typical residential and small commercial sales service customer in each rate zone resulting from Enbridge Gas's proposals in the first year of implementation, including the impacts of the Rate Mitigation Rider and excluding the federal carbon charge, are shown below.

Typical General Service Bill Impacts (Including Rate Mitigation Rider)
First Year of Implementation

Rate Class	Annual Consumption (m^3)	Total Bill Impact ($)	Total Bill Impact (%)
		(a)	(b)
Central Rate Zone			
Rate 1	2,400	$14.41	1.6%
Rate 6	22,606	($833.11)	(12.8%)
Rate 01 North East	2,200	($150.31)	(14.0%)
Rate 10 North East	93,000	($4,234.22)	(14.5%)
North Rate Zone			
Rate 01 North West	2,200	$2.22	0.2%
Rate 01 North East	2,200	($150.50)	(14.0%)
Rate 10 North West	93,000	$422.93	1.8%
Rate 10 North East	93,000	($4,152.30)	(14.3%)
South Rate Zone			
Rate M1	2,200	$23.44	2.9%
Rate M2	73,000	($351.55)	(2.0%)

More details about rate impacts, including impacts for contract rate classes (before and after mitigation) are included in the Draft Rate Order. The bill impacts for average contract rate classes are set out below, in the table included at Issue 9 which shows average first year bill impacts for all customers without and with rate mitigation.

Unsettled Issues

Parts of two Issues from the Phase 3 Issues List are not resolved or settled through this Settlement Proposal.

a) There is no agreement on, and was no discussion of, Issues 13 (a) – (d), because the OEB directed that these items will proceed directly to hearing. These items relate to whether Enbridge Gas has responded appropriately to OEB directions and Enbridge Gas commitments related to plans for an automated metering infrastructure (AMI) pilot project, capital budget reductions for 2024, IRP and energy comparison marketing material.

b) There is no agreement on one part of Issue 5 (proposed services and charges for harmonized rate classes). Specifically, there is no agreement related to the "Unbundled Balancing Service" (UBS) applicable for unbundled direct purchase customers. All other aspects of Issue 5 are completely settled.

Each of these items will be determined by the OEB.

THE ISSUES

The subsections that follow set out the specific agreement on each Settled Issue.

Unless stated otherwise, all issues are completely settled. As stated above, the CBA primarily participated only in the negotiation and settlement of Issue 3 c) and takes no position on any other Settled Issue except in the limited circumstances where an issue impacted the settlement of issue 3 b). With those exceptions, all the Parties agree to the settlement of each Settled Issue.

A. Rate Harmonization, Cost Allocation and Rate Design, and Gas Cost Common Reference Price Methodology

1. Is the proposal for harmonization of rate zones and rate classes appropriate, including:
a) The proposal for one rate zone.
b) The proposal for harmonized rate classes.

Through the settlement process, the Parties have agreed to harmonize Enbridge Gas's rate zones and rate classes.

The agreed approach for the harmonization of rate classes will see one rate zone for distribution costs (full harmonization) and three rate zones for gas supply, storage and transmission costs, reflecting the different costs to serve different areas.

The agreed approach for harmonization of rate classes will see the same new rate classes apply across the full Enbridge Gas service territory, following the approach set out in the prefiled evidence.

a) Rate Zones

Enbridge Gas currently has four rate zones, based on the historical approach of EGD and Union. The rates for each rate zone are different. For reference, the map below sets out Enbridge Gas's current rate zones.

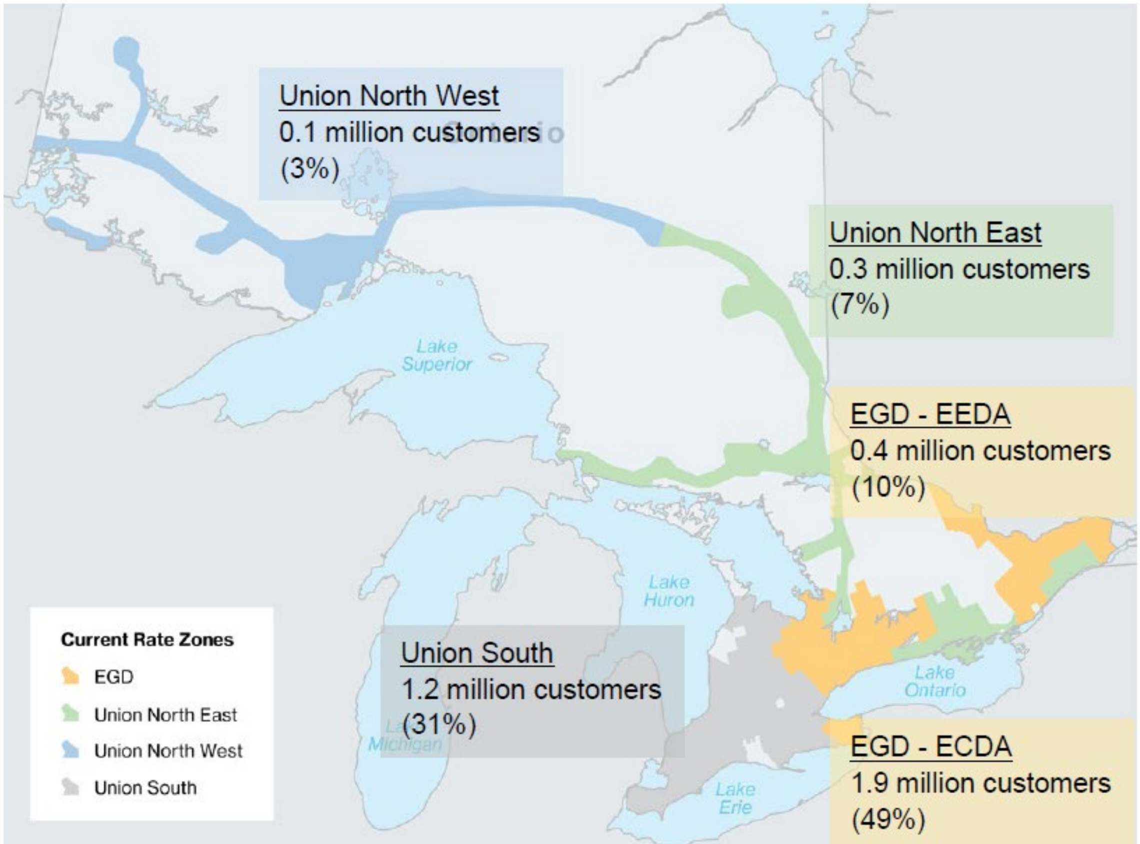
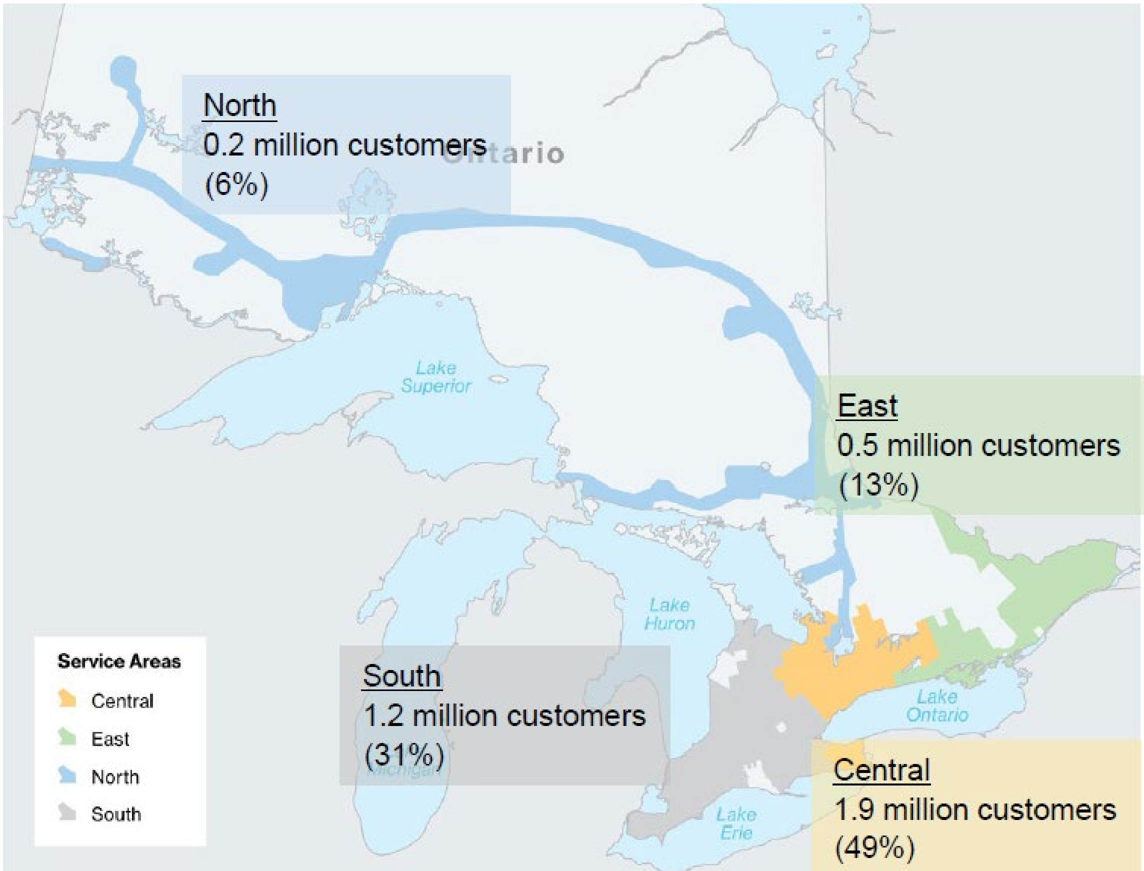


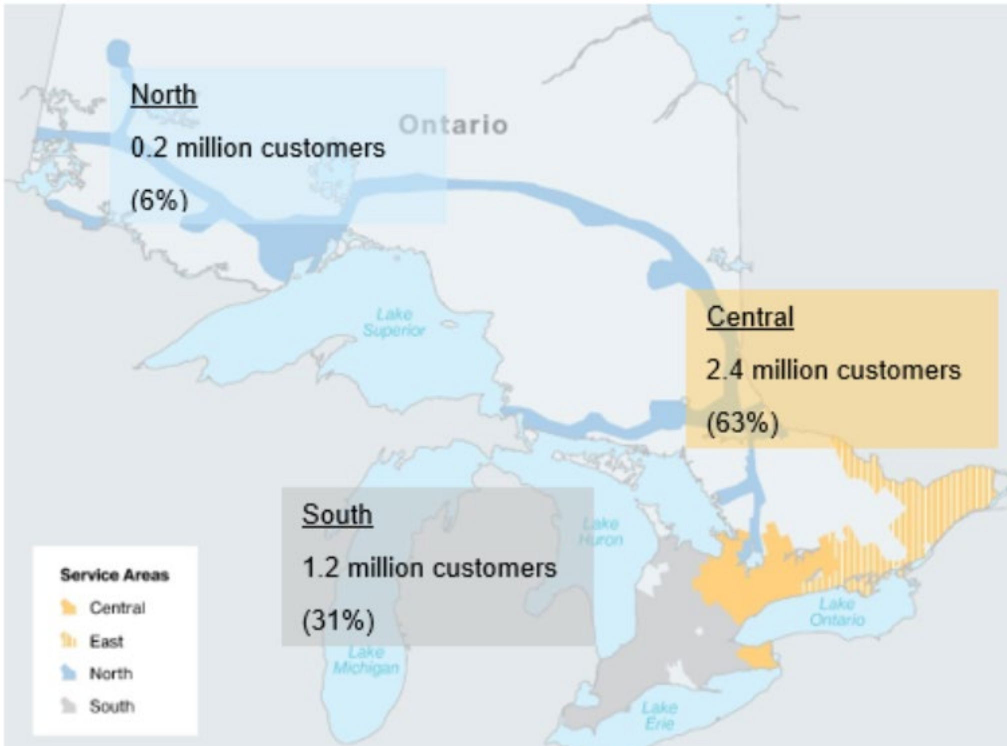
Exhibit 7, Tab 0, Schedule 1 set out Enbridge Gas's proposal for how to harmonize its current rate zones. Enbridge Gas proposed a cost allocation and rate design based on one rate zone for rates and services. This proposal recognized regional differences in the allocation of gas supply transportation and transmission costs to the harmonized rate classes.

Enbridge Gas also provided several rate zone alternatives for comparison, including its preferred alternative should the OEB support more than one rate zone. Enbridge Gas considered the proposed service areas of Central, East, North, and South for possible alternative rate zones. Below is a map of the proposed service areas, including the total number of customers located in each service area.



Enbridge Gas's preferred alternative, should its single rate zone proposal not be accepted, included one common rate zone for distribution costs and two rate zones with regional allocations for gas supply, storage and transmission costs. The two rate zones were: (i) a new North rate zone for the combined North and East service areas, which included 0.7 million customers (or 20%); and (ii) a new South rate zone for the combined South and Central service areas, which included 3.1 million customers (or 80%).

Through the settlement process, the Parties have agreed upon a variation of Enbridge Gas's preferred alternative. Specifically, the Parties have agreed upon one rate zone for distribution costs and three rate zones for gas supply, storage and transmission costs. The three rate zones would be: (i) a new North rate zone, which includes 0.2 million customers (or 6%); (ii) a new Central rate zone for the combined Central and East service areas which includes 2.4 million customers (or 63%); and a new South rate zone which includes 1.2 million customers (or 31%). Below is a map of the three agreed rate zones, including the total number of customers located in each service area:



The new proposal is different from any of the scenarios that are described in prefiled evidence. Further details are set out in the Draft Rate Order.

In relation to the settlement on rate zones (one rate zone for distribution costs and three rate zones for gas supply, storage and transmission costs), the Parties have the following overall comments that are important context for the OEB to understand when reviewing this item.

The Parties collectively endorse this comprehensive settlement despite the view of some that it is preferable to continue to move rates towards better reflection of cost causality, subject to continuing to manage near term impacts on individual customers (for example those customers in Eastern Ontario), and the view of other parties that single zone postage stamp rates would be reasonable.

For this reason, to have the information to better understand the need (or not) for future adjustments to rate zones, all Parties agree that it is important for Enbridge Gas to continue to track gas supply (including transportation, transmission, storage and load balancing) costs incurred to serve each of Enbridge Gas's operational areas (i.e. the zones identified in the evidence regarding the "four rate zone alternative", which is the same as the four "service territories" in the second map above). This information will allow all Parties in a future cost of service proceeding to understand how gas related costs are allocated among customers and operational areas and whether reconsideration of these allocations is warranted in the future.

b) Harmonized Rate Classes Proposal

As described at Exhibit 8, Tab 2, Schedule 1, Enbridge Gas applied seven guiding principles in assessing and developing a harmonized approach to its rate classes, to create new rate classes that would apply to all customers regardless of rate zone.

Enbridge Gas's harmonized rate class proposal simplifies the total number of rate classes from the current 42 rate classes to 16 rate classes. The table included on the following page of the Settlement Proposal (reproduced from the prefiled evidence) sets out the proposed harmonized rate classes, along with the current rate classes from each current rate zone that would be replaced by the harmonized rate classes.

Mapping of Current Rate Classes to Harmonized Rate Classes

Line No.	Service Type & Rate Class No.	Harmonized Rate Class Description	Current Rate Zone EGD	Current Rate Zone Union North	Current Rate Zone Union South
	In-franchise General Service				
1	Rate E01	Small Volume General Service	Rate 1 - annual volume ≤ 50,000 m^3 Rate 6 - annual volume ≤ 50,000 m^3	Rate 01 - annual volume ≤ 50,000 m^3	Rate M1 - annual volume ≤ 50,000 m^3
2	Rate E02	Large Volume General Service	Rate 1 - annual volume > 50,000 m^3 Rate 6 - annual volume > 50,000 m^3	Rate 10 - annual volume > 50,000 m^3	Rate M2 - annual volume > 50,000 m^3
	In-franchise Contract Service				
3	Rate E10	Firm Bundled Contract Service	Rate 100 Rate 110 Rate 115	Rate 20 - bundled firm service Rate 100 - bundled firm service	Rate M4 - firm service Rate M5 - firm service CD ≥ 1,800 m^3/d Rate M7 - firm service
	In-franchise Large Contract Service				
4	Rate E20	Semi-Unbundled Contract Service	No rate classes	No rate classes	Rate T1 - firm and IT service Rate T2 - firm and IT service
5	Rate E22	Unbundled Contract Service	Rate 300	Rate 20 - unbundled firm and IT service; CD < 1,200,000 m^3/d Rate 25 - unbundled IT service; CD < 1,200,000 m^3/d Rate 100 - unbundled firm and IT service; CD < 1,200,000 m^3/d	No rate classes
6	Rate E24	Extra-Large Unbundled Contract Service	Rate 125	Rate 20 - unbundled firm and IT service; CD ≥ 1,200,000 m^3/d Rate 100 - unbundled firm and IT service; CD ≥ 1,200,000 m^3/d	Rate T2 - firm and IT service; non-obligated DCQ; CD ≥ 1,200,000 m^3/d
	In-franchise Other Contract Service				
7	Rate E30	Interruptible Bundled Contract Service	Rate 145 Rate 170	Rate 25 - sales/bundled IT service	Rate M4 - IT service Rate M5 - IT service; firm service CD < 1,800 m^3/d Rate M7 - IT service
8	Rate E34	Seasonal Firm Bundled Contract Service	Rate 135	No rate classes	Rate M7 - seasonal service
9	Rate E38	Unbundled Storage Contract Service	Rate 315 Rate 316	Rate 20 - bundled (T-service) storage service Rate 100 - bundled (T-service) storage service	Rate T2 - Rate E24 storage service
	Wholesale Contract Service				
10	Rate E60	Wholesale Transportation Contract Service	No rate classes	No rate classes	Rate M17 - transportation excluding Dawn Parkway
11	Rate E62	Wholesale Bundled Contract Service	Rate 200	No rate classes	Rate M9
12	Rate E64	Wholesale Semi-Unbundled Contract Service	No rate classes	No rate classes	Rate T3
	Ex-franchise Transportation Contract Service				
13	Rate E70	Transportation Contract Service	Rate 331 Rate 332	No rate classes	Rate M12 Rate C1 Rate M17 - Dawn Parkway transportation
14	Rate E72	Storage Pool Transportation Contract Service	No rate classes	No rate classes	Rate M16
	Ex-franchise Other Contract Service				
15	Rate E80	Producer Injection and Transportation Contract Service	No rate classes	No rate classes	Rate M13 Gas Producer Agreement (GPA)
16	Rate E82	Renewable Natural Gas Injection Contract Service	Rate 401	No rate classes	No rate classes

The Parties have agreed to the proposed harmonized rate classes as set out in the prefiled evidence.

Through the settlement process, changes have been made to the rate design and/or charges relevant to Rates E01, E02, E10 and E80. Those changes are described below under Issue 3.

Also as a result of the settlement process, the Parties have agreed on certain changes to some of the services and related terms and conditions affecting certain contract rate classes. Those changes are described below under Issue 5.

***Evidence**:* The evidence in relation to this issue includes, but is not limited to, the following:

7.0.1	Comparison of Rate Zone Alternatives
8.1.1	Rate Design Overview
8.1.2	Rate Design Proposals
8.2.1	Rate Harmonization Plan
Exhibit I.7.0	Exhibit 7, Tab 0 Interrogatories
Exhibit I.8.1	Exhibit 8, Tab 1 Interrogatories
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
2 TC Tr. 26 - 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
ADR-1, 3 –11, 13, 23 and 24	ADR Responses
Draft Rate Order	Overview, Appendix E, and Schedule 20

2. Is the 2024 Cost Allocation Study to allocate costs to the harmonized rate classes appropriate, including the methodologies?

Enbridge Gas filed its 2024 Cost Allocation Study and detailed supporting evidence at Exhibit 7, Tab 1, Schedule 1 of the evidence. Included with that evidence are several versions of the Cost Allocation Study that show outcomes based on different rate zone scenarios.

The Cost Allocation Study for the 2024 Test Year is the first complete study prepared by Enbridge Gas since the MAADs Decision. It is also the first complete study completed for either the EGD or Union rate zones since their last rebasing proceedings in 2013/2014. As such, there are many changes in the Cost Allocation Study from what currently underpins rates, and the reallocation of costs results in bill impacts for customers even prior to rate class harmonization.

The 2024 Cost Allocation Study is a fully integrated and comprehensive study that includes all the harmonized services and rate class proposals set out in the Company's evidence. The approach taken for the Cost Allocation Study is set out in evidence, and explained at Appendix C to the Draft Rate Order.

As explained, the Parties have agreed upon a different rate zone approach from what is included in evidence, that consists of one rate zone for distribution costs and three rate zones for gas supply, storage and transmission costs. Additionally, the Parties have agreed upon other changes to the cost allocation approach, to be reflected in an updated Cost Allocation Study. These are as follows:

A) *Allocation of Panhandle and St. Clair system related revenue requirements* – On harmonization, Enbridge Gas will allocate the revenue requirements related to the Panhandle system and the St. Clair system, as set out at Appendix D, Attachment 6 of the Draft Rate Order, in the following manner:

   i. 50% of the Panhandle system revenue requirement will be allocated based on the combined Panhandle and St. Clair system demands;

   ii. 50% of the Panhandle system revenue requirement will be allocated based on the demand of the Panhandle system; and

   iii. 100% of the St. Clair system revenue requirement will be allocated based on the combined Panhandle and St. Clair system demands.

   On rebasing, in addition to the allocations set out above, Enbridge Gas will implement the following:

   iv. *Classification of Panhandle Reinforcement Project (PREP) costs* – During the current IR term, the levelized rates for the PREP, which represents infrastructure that was initially put into service in 2024, are being recovered through a Rate Rider, with recovery from rate classes as set out in the EB-2024-0111 Rate Order (Rebasing Phase 2). The Parties have agreed that when the PREP is added to rate base (likely as part of the 2029 Rebasing proceeding) and the PREP Rate Rider is discontinued, the PREP related revenue requirement will be allocated 50% based on Panhandle system demand and 50% based on combined Panhandle/St Clair systems demand.[6]

   v. *Post 2024 Panhandle and St. Clair system additions* - the revenue requirement associated with additions to the Panhandle and St. Clair systems post 2024 will be allocated 100% based on the demand on the

[6] Appendix D, Attachment 6 to the Draft Rate Order provides the separation of the Panhandle and St. Clair systems, consistent with the way that PREP costs will be reflected in the cost allocation model at and after the next rebasing.

system for which the costs are incurred, once those additions are included in rate base.[7]

B) *Zero-intercept value* – At Exhibit I.7.1-FRPO-51, Enbridge Gas explained that “the zero-intercept methodology is a cost allocation approach used to estimate the cost of distribution infrastructure necessary to provide customers access to natural gas service regardless of the amount of gas used or the peak demand the customer places on the distribution system.” The Company further explained that "Enbridge Gas applied the zero-intercept methodology to low pressure distribution main costs to determine the minimum system cost deemed to be the customer-related component of distribution mains.” Enbridge Gas had included a zero-intercept value of $44.798/metre in the as-filed Cost Allocation Study. Through the settlement process, Enbridge Gas has agreed to update the zero-intercept value to $40.732/metre. As explained in response to Exhibit JT1.11, this updated value includes data points for pipe diameter less than four inches. This change results in a $265 million reduction of customer-related distribution mains costs allocated to Rate E01 (which causes a reduction of $11.3 million in Rate E01 revenue requirement), with an offsetting increase to other rate classes.

C) *Storage space costs* – As set out in ADR-22, Enbridge Gas identified a required correction to the Cost Allocation Study to the allocation of storage space revenue requirement for a three rate zone alternative. This correction is modest, but it impacts eight rate classes. Enbridge Gas agreed to reflect this correction in the updated Cost Allocation Study.

Enbridge Gas has prepared an updated Cost Allocation Study, reflecting the agreed approach for rate zones, along with the changes described above. The updated Cost Allocation Study, for which Enbridge Gas seeks OEB approval, is filed as Appendix D to the Draft Rate Order.

Through the settlement process, the Parties have agreed on a further cost allocation related matter, which will be reflected as part of the 2029 rebasing case (and associated 2029 Cost Allocation Study)as follows:

i. *Classification of peaking supply costs* – As set out in response to ADR-19, Enbridge Gas noted that it had classified certain peaking supply ($1 million) and load balancing demand costs ($6 million) as load balancing commodity costs. Enbridge Gas noted that it may be more appropriate to reclassify the costs as load balancing transportation costs under a three rate zone alternative. Any variances between the forecast costs included in rates and the actual costs for peaking supply contracts would be recovered in the Third-Party Transportation Variance Account for each rate zone. The rationale is

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[7] Appendix D, Attachment 6 to the Draft Rate Order provides the separation of the Panhandle and St. Clair systems, consistent with the way that post 2024 additions will be reflected in the cost allocation model at and after the next rebasing.

set out in ADR-19. The Parties have agreed that it is appropriate for Enbridge Gas to reflect this updated approach in its next Cost Allocation Study.

***Evidence**:* The evidence in relation to this issue includes, but is not limited to, the following:

7.1.1	Cost Allocation Overview
7.1.2	Description of Cost Allocation Methodology
7.1.3	Comparison of Cost Allocation Methodologies
7.1.3.1	Cost Allocation Study Methodology Comparison by Rate Zone
7.3.1	2024 Cost Allocation Study (Proposed – One Rate Zone)
7.3.2	2024 Cost Allocation Study (One Rate Zone – No Regional Adjustments)
7.3.3	2024 Cost Allocation Study – Rate Zone Alternative (One Rate Zone as Filed in Phase 1)
7.3.4	2024 Cost Allocation Study – Rate Zone Alternative (Two Rate Zones, One Rate Zone Distribution)
7.3.5	2024 Cost Allocation Study – Rate Zone Alternative (Two Rate Zones)
7.3.6	2024 Cost Allocation Study – Rate Zone Alternative (Four Rate Zones, One Rate Zone Distribution)
7.3.7	2024 Cost Allocation Study – Rate Zone Alternative (Current Rate Zones)
7.3.1-7.37, Attachment 1	Revenue Requirement Summary - By Function
7.3.1-7.37, Attachment 2	Revenue Requirement Summary - By Rate Class
7.3.1-7.37, Attachment 3	Cost Allocation Study Detail - Functionalization
7.3.1-7.37, Attachment 4	Cost Allocation Study Detail - Gas Supply Classification
7.3.1-7.37, Attachment 5	Cost Allocation Study Detail - Storage Classification
7.3.1-7.37, Attachment 6	Cost Allocation Study Detail - Transmission Classification
7.3.1-7.37, Attachment 7	Cost Allocation Study Detail - Distribution Classification
7.3.1-7.37, Attachment 8	Cost Allocation Study Detail - Total Allocation
7.3.1-7.37, Attachment 9	Cost Allocation Study Detail - Allocation of Delivery Revenue Requirement
7.3.1-7.37, Attachment 10	Cost Allocation Study Detail - Allocation of Gas Cost Revenue Requirement
7.3.1-7.37, Attachment 11	Factor Descriptions
7.3.1-7.37, Attachment 12	Cost Allocation Factors
7.3.1-7.37, Attachment 13	Mapping of Total Revenue Requirement to Rate Component by Rate Class
Exhibit I.7.1	Exhibit 7, Tab 1 Interrogatories
Exhibit I.7.3	Exhibit 7, Tab 3 Interrogatories
2 TC Tr. 26 - 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings

ADR-2 – 8, 10, 12 – 13, 19 – 20, and 22 – 24	ADR Responses
Draft Rate Order	Draft Rate Order Overview, Appendices C and D, and Schedules 8, 9 and 21

3. Is the proposed rate design of harmonized rate classes appropriate, including: a) Rate design for the general service rate classes. b) Rate design for the in-franchise contract rate classes. c) Rate design for the ex-franchise rate classes.

The Parties have reached complete agreement on harmonized rate design. For general service rates, the Parties have agreed to volumetric rates, with different parameters as compared to Enbridge Gas's (alternative) volumetric rates proposal that was set out in evidence. For contract rates, the Parties have generally accepted Enbridge Gas's proposals, subject to some discrete changes. Details are set out below.

a) Rate design for general service rate classes

As set out at Exhibit 8, Tab 2, Schedule 3, Enbridge Gas proposed to introduce two general service rate classes for customers. Rate E01 was designed for small general service customers and Rate E02 was designed for all other general service customers. The proposed rate classes were to replace the current six general service rate classes in the EGD and Union rate zones.

Enbridge Gas proposed to implement Straight Fixed Variable with Demand (SFVD) rate design for the harmonized rate classes. That proposed rate design recovers fixed costs through fixed charges and, for general service customers, introduces recovery of demand related costs through a demand charge.

In its prefiled evidence, Enbridge Gas also set out an alternative proposal for a traditional volumetric rate design for Rates E01 and E02, though this was not the Company's requested approach.

Through settlement discussions, the Parties have agreed that Enbridge Gas will implement two rate classes for general service customers – Rate E01 and Rate E02. Parties have further agreed that Enbridge Gas will use a volumetric rate design for its general service rates, rather than the proposed SFVD rate design. The Parties have agreed on a modified design for the volumetric rates for Rates E01 and E02, compared to the Company's filed alternative for a traditional volumetric rate design alternative.

The main difference from the Company's filed (alternative) traditional volumetric proposal is that the "break point" (divider) between Rate E01 and Rate E02 will be 50,000 m^3 annual volume (as compared to the proposed 15,000 m^3 break point). This is consistent with the current approved break point for general service rate classes in the Union rate zones. This will mean that fewer customers who previously received service under the larger general service rate classes will transition to Rate E01.

A second difference is to the fixed and volumetric charges that will apply to Rates E01 and E02.

For the fixed charges, the Parties have agreed to the following:

i. Rate E01 – a monthly charge of $29.22 for customers in the South rate zone and $27.60 for the Central and North rate zones.
ii. Rate E02 – a monthly charge of $90 will apply for all Rate E02 customers.

This change to fixed charges is intended to mitigate bill impacts for customers as the new harmonized general service rates are implemented.

The Parties agree that Enbridge Gas will retain only one volumetric charge for each general service rate class, such that there are no “blocks”. The volumetric charges for Rates E01 and E02 have been updated (as compared to the Company’s filed alternative proposal), to reflect the different break point and the agreed to fixed charges. Details of the updated volumetric charges are set out in the Draft Rate Order.

The Parties acknowledge and agree that Enbridge Gas may apply to update and/or change the fixed monthly customer charges and volumetric delivery charges for Rates E01 and E02 in the 2029 Rebasing proceeding. Parties further acknowledge that there is an expectation that the delivery charges for each general service rate class (both fixed and variable) will be the same for all rate zones starting in 2029.

In relation to the allocation of costs between fixed charges and volumetric delivery charges, the Parties agree that the harmonized general service rates set in this proceeding only apply until the end of the current IR term (until the end of 2028). It will be open to Enbridge Gas or any party to propose a different allocation between fixed charges and volumetric delivery charges in subsequent cost of service rate proceedings, including the 2029 Rebasing proceeding.

Finally, the Parties have agreed that Enbridge Gas will update the presentation and calculation of delivery rates for Rates E01 and E02, so that the Company can recover distribution costs in a common delivery charge and have rate zone specific gas supply, transportation and storage charges.[8] This is similar to the current Union North rate zone rate design. There is no impact from this presentation change on the amounts recovered from customers – it is a shift of the line item under which costs are recovered but allows a more uniform presentation of delivery charges to all

[8] Note that the volumetric delivery charge for Rate E01 will be different for the South rate zone as compared to the North and Central rate zones until such time (assumed to be 2029) when the fixed delivery charges for each rate zone are set at the same level.

customers.

The updated presentation approach is set out in the table below. As can be seen there will be one common delivery charge (reflecting the fact that there is only one rate zone for delivery purposes) and three different sets of gas supply, transportation and storage charges (reflecting the fact that there are three rate zones for gas cost purposes).

Presentation of Delivery Rates

	Line No.	Particulars	Rate Component: Current Approach (a)	Rate Component: Preferred Approach (b)
One Rate Zone Distribution		Distribution Costs		
	1	Distribution Customer-Related	Monthly Customer Charge (1)	Monthly Customer Charge (1)
	2	Distribution Demand-Related	Delivery Charge	Delivery Charge (1)
	3	Distribution Commodity-Related		
Three Rate Zones		Storage Costs		
	4	Storage Demand-Related	Delivery Charge	Gas Supply Transportation & Storage
	5	Storage Commodity-Related		
	6	Load Balancing Commodity		
		Transmission Costs		
	7	Transmission Demand-Related	Delivery Charge	Gas Supply Transportation & Storage
	8	Transmission Commodity-Related		
		Gas Supply Costs		
	9	Transportation Demand	Gas Supply Transportation	Gas Supply Transportation & Storage
	10	Transportation Commodity		
	11	Load Balancing Transportation		
	12	Gas Supply Commodity	Gas Supply Commodity	Gas Supply Commodity

Note:
(1) Common charge for all rate zones.

Enbridge Gas has included the updated delivery charges in the Draft Rate Order. There will be a common delivery charge for Rate E01 for the Central and North rate zones, with a different delivery charge for the South rate zone because the fixed monthly customer charge is different for the South rate zone (until 2029 Rebasing). There will be a common delivery charge for Rate E02 for all rate zones.

Further details about the proposal for Rates E01 and E02, including detailed working papers, are included with the Draft Rate Order.

b) <u>Rate design for in-franchise contract rate classes</u>

At Exhibit 8, Tab 2, Schedule 4, Enbridge Gas set out its proposal for rate design for in-franchise contract rate classes. Enbridge Gas designed rates for harmonized in-franchise contract rate classes based on a Straight Fixed Variable rate design, where customer-related and demand-related costs are recovered through fixed monthly customer charges and demand charges, while variable commodity-related costs are recovered through commodity charges, where possible.

The proposed in-franchise contract rate classes are as set out in the table reproduced above for Issue 1, Harmonized Rate Classes.

The Parties accept the proposed rate design for Enbridge Gas's proposed in-franchise contract rate classes, with one exception.

As part of the proposed updated Rate E02, with a 50,000 m^3 annual volume eligibility criteria, it was necessary to also review and update the parameters for Rate E10 compared to what was originally proposed. This was done to limit the incentive to migrate between Rate E02 and Rate E10, which could occur where the bill impacts would be substantially different for similar customers depending on which service they choose. To address this issue some redesign of Rate E10 was needed, to ensure it aligns with a general service rate with higher eligibility parameters and a reduced volumetric rate, as compared to what was originally proposed.

The Parties have agreed upon an updated design for Rate E10, where there are different proportions of costs allocated between the first and second demand blocks applicable for each rate zone. The detailed derivation of proposed rates is provided at Draft Rate Order, Working Papers, Attachment 2.

c) <u>Rate design for ex-franchise contract rate classes</u>

At Exhibit 8, Tab 2, Schedule 5, Enbridge Gas set out its proposal for rate design for ex-franchise contract rate classes.

The four proposed ex-franchise contract rate classes are as set out in the table reproduced above for Issue 1.

The Parties accept the proposed rate design for the ex-franchise contract rate classes, with one exception.

For Rate E80, which relates to services for local gas (including RNG) producers, Enbridge Gas has agreed to change the proposed station fees that will apply. Specifically, Enbridge Gas agrees that the fixed monthly station fee for producer stations will be $150 (as compared to the as-filed proposal of $391), and the fixed monthly station fee for producers with a producer remote terminal unit (RTU) station will be $780 (as compared to the as-filed proposal of $962).

The agreement as to station fees for Rate E80 is without prejudice to Enbridge Gas making a new proposal for cost-based station fees as part of the 2029 Rebasing proceeding. Enbridge Gas agrees that it will not bring forward a proposal to increase the station fees without first receiving input and relevant information from gas producers about appropriate cost-based station fees.

The Parties acknowledge and agree that the use of lower station fees from the calculated cost-based fees will result in less revenue being recovered by Enbridge Gas, and that Enbridge Gas will recover the foregone revenue (estimated in the range of $170,000 per year) through in-franchise rates.

Enbridge Gas proposed a fixed RNG sampling charge of $12,900 per sample as part of the Rate E80 rate design to recover the incremental cost incurred by the Company to sample and test the quality of gas for producers of RNG. This fee applies because Enbridge Gas is proposed as the party that is required to undertake or contract for the RNG sample testing. As an additional option, Enbridge Gas agrees that RNG producers may arrange and pay for required RNG sampling directly where the testing is undertaken by an approved testing vendor. The specific terms and conditions for this option will be determined and communicated by Enbridge Gas, who will act in a commercially reasonable manner.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

8.2.3	General Service Rate Design
8.2.4	In-Franchise Contract Rate Design
8.2.5	Ex-Franchise Rate Design
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
1 TC Tr. 131 - 176	Technical Conference Panel 3
2 TC Tr. 1 - 25	Technical Conference Panel 3
JT1.1 – 3, JT1.12 – 15, JT1.45 - JT1.61	Panel 3 Undertakings (Day One)
JT2.1 – JT2.4	Panel 3 Undertakings (Day Two)
ADR-1, 4 – 10, 12 – 13, 20, 22 – 25 ADR-1, 4 – 10, 12 – 13, 20, and 22 – 24	ADR Responses
Draft Rate Order	Draft Rate Order Overview, Appendices A, B and E, and Schedules 1, 2, 4, 10, 14, 15, 16, 20 and 21

4. Is the proposed rate design proposal for the gas supply charges and the applicability of the Parkway Delivery Commitment Incentive appropriate?

In Exhibit 8, Tab 2, Schedule 2, Enbridge Gas proposed to implement a single, unified gas supply commodity charge for all sales service customers under its proposed harmonized rate design. The harmonized charge would be calculated using a weighted average reference price that reflects the cost of gas from all supply sources in the portfolio, rather than relying on a single supply point per zone (being Empress, Alberta Border, or Dawn).

The common gas supply commodity charge would include three main components:

a) weighted average reference price (reflecting market costs from all supply sources);

b) transportation charge for moving gas from Ojibway and St. Clair to Dawn; and

c) gas supply administration fee (to recover the Company's administrative costs).

Enbridge Gas also proposed a harmonized methodology for the development of two proposed gas supply transportation charges. The first gas supply transportation charge is for sales service and bundled DP customers with a Dawn, Parkway, or Enbridge CDA obligated point of receipt. The second gas supply western transportation charge is for bundled DP customers with an Empress obligated point of receipt.

In the same evidence, Enbridge Gas also noted that if the OEB approved more than one rate zone for cost allocation and rate design as part of this Application, Enbridge Gas would propose a change to the gas supply commodity and transportation charges to recognize the difference in the costs incurred to serve each rate zone.

Specifically, Enbridge Gas indicated that it would:

a) base the gas supply commodity charge on a weighted average reference price for each rate zone, as described at Phase 3 Exhibit 4, Tab 2, Schedule 2;

b) charge the Ojibway and St. Clair to Dawn transportation rate under Rate E70 (previously Rate C1) based on the sales service use of the Panhandle and St. Clair Systems in each rate zone;

c) set a common gas supply administration charge component, as the costs incurred are consistent across the franchise area regardless of rate zones; and

d) update the gas supply transportation charges based on the allocated costs by rate class for each rate zone.

Having agreed to three rate zones for gas costs (North, Central and South), the Parties agree to Enbridge Gas's proposed alternative approach for gas supply commodity and transportation charges as summarized above.

As part of the harmonization of gas supply transportation charges, Enbridge Gas proposed to expand the availability of the Parkway Delivery Commitment Incentive (PDCI) credit to certain bundled direct purchase (DP) customers in the current EGD rate zone. This was explained as follows:

> *Bundled DP customers with an Enbridge CDA point of receipt will pay the transportation charge and will also receive the PDCI credit for their deliveries at the Enbridge CDA to harmonize with the current approved approach for Union South customers with a Parkway Delivery Obligation (PDO). Enbridge Gas is proposing to expand the PDO and PDCI offering to customers located in the EGD rate zone who currently are contractually obligated to deliver gas at the Enbridge CDA. These customers provide a similar system benefit as the DP customers in the Union South rate zone with a PDO, as they have the option to*

deliver gas to Dawn, which would otherwise increase the Dawn Parkway System demand. Similar to Parkway, the Enbridge CDA is located at the east end of the Dawn Parkway System and for the purposes of this evidence, Parkway and the Enbridge CDA will be collectively referred to as Parkway. This approach harmonizes customers in similar circumstances across the EGD and Union rate zones.

The Parties have agreed to Enbridge Gas's proposal to expand the PDO and PDCI offering to customers located in the EGD rate zone who are contractually obligated to deliver gas to the Enbridge CDA.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

4.2.2	Gas Cost Reference Price
8.2.1	Rate Harmonization Plan
8.2.2	Gas Supply Commodity and Transportation Charges
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
2 TC Tr. 26 - 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
ADR-2, 4, and 21	ADR Responses
Draft Rate Order	Draft Rate Order Overview, Appendix A, and Schedules 3, 5, 7, 11-13, 16 and 22

5. Are the proposed services and related charges, and the ex-franchise terms and conditions for the harmonized rate classes appropriate?

This Issue is partially settled.

Enbridge Gas described the proposed harmonized services for distribution service, bundled direct purchase, semi-unbundled direct purchase, unbundled direct purchase and ex-franchise customers at Exhibit 8, Tab 4 and Exhibit 8, Tab 5. Also described are the associated charges and terms and conditions. The service proposals made by Enbridge Gas are summarized in Appendix A to this Settlement Proposal.

The Parties agree to most of Enbridge Gas's proposals. In some instances, as described below, the Parties have agreed on amendments to Enbridge Gas's proposals. In one instance (unbundled balancing service or "UBS" for fully unbundled DP customers), there is no agreement, and the item will be determined by the OEB.

All proposals from Appendix A that are not addressed below are accepted as proposed in the evidence.

a) Harmonized distribution services and charges

In Exhibit 8, Tab 4, Schedule 2, Enbridge Gas set out its requests for OEB approval of harmonized distribution services and related charges. With one exception, Parties agree to Enbridge Gas's proposals.

There are some general service customers in the Union rate zones who have consolidated bills, which combine multiple meters and associated volumes on one account. This enables these customers to pay lower monthly customer charges (versus having multiple metered accounts) and lower volumetric delivery charges (since some associated volumes will be at higher volume blocks, which have lower unit rates) than would be the case with separate accounts. A comparable service option does not exist in the EGD rate zone. In evidence, Enbridge Gas proposed to harmonize the billing options across rate zones and no longer permit consolidated bills.[9]

Through the settlement process, Enbridge Gas has agreed that existing customers in the Union rate zones who have a consolidated bill will continue to receive that option, however consolidated billing will be limited to those existing customers currently receiving the option. The Parties acknowledge that this will result in a forecast revenue change of around $0.9 million, as the billing determinants will have to be updated to reflect that these customers will continue to receive the benefit of consolidated bills. This change is reflected in the Draft Rate Order.

b) Harmonized bundled direct purchase (DP) services and charges

In Exhibit 8, Tab 4, Schedule 3, Enbridge Gas set out its requests for OEB approval of harmonized bundled DP services and related charges. The proposals made are summarized in Appendix A (and in Table 1, page 2 of the prefiled evidence).

Except as set out below, the Parties agree to Enbridge Gas's proposals.

Empress Receipt Point

Enbridge Gas proposed that bundled DP customers currently in the Union North West rate zone and EGD rate zone with Empress receipt points would move their receipt point obligations to Dawn. This would better align services and rationalize the points of receipt.

Through the settlement process, Enbridge Gas has agreed that it will not proceed with the proposed discontinuance of Empress as a receipt point for bundled DP customers in the new North and Central rate zones. This agreement is without prejudice to Enbridge Gas being able to revisit the availability of an Empress delivery

[9] This service option is distinct from consolidated invoicing (referred to as collective billing), under which multiple accounts appear on one invoice. No change has been proposed to the existing practice of collective billing.

option in the future, if this option continues to be marginally used.

DP balancing obligations

Enbridge Gas proposed that a harmonized approach be implemented for bundled DP customer balancing obligations for their banked gas account(s) (BGA), taking an approach similar to what is currently in place for the Union South rate zone. The Parties agree with the proposed harmonized approach, subject to the following modifications.

1. <u>Transition</u>

   Enbridge Gas will implement the full checkpoint balancing requirements after a 3-year transition period following the implementation of the new harmonized services for customers in the North and Central rate zones. Full compliance will continue as-is for customers that currently have checkpoint balancing in the South rate zone.

   During the 3-year transition period (encompassing 6 checkpoints), bundled DP customers in the North and Central rate zones will:

   i. Be informed on their checkpoint requirements (if required);

   ii. Be supported and provided training by Enbridge Gas to meet the checkpoint requirements;

   iii. Have the option to self-balance for any or all of their checkpoint balancing requirement or have the Company balance on their behalf:

      - If they meet their checkpoint balancing requirement, there will be no further action or charge for the customer for that checkpoint balancing period.

      - If the Company balances their checkpoint balancing requirement on their behalf, then the customers will be charged directly for that balancing from the Company without an additional penalty charge applied (i.e. Failure to Balance a Supply Shortfall Position or Failure to Balance an Excess Supply Position). The customer will pay a checkpoint balancing charge to recognize the incremental cost to the Company of balancing the customer similar to the cost the customer may incur if they balance on their own.

   Also, bundled DP customers in North and Central rate zones will not have an obligation to balance to the first checkpoints if the implementation of harmonized services occurs in a checkpoint month or in the two months preceding that checkpoint month. During the time between implementation of the harmonized services and the first active checkpoint, Enbridge Gas will take the necessary action to load balance for these customers, including customers that have a contract renewal during that time, and dispose of the costs through the PGVA.

During the transition period, Enbridge Gas will calculate checkpoint balancing charges as follows:

i. Failure to Balance a Supply Shortfall (February Checkpoint Balancing Charge) – The Company will charge the average winter price of actual Dawn purchases (November 1 to February 28) to balance a customer at the February checkpoint for any amount not provided by the customer. The charge reflects a sale of gas to the customer and the customer's BGA balance will be updated to reflect the sale.

ii. Failure to Balance a Supply Excess (September Checkpoint Balancing Charge) – The Company will apply a monthly charge to the excess quantity not balanced by the customer. The rate will be calculated as the difference between the average summer price of actual Dawn purchases (April 1 to September 30) and the forecast average Dawn winter price (November 1 to February 28). The charge will continue for each month until the customer removes the excess quantity. The charge reflects the storage cost of the supply excess during the winter period.

The Parties recognize the uncertainty of DP customer action to self-manage balancing transactions over the transition period creates challenges in gas supply planning and may result in delayed action by Enbridge Gas to load balance on behalf of these customers (potentially at high cost, or different cost than would have been the case if parties manage their own balancing). Enbridge Gas will record the cost of transactions made for balancing arrangements as well as any revenues from balancing costs charged to DP customers within the PGVA.

After the 3-year transition period, full checkpoint balancing requirements, including non-compliance charges, will be implemented and required for all rate zones.

This approach allows bundled DP customers in the North and Central rate zones to move toward full checkpoint balancing over a 3-year time period and limits the amount of system changes required to accommodate the transition. This approach also recognizes that some customers may prefer to meet their own balancing requirements immediately instead of incurring a checkpoint balancing charge from the Company to balance on their behalf.

Enbridge Gas will provide enhanced customer service by knowledgeable Customer Service Representatives to customers/marketers in the North and Central rate zones that are not subject to checkpoints today. This transition period would include additional proactive support relative to the typical service provided today. No later than 6 months prior to the start of the transition period, Enbridge Gas will communicate directly via mail or email or both with every bundled DP customer in North and Central rate zones to inform them of the following:

i. A written summary of their changing delivery and checkpoint balancing requirements and the more precise timing of the change [e.g. effective July 1, 2027 - or some other date, which should be known by then].

ii. Confirmation of where they can find the name and contact details of their designated Enbridge Gas customer services representative(s).

iii. Times/dates for a series of educational webinars, individual or region-specific in-person sessions to detail their checkpoint balancing requirements and the associated tools/options available to them. These educational meetings are to occur prior to the start of the transition period.

During the transition period, Enbridge Gas will proactively communicate to customers in the month prior, to notify them the checkpoint is approaching as well as during the checkpoint months to monitor and ensure they understand which actions are to be taken to meet their checkpoint obligations, the penalties that would have occurred if action had not been taken and the estimated balancing costs that Enbridge Gas will be charging them. Enbridge Gas will reach out to the contact(s) identified by the customer/marketer during the first two "full-obligation" checkpoints (February and September) to ensure they understand the expectations with the upcoming checkpoint.

2. Prior period adjustments

Enbridge Gas will process prior period adjustments each month for distribution billing and checkpoint balancing purposes. However, for general service accounts, Enbridge Gas will adjust out prior period adjustments from the two months immediately preceding a checkpoint balancing month if the adjustment increases the action to be taken for that checkpoint. Enbridge Gas and the customer may agree to an alternative approach.

3. Consumption reporting

If reported consumption is delayed in any month immediately preceding a balancing month then Enbridge Gas will use the forecast for the applicable account(s) from the last time the daily contract quantity (DCQ) was adjusted instead of a value of zero. Enbridge Gas and the customer may agree to an alternative approach.

4. Annual renewal date

For customers who currently have a September 30 or February 28 renewal for their BGA, Enbridge Gas will allow those customers to have the choice to shift their annual renewal by one month, without penalty. This will be available as an option for a limited period of time. The limited time for the shift in annual renewal date would be for the next renewal after the harmonized rates and services are implemented.

Balancing transactions

In the prefiled evidence, Enbridge Gas described its plans to implement harmonized balancing transactions. The Parties do not object to these proposals.

Enbridge Gas confirms that it plans to implement an automated approach for balancing transactions using processes similar to those used by semi-unbundled customers in Union South currently and allowing for automated In-Franchise Transfers (IFTs) across rate zones. Customers will directly request transactions (IFTs, Ex-Franchise Transfers (EFTs), suspension, incremental supply) through the online nomination process. Market-priced transactions (loan, storage, backstop supply) will still require an authorization notice or contract amendment to capture the agreed upon quantity, price and term prior to the nomination process.

Pool consolidation

Enbridge Gas is proposing that pools can be consolidated for accounts in the same rate zone that are subject to the same gas supply transportation rates based on their DCQ points of receipt. The consolidation will be applicable for all bundled DP services except for seasonal services, in which the DCQ calculation is adjusted for seasonal usage.

The Parties have agreed upon a modified implementation approach for this change, to be effective up to one year after implementation of the harmonized rates and services. To be clear, this option is also available in advance of implementation of the harmonized rates and services.

Where a customer currently has multiple pools with different anniversary dates, a single pool consolidation can occur on one of the anniversary dates, at customer's discretion within 12 months of the first pool's anniversary date, without triggering early-termination obligations of any individual pool. This right is subject to the current limitation on pool consolidation based on delivery areas and receipt points.

Compliance charges for failure to deliver or balance

Enbridge Gas's evidence sets out proposed harmonized compliance charges for DP customers that fail to deliver their obligated DCQ and/or fail to balance when required.

Enbridge Gas has agreed to one change, as follows, which will be included in the terms and conditions relevant to bundled direct purchase services:[10]

> If a non-compliance charge is driven, in whole or part, by an estimated meter

[10] Note that there are some relevant transition provisions, as set out above.

> read, a customer may request a re-evaluation/re-consideration of that non-compliance position based on their next actual meter reading or other evidence regarding compliance. Adjustments stemming from such circumstances will not be unreasonably withheld.

c) <u>Harmonized semi-unbundled customers</u>

In Exhibit 8, Tab 4, Schedule 4, Enbridge Gas set out its requests for OEB approval of harmonized bundled direct purchase services and related charges. The proposals made are summarized in Appendix A (and in Table 1, page 2 of the prefiled evidence).

Except as set out below, the Parties agree to Enbridge Gas's proposals.

Storage allocation

In prefiled evidence, Enbridge Gas explained that some semi-unbundled DP customers currently receive a disproportionate level of cost-based storage deliverability, as compared to sales service and bundled DP customers. Enbridge Gas set out its proposal to limit deliverability for semi-unbundled customers to 5% of space

In the context of the multiple rate and service changes occurring through this proceeding, Enbridge Gas agrees to withdraw this proposal, such that there will be no change to the deliverability received by semi-unbundled DP customers. This agreement is without prejudice to Enbridge Gas's right to repeat this or a similar proposal in a future OEB proceeding, including (but not limited to) the 2029 rebasing proceeding.

Compliance charges

Enbridge Gas's evidence sets out proposed harmonized compliance charges for DP customers that fail to deliver their obligated DCQ and for unauthorized storage overruns.

Enbridge Gas has agreed to one change, which is the same as for bundled DP customers (reproduced below). This will be reflected in the terms and conditions relevant to semi-unbundled DP services:

> If a non-compliance charge is driven, in whole or part, by an estimated meter read, a customer may request a re-evaluation/re-consideration of that non-compliance position based on their next actual meter reading or other evidence regarding compliance. Adjustments stemming from such circumstance will not be unreasonably withheld.

d) Harmonized unbundled customers

In Exhibit 8, Tab 4, Schedule 5, Enbridge Gas set out its requests for OEB approval of harmonized unbundled DP services and related charges. The proposals made are summarized in Appendix A (and in Table 1, page 2 of the prefiled evidence).

Except as set out below, the Parties agree to Enbridge Gas's proposals.

Unbundled Balancing Service (UBS)

Currently, each rate zone has a balancing service as a component of the unbundled DP service. Enbridge Gas has proposed a harmonized UBS.

The Parties have agreed that it is appropriate for the OEB to determine whether to harmonize the existing balancing services into a single UBS and/or whether Enbridge Gas's proposal should be approved or approved with amendments.

In terms of process to determine this topic, the Parties suggest the following. It may be useful and/or necessary to have a further evidence and discovery process on this topic (i.e. additional interrogatories and a transcribed technical conference). Once the evidence is complete, submissions could be made by the Parties on whether the topic can be addressed by the OEB through a written hearing process.

Compliance charges

Enbridge Gas's evidence sets out proposed harmonized compliance charges for unbundled DP customers.

Enbridge Gas has agreed to one change, which is the same as for bundled and semi-unbundled DP customers (reproduced below). This will be reflected in the terms and conditions relevant to unbundled DP rates.

If a non-compliance charge is driven, in whole or part, by an estimated meter read, a customer may request a re-evaluation/re-consideration of that non-compliance position based on their next actual meter reading or other evidence regarding compliance.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

8.4.1	Service Harmonization
8.4.2	Distribution Service
8.4.3	Bundled Direct Purchase Service
8.4.4	Semi-Unbundled Direct Purchase Service
8.4.5	Unbundled Direct Purchase Service
8.4.6	Ex-Franchise Services
8.5.1	Harmonization of Terms and Conditions of Service
Exhibit I.8.4	Exhibit 8, Tab 4 Interrogatories
Exhibit I.8.5	Exhibit 8, Tab 5 Interrogatories

2 TC Tr. 104 – 140	Technical Conference Panel 5
JT2.18 – JT2.21	Panel 5 Undertakings
ADR-2, 11, and 14 – 18	ADR Responses
Draft Rate Order	Draft Rate Order Overview, Appendix B, and Schedule 6

6. **Are the proposed harmonized rates and related charges, based on the updated 2024 Revenue Requirement, just and reasonable?**

Based on the resolution of the other issues as contemplated by this Settlement Proposal, the Parties agree that the proposed harmonized rates and related charges, based on the updated 2024 revenue requirement, are just and reasonable.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

8.1.1	Rate Design Overview
8.2.1	Rate Harmonization Plan
Exhibit I.8.1	Exhibit 8, Tab 1 Interrogatories
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
2 TC Tr. 26 – 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
Draft Rate Order	Draft Rate Order Overview, Appendix A, and Schedules 1, 10, 20 and 21

7. **Is the proposal for a common reference price methodology appropriate? If so, is it appropriate for the setting of gas costs in relation to the 2024 Test Year gas cost forecast?**

In the EB-2022-0200 (Rebasing Phase 1) Settlement Proposal, there was agreement to the interim use of a harmonized weighted average reference price (WARP) for the calculation of unaccounted for gas (UFG), compressor fuel, own use gas and gas in inventory, as these costs are common across rate zones. That change was approved and has been in place since the July 2024 QRAM Application.

In Exhibit 4, Tab 2, Schedule 2, Enbridge Gas set out its request for the use of a harmonized WARP for common gas costs on a permanent basis.

The Parties agree that it is appropriate for Enbridge Gas to continue to use the previously-approved harmonized WARP for common gas costs on a permanent basis.

In Exhibit 4, Tab 2, Schedule 2, Enbridge Gas also requested the approval of a harmonized WARP to be used for commodity costs for sales service customers. As explained, a common reference price would ensure that Enbridge Gas customers pay the same gas cost unit rate regardless of where they are located in the franchise area. This proposal would also provide consistency and simplicity in approach, while continuing to ensure that the reference price is formulaic and reflects appropriate market pricing. The specifics of how the WARP would be calculated are described in evidence.

Enbridge Gas's evidence also addressed the scenario where the OEB approves more than one rate zone:

> *If more than one rate zone is approved by the OEB in Phase 3, Enbridge Gas would propose a change to the gas supply commodity charges for customers who choose to buy their gas supply from the utility under sales service. To recognize the difference in the costs incurred to serve each rate zone, Enbridge Gas would base the gas supply commodity charges on a WARP for each rate zone, as described at Phase 3 Exhibit 8, Tab 2, Schedule 2. A rate zone specific WARP is necessary to ensure that rates recover the rate zone specific gas supply portfolio costs on a forecast basis, resulting in a prospective cost recovery variance of zero for each rate zone. Enbridge Gas would also need to establish rate zone specific gas supply variance accounts, as described at Phase 3 Exhibit 9, Tab 1, Schedule 2.*

Having agreed to three rate zones for gas costs (North, Central and South), the Parties agree to Enbridge Gas's proposed alternative approach to establish rate-zone specific WARPs for each of the three rate zones.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

4.2.2	Gas Cost Reference Price
8.2.2	Gas Commodity and Transportation Rates
Exhibit I.4.2	Exhibit 4, Tab 2 Interrogatories
1 TC Tr. 9 – 62	Technical Conference Panel 2
JT1.33 – JT1.44	Panel 2 Undertakings
ADR-2 and 4	ADR Responses
Draft Rate Order	Draft Rate Order Overview, and Schedule 22

B. Rate Implementation and Mitigation

8. Is the proposed rate harmonization implementation plan appropriate?

At Exhibit 8, Tab 2, Schedule 1, Enbridge Gas explained its planned high-level approach to implementation of the harmonized rates approved in this Phase 3 proceeding. The Parties have agreed to the proposed high-level Rate Harmonization Implementation Plan as set out in the prefiled evidence.

Enbridge Gas seeks approval of the harmonized rates in this proceeding, based on 2024 approved revenue requirement, and will then implement the updated rates in

2027, assuming all necessary preparation work is complete.[11] The implemented harmonized rates will reflect the annual rate updates (using a price cap mechanism) for 2025, 2026 and 2027. In the 2027 Rates Application, which will be filed in mid 2026, Enbridge Gas will seek approval of the updated harmonized rates, reflecting the PCI adjustments for prior years, and also reflecting the impacts of the Rebasing Phase 2 Settlement Agreement.

The scale and complexity of transitioning customers to harmonized rates and services will require a phased approach to implementation. For example, Enbridge Gas's internal and customer-facing business systems will require substantial modifications, including billing, contracts, and compliance processes. Coordinating these changes across a large and diverse customer base presents operational challenges, particularly in ensuring timely communication, customer education, and a transition to new rates and services.

Accordingly, one implementation phase will introduce harmonized general service rate classes, while the other implementation phase will implement harmonized contract (in-franchise and ex-franchise) rate classes and associated service changes. While it is anticipated these phases will be implemented in 2027, it is not yet possible to determine the order or precise timing in which this implementation will occur. Factors such as the timing of the OEB's decision in this Application (including with respect to this Settlement Proposal and with respect to the unsettled issue related to UBS), along with all of the substantial modifications to the Company's internal systems, among other things, will influence implementation timing.

Gas supply related changes would coincide with the implementation of either the general service rate class changes or the other in-franchise and ex-franchise contract changes, depending on which of the phases is implemented first.

For all of these reasons Enbridge Gas will file a more detailed Rate Harmonization Implementation Plan as part of its 2027 Rates Application. This will allow for consideration of all aspects of the Rate Harmonization Implementation Plan prior to the rollout of any approved harmonization changes or implementation of harmonized rates. Enbridge Gas anticipates that the 2027 Rates Application will include proposals for rate adjustments resulting from the mid-year implementation of harmonized rate classes and rate design changes. Parties are free to take any position on the proposed Rate Harmonization Implementation Plan when it is presented for approval in the 2027 Rates Application (or in any other proceeding where any aspect of the Rate Harmonization Implementation Plan is presented for approval).

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[11] As set out in Exhibit 8, Tab 2, Schedule 1, Enbridge Gas anticipates a lead time of approximately 1 to 2 years following the OEB decision in this Application to implement changes to the internal and customer facing business applications and processes, and to provide notice to customers of changes to their services.

At the same time as the updated harmonized rates are implemented, the updated form of the Rate Handbook will come into effect, reflecting all relevant harmonized rates and services. The current draft version of the Rate Handbook reflecting these items is included with the Draft Rate Order.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

7.0.0	Cost Allocation and Rate Design Preface
8.2.1	Rate Harmonization Plan
Exhibit I.7.0	Exhibit 7, Tab 0 Interrogatories
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
2 TC Tr. 26 – 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings

9. Is the rate mitigation plan for harmonized rate classes and Rider R – Rate Mitigation Rider appropriate?

Enbridge Gas has undertaken a detailed and comprehensive review of bill impacts arising from implementing the harmonized rate classes and rates arising from the Settlement Proposal. For the general service rate classes, bill impacts were reviewed for all 3.9 million customers broken down into average impacts by decile within each rate class. For the in-franchise contract rate classes, Enbridge Gas undertook a review of the bill impacts for each of the 985 individual contract market customers. Enbridge Gas has developed a Rate Mitigation Plan to limit total bill increases to 3%[12] on average in any year so as to provide stable and reasonable bill impacts for customers.

Enbridge Gas has developed a Rate Mitigation Rider (Rider R) to smooth the bill impacts of implementing the Rate Harmonization Plan. The Rate Mitigation Plan includes the following:

- Mitigation that will limit first year average total bill impacts to maximum average (for legacy rate classes) annual bill increases of 3% or less, comparing a customer's current rate class/rate zone to the applicable harmonized rate class/rate zone;

- Continuation of that mitigation for a period of 5 years to achieve the 3% total bill impact per year;

- Use of both fixed and volumetric unit rate riders (Rider R) to ensure an optimal

[12] Note that the overall bill no longer includes the federal carbon charge, which is different from the bill impacts and proposed mitigation plan set out in the prefiled evidence.

distribution of the mitigation across various customers of different sizes in the applicable classes;

- Funding of the mitigation first from within the same harmonized rate class and then, where necessary, from customers in other rate classes with the largest average total bill decreases;

- Funding of the mitigation that does not increase the total bill impacts above a decrease of 3% for the average customer in the current rate class/rate zone to harmonized rate class/rate zone and manages impacts such that there are only a limited number of customers that experience a total bill increase due to rate mitigation that would have otherwise had a total bill decrease; and

- Consideration of the individual customer outliers (defined as greater than 10% total bill increases) in all contract rate classes and mitigation of the impacts on these customers to the extent possible.

By incorporating these principles into the Rate Mitigation Plan, the Phase 3 bill impacts will be phased in over a five-year period from the implementation date in 2027 until 2031.

Enbridge Gas acknowledges that even with the Rate Mitigation Plan, there will be some contract customers who are forecast to see total bill increases as a result of rate harmonization that are materially higher than 3%. Enbridge Gas will identify the contract customers with forecast first year total bill increases[13] of 6% or more (inclusive of the impact of Rider R) and directly engage with each such customer to make them aware of details of DSM programming for which they are eligible. These customers will not receive any preferential access to DSM programming or funding, and there is no intention to increase overall DSM budgets or expenditures beyond what is otherwise approved and available in the ordinary course.

Enbridge Gas proposes to implement the mitigation riders (Rider R) over 5 years, with changes every 12 months. The rate mitigation credits and charges decrease evenly over the five-year period until they expire in year 4 with final bill impacts and unmitigated rates in effect by year 5. The first year of Rider R will be effective for a 12-month period coinciding with the date of harmonized rate classes implementation. For example, if harmonized rate classes are implemented on July 1, 2027, the first year of Rider R would be in effect from July 1, 2027 until June 30, 2028. To the extent that implementation of general service and contract customers occur at different times, the Rider R for each of these two market segments would align with the start dates for each market segment respectively.

The table on the next page of this Settlement Proposal sets out a summary of the first year bill impacts for each current rate class after implementation of the

[13] Based on combined firm and interruptible service, if applicable.

harmonized rates, both before and after application of Rider R.

Full details of the Rate Mitigation Plan and Rider R are set out in the Draft Rate Order and associated Attachments and Schedules.

This agreement is entirely without prejudice to arguments that any parties may make in the 2029 rebasing proceeding regarding the appropriate allocation of costs between fixed and variable rates (while maintaining Rider R) and any new rate riders proposed in relation to a reallocation of costs between fixed and variable rates.

Summary of Rider R Bill Impacts - Average Total Bill Impact (1)

Line No.	Particulars	Excluding Rider R Adjustment (a)	Including Rider R Adjustment (b)	Impact (%) (c) = (b - a)
	Rate E01			
1	Rate 1	1.7%	1.7%	-
2	Rate 6	(28.7%)	(13.9%)	14.8%
3	Rate 01 - NE (Central)	(17.5%)	(13.9%)	3.6%
4	Rate 01 - NE (North)	(15.1%)	(13.9%)	1.2%
5	Rate 01 - NW	0.4%	0.4%	-
6	Rate M1	7.3%	3.0%	(4.3%)
	Rate E02			
7	Rate 6	0.9%	0.9%	-
8	Rate 10 - NE (Central)	(22.7%)	(13.9%)	8.8%
9	Rate 10 - NE (North)	(18.9%)	(13.8%)	5.1%
10	Rate 10 - NW	3.3%	2.6%	(0.7%)
11	Rate M2	(1.7%)	(1.7%)	-
	Rate E10			
12	Rate 100 (2)	(0.0%)	(0.0%)	-
13	Rate 110	7.3%	3.0%	(4.3%)
14	Rate 115	6.4%	3.0%	(3.4%)
15	Rate 20 - NE (Central)	(6.0%)	(3.0%)	3.0%
16	Rate 20 - NE (North)	(11.4%)	(3.0%)	8.4%
17	Rate 20 - NW	15.8%	3.0%	(12.8%)
18	Rate M4	(4.6%)	(3.0%)	1.6%
19	Rate M5	(5.6%)	(3.0%)	2.6%
20	Rate M7	6.0%	3.0%	(3.1%)
	Rate E20			
21	Rate T1	(0.4%)	(0.4%)	-
22	Rate T2	0.4%	0.4%	-
	Rate E22			
23	Rate 20	(9.0%)	(3.0%)	6.0%
24	Rate 100	(2.9%)	(2.9%)	-
	Rate E24			
25	Rate 125	1.0%	1.0%	-
26	Rate 20	(6.7%)	(3.0%)	3.7%
27	Rate 100	(3.1%)	(3.1%)	-
28	Rate T2	0.2%	0.2%	-
	Rate E34			
29	Rate 135	2.8%	1.3%	(1.5%)
30	Rate M7	19.2%	3.0%	(16.2%)
	Rate E62			
31	Rate 200	10.0%	3.0%	(7.0%)
32	Rate M9	(1.0%)	(1.0%)	-

Notes:

(1) Rate E01 average total bill impacts based on average of each decile profile. Remaining rate classes average total bill impacts are based on average of actual customers' impacts.

(2) Rate 100 average bill impacts exclude two customers with load factors less than 1%.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

8.2.6	Bill Impacts and Rate Mitigation Plan
8.2.7	Rate Handbook
8.2.9.18	Derivation of Rate Mitigation Adjustment - Rider R
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
2 TC Tr. 26 – 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
Draft Rate Order	Draft Rate Order Overview, and Schedule 18

C. Deferral & Variance Accounts

10. Is the proposal for harmonization of the following gas supply variance accounts appropriate?
a) Purchase Gas Variance Account (PGVA) (Account No. 179-101)
b) Third-Party Transportation Variance Account (Account No. 179-102)
c) Load Balancing Price Variance Account (Account No. 179-103)
d) Inventory Revaluation Variance Account (Account No. 179-104)
e) Market- Based Storage Variance Account (Account No. 179-204)

At Exhibit 9, Tab 1, Schedule 2, Enbridge Gas set out its proposal for the harmonization of gas supply variance accounts, which are currently different for the EGD and Union rate zones.

In evidence, Enbridge Gas explained that if the OEB approved more than one rate zone, then the harmonization proposal would apply as follows:

i) a) and b) Enbridge Gas would create the Purchase Gas Variance Account (PGVA) and the Third-Party Transportation Variance Account for each of the approved rate zones. Rate zone specific PGVA and Third-Party Transportation Variance Accounts would be necessary to ensure the rate zone specific gas costs are recovered from customers in the rate zone for which the costs are incurred.

ii) c to e) Enbridge Gas would create single variance accounts (not rate zone specific accounts) that allocate costs to rate zones for the Load Balancing Price Variance Account, Inventory Revaluation Variance Account, and Market-Based Storage Variance Account. These are common costs that will be allocated based on the use by each rate zone. That is different from gas purchases and transportation contracts, each of which are procured to serve each rate zone such that the costs can be directly assigned to the appropriate rate zone account.

The Parties have agreed that it is appropriate for Enbridge Gas to update the proposed Accounting Order for the Load Balancing Price Variance Account to include wording that references the peaking supply and demand cost variances, instead of simply the price variances, in order to ensure all costs included in the account are described in the accounting order description. Specifically, the wording will say “the difference between the actual peaking supply and demand costs and the peaking supply and demand costs included in rates as approved by the OEB”.

In addition, in the event of approval of more than one rate zone, Enbridge Gas also proposed in evidence to create an Unabsorbed Demand Costs (UDC) Variance Account to record variances, by rate zone, between the actual UDC incurred and the amount of UDC included in rates as approved by the OEB. Enbridge Gas will manage the transportation portfolio on an integrated basis and determine the pipeline to leave unutilized, if necessary, based on the least cost option. Enbridge Gas will allocate the costs of planned unutilized capacity to the appropriate rate zone and dispose of differences between planned and actual unutilized capacity through the annual deferral account clearance proceeding.

The Parties have agreed that Enbridge Gas will establish and operate the harmonized gas supply variance accounts as described above. For the PGVA and Third-Party Transportation Variance Accounts, separate accounts will be created for each of the North, Central and South rate zones.

Enbridge Gas has agreed that when it seeks to clear the Load Balancing Price Variance Account, it will provide details about the amount recorded in the account, generally including the purchase information that is set out in the tables found at Exhibit JT1.37, Attachment 1.

Accounting Orders for the agreed variance accounts are included as Appendix F to the Draft Rate Order being filed with this Settlement Proposal. Enbridge Gas has updated the associated account numbers, so that there are sequentially numbered accounts for each rate zone (where applicable).

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

9.1.2	Harmonization and Other Proposed Changes To Deferral and Variance Accounts
9.1.2.1	Deferral and Variance Account Overview – Proposed Accounting Orders
Exhibit I.9.1	Exhibit 9, Tab 1 Interrogatories
1 TC Tr. 9 – 62	Technical Conference Panel 2
JT1.33 – J1.44	Panel 2 Undertakings
ADR-2 and 19	ADR Responses
Draft Rate Order	Draft Rate Order Overview, and Appendix F

11. Is the proposal to establish a new Rate Harmonization Variance Account appropriate?

The Parties have agreed upon the harmonized rate classes as set out above under Issue 1. As noted, this simplifies the total number of rate classes from the current 42 rate classes to 16 rate classes. The cost allocation and rate design process to support the Rate Harmonization Plan is underpinned by a harmonized customer forecast. Enbridge Gas has prepared a customer forecast for the harmonized rate classes by placing customers into harmonized rate classes based on the customer's current parameters and service option. For example, a firm bundled contract service customer was placed in the corresponding firm bundled contract rate class for purposes of deriving the harmonized customer forecast. The mapping of current rate classes to proposed rate classes is set out in the table included above with Issue 1. This approach to preparing the harmonized customer forecast ensured that there was no judgment by Enbridge Gas on what service option a customer may elect upon rate harmonization.

Enbridge Gas recognizes that customers have options to switch rate classes and/or change their service options upon implementation of the Rate Harmonization Plan. The Rate Harmonization Plan offers customers choice, which increases the potential for rate class switching. The actual choices by customers as to what harmonized rate class they select may be different from the forecast. For example, customers who are eligible for Rate E02 (large volume general service) may decide to instead take service under Rate E10 (firm bundled contract service). This will result in Enbridge Gas receiving different revenue from forecast.

As set out at Exhibit 9, Tab 1, Schedule 3, Enbridge Gas is proposing a Rate Harmonization Variance Account (RHVA) to record differences to forecast revenue that are attributable to customers switching rate classes as a result of the implementation of the Rate Harmonization Plan.

Enbridge Gas will record differences in annual revenue, exclusive of gas costs, in the RHVA based on customers that switch rate classes as a result of the implementation of the Rate Harmonization Plan. The annual revenue difference for a customer that switches rate classes will be calculated based on the difference in the applicable monthly approved distribution rates and charges, exclusive of gas costs, applied to the customer's parameters approved as part of the 2024 Test Year forecast. Differences in revenue resulting from the addition of new, or loss of existing, Enbridge Gas customers during the IR term will not be recorded in the RHVA.

The Parties have agreed to the establishment of the RHVA as proposed by Enbridge Gas. The RHVA will be in effect from the time that harmonized rates are implemented. The Parties agree that it be assumed at this time that the RHVA will continue in effect during the next IR term (starting in 2029), on the basis that there will be insufficient experience between the implementation date (during 2027) and the effective date for the next rate term (January 2029) to have a reliable forecast of customer choices for the harmonized rate classes.

Notwithstanding the agreement being made at this time, the Parties agree that as part of the 2029 Rebasing proceeding it will be open for any party to challenge the continuation of the RHVA during the next IR term.

There is no agreement at this time as to the allocation to rate classes of amounts that will be recorded in the RHVA, nor as to the appropriateness of any amounts that Enbridge Gas records in the account in the future. Those will be decided by the OEB panel that hears any application by Enbridge Gas to dispose of amounts tracked in the account and Parties will be at liberty to take whatever position they consider appropriate regarding the balances and the allocation to rate classes to be disposed of at that time.

The Accounting Order for the RHVA is included with the Draft Rate Order being filed with this Settlement Proposal.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

9.1.3	Establishment of New Deferral and Variance Accounts
9.1.3.1	Deferral and Variance Account Overview – Proposed Accounting Orders
Exhibit I.9.1	Exhibit 9, Tab 1 Interrogatories
2 TC Tr. 26 – 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
Draft Rate Order	Draft Rate Order Overview, and Appendix F

12. Should the OEB establish any other deferral or variance accounts related to the matters at issue in Phase 3?

In Exhibit 8, Tab 2, Schedule 3, Attachment 9, Enbridge Gas proposed the creation of a Volume Variance Account (VOLUVAR) in the event that the OEB did not approve SFVD rates for general service customers.

As part of an overall settlement of the issues in this Phase 3 proceeding, Enbridge Gas has agreed to withdraw the request for creation of a VOLUVAR for the period of time during the current IR term after harmonized rates are implemented. The Parties acknowledge and agree that the existing Average Use Variance Account will continue to apply after harmonized rates are implemented (applicable to Rates E01 and E02). An updated Accounting Order for the Average Use Variance Account (showing its updated applicability to the harmonized general service rate classes) is included with the Draft Rate Order.

The Parties acknowledge and agree that the withdrawal of this request is without prejudice to Enbridge Gas being able to advance a request for a VOLUVAR or similar mechanism as part of the 2029 Rebasing proceeding.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

8.2.3.9	Volume Variance Account
8.2.3.9 Appendix 1	Historical Illustration of Volume Variance Account - Revenue Variance due to Weather and Average Use
Exhibit I.8.2	Exhibit 8, Tab 2 Interrogatories
1 TC Tr. 131 - 176	Technical Conference Panel 3 (Day One)
2 TC Tr. 1 - 25	Technical Conference Panel 3 (Day Two)
JT1.1 – 3, JT1.12 – 15, JT1.45 - JT1.61	Panel 3 Undertakings (Day One)
JT2.1 – JT2.4	Panel 3 Undertakings (Day Two)
Draft Rate Order	Draft Rate Order Overview, and Appendix F

D. Other

13) Has Enbridge Gas identified and responded appropriately to all relevant OEB directions and Enbridge Gas commitments made in OEB proceedings (inclusive of any relevant directions arising from the OEB's pending decision on Phase 2), including those relating to:

a) an update on the Automated Metering Infrastructure pilot project;

b) a report on the steps that it has taken to achieve the capital reduction set out in the Phase 1 Decision;

c) reporting on the status of its responses to previous Integrated Resource Planning directions;

d) filing updated written marketing materials or reference materials aimed at customers, potential customers, HVAC contractors or builders that include or previously included energy comparison information; and

e) various cost allocation and rate design directives and commitments, including the study regarding interruptible rates.

This Issue is partially settled.

Procedural Order No. 3, dated August 1, 2025, directed that Issues 13 (a) – (d) of the Issues List will proceed directly to hearing and will not be canvassed in the Settlement Conference. As such, those items are unsettled and are not addressed in this Settlement Proposal.

Issue 13(e) asks whether Enbridge Gas has responded appropriately to "various cost allocation and rate design directives and commitments, including the study regarding interruptible rates". At Exhibit 1, Tab 3, Schedule 1, Attachment 2, Enbridge Gas sets out the relevant directives and commitments, along with a reference to the part of the prefiled evidence that addresses each such directive or commitment.

The Parties accept that Enbridge Gas has appropriately responded to each of the directives and commitments related to cost allocation and rate design, including the study regarding interruptible rates.

Enbridge Gas has made one further commitment as part of the Settlement Conference process. This relates to the work of the IWG, which was established pursuant to the EB-2022-0200 Phase 1 Settlement Proposal. In the Phase 1 Settlement Proposal[14], it was agreed that one of the "Focus Areas" for the IWG would be "Rates" and that "*This will include consultation and discussions about whether and if so, how, there should be any differential in rates for First Nations, Indigenous communities and reserves (collectively, "FNs") as compared to other gas consumers for the purposes of potentially developing proposals for OEB review and approval*."

In response to the anticipated bill impacts for many of Enbridge Gas's Indigenous customers that would result from acceptance of this Settlement Proposal, Enbridge Gas commits to supporting the IWG's engagement and discussions about "whether and if so, how, there should be any differential in rates for First Nations, Indigenous communities and reserves as compared to other gas consumers for the purposes of potentially developing proposals for OEB review and approval" by providing as much of the following information to the IWG as is available by no later than March 31, 2026: (i) Enbridge Gas's best information as to the current number of Enbridge Gas's on-reserve First Nations gas customers in Ontario[15]; (ii) particulars of any studies Enbridge Gas has conducted or made use of to determine the appliance inventory, housing types and/or usage patterns of its customers in different classes, including whether the studies included Indigenous customers and whether the data for any such customers can be separated out; and (iii) any other existing documents that are material and relevant showing Enbridge Gas's current information about the topics noted in item (ii).

The Parties have agreed that the Indigenous members of the IWG may retain an expert to obtain any information about First Nations and Indigenous customers from items (i) and (ii) above that Enbridge Gas does not have. For example, the expert might seek information about the specific appliance inventory, housing types and/or usage patterns of First Nations and Indigenous customers, including a breakdown

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[14] EB-2022-0200, Decision on Settlement Proposal, (August 17, 2023), Schedule A, Exhibit O1, Tab 1, Schedule 1, page 19 of 62.
[15] Enbridge Gas has shared that it does not have information about the total number of Indigenous customers on its system.

between on-reserve and off-reserve gas customers. The arrangements to retain and pay this expert will be undertaken in accordance with established IWG practices and budgets.

Evidence: The evidence in relation to this issue includes, but is not limited to, the following:

2.7.2	Advanced Metering Infrastructure Project Update
2.5.5	Report On Capital Reduction
2.5.5.1	2024 Utility Capital Expenditures by Asset Class
1.3.1.2	Directive and Commitment Response Summary
1.13.5	Status of Integrated Resource Planning Directions
1.13.5.1	Enbridge Gas 2023 IRP Annual Report
1.16.1	Marketing Materials Update
1.16.1.1	Representative Examples of Updates to Enbridge Gas Marketing Materials
7.0.1	Comparison of Rate Zone Alternatives
7.0.2	Density Driven Rate Design
7.1.4	Other Cost Allocation Proposals and Directives
8.4.5	Unbundled Direct Purchase Service
8.4.7	Interruptible Rates Study
8.1.2	Rates Design Proposals
Exhibit I.2.7	Exhibit 2, Tab 7 Interrogatories
Exhibit I.2.5	Exhibit 2, Tab 5 Interrogatories
Exhibit I.1.3	Exhibit 1, Tab 3 Interrogatories
Exhibit I.1.13	Exhibit 1, Tab 13 Interrogatories
Exhibit I.1.16	Exhibit 1, Tab 16 Interrogatories
Exhibit I.7.0	Exhibit 7, Tab 0 Interrogatories
Exhibit I.7.1	Exhibit 7, Tab 1 Interrogatories
Exhibit I.8.4	Exhibit 8, Tab 4 Interrogatories
Exhibit I.8.1	Exhibit 8, Tab 1 Interrogatories
1 TC Tr. 9 - 62	Technical Conference Panel 1
JT1.4 – 7, JT1.27, JT1.31 – JT1.32	Panel 1 Undertakings
1 TC Tr. 131 - 176	Technical Conference Panel 3 (Day One)
2 TC Tr. 1 - 25	Technical Conference Panel 3 (Day Two)
JT1.1 – 3, JT1.12 – 15, JT1.45 - JT1.61	Panel 3 Undertakings (Day One)
JT2.1 – JT2.4	Panel 3 Undertakings (Day Two)
2 TC Tr. 26 - 104	Technical Conference Panel 4
JT1.8 – 11, JT1.16 – 26, JT1.28 – 30, JT2.5 – JT2.17	Panel 4 Undertakings
2 TC Tr. 104 - 140	Technical Conference Panel 5
JT2.18 – JT2.21	Panel 5 Undertakings
ADR-3	ADR Responses

APPENDIX A – List of services proposals for Issue #5

<table>
<tr><th></th><th>Detailed Service Proposals</th><th>Reference</th></tr>
<tr><td colspan="2"><u>Harmonized distribution firm, seasonal and interruptible services and related charges</u></td><td>Exhibit 8.4.2</td></tr>
<tr><td></td><td>• Demand Overrun and Interruption Non-Compliance Charge
• Eliminated Services:
• Rate 25 Sales Service Discontinuation
• Consolidated Billing Service Option</td><td></td></tr>
<tr><td colspan="2"><u>Harmonized bundled direct purchase services and related charges</u></td><td>Exhibit 8.4.3</td></tr>
<tr><td></td><td><u>DCQ</u>
• Remove sales service for DP (Union North Rate Zone)
• Minimum pool DCQ of 1 GJ/day
• Customer no longer provides fuel in kind (EGD Rate Zone)

<u>Obligated Points of Receipt</u>
• DCQ delivered to Dawn point of receipt unless required by Enbridge Gas at Parkway and/or Enbridge Central Delivery Area (ECDA)
• Move Empress and Enbridge Eastern Delivery Area (EEDA) deliveries to Dawn (note: there are currently no EEDA deliveries)
• Treat ECDA deliveries like Parkway

<u>Balancing Obligations</u>
• Customers to balance at checkpoints:
• no less than planned balance at end of February
• no more than planned balance at end of September
• Remove renewal balancing

<u>Balancing Transactions</u>
• Common suite of balancing transactions
• Year-round availability subject to daily operational capability

<u>Other</u>
• Remove utility purchase of customer's DCQ during an interruption of distribution service (EGD rate zone)</td><td></td></tr>
</table>

	Detailed Service Proposals	**Reference**
	• Seasonal DCQ for seasonal distribution service • Pool consolidation • Balancing transaction pricing Compliance Charges • Failure to deliver DCQ – sale of gas to customer at the greater of the highest spot price in the day or 150% of reference price • Failure to balance a supply shortfall – sale of gas at the greater of the highest spot price in the month (or the month after) or reference price • Failure to balance a supply excess – unauthorized account overrun charge of $6/GJ/month	
Harmonized semi-unbundled direct purchase service and related charges		Exhibit 8.4.4
	Applicability • Expand applicability from South Service Area to include Central Service Area • Classify customers with non-obligated DCQ as unbundled Obligated Points of Receipt • DCQ delivered to Dawn point of receipt unless required by Enbridge Gas at Parkway and/or Enbridge Central Delivery Area (ECDA) Storage Allocation • Maintain existing methods to allocate space and deliverability but limit deliverability to 5% of space • Eliminate Interruptible Withdrawal Right Compliance Charges • Failure to deliver DCQ – sale of gas to customer at the greater of the highest spot price in the day or 150% of reference price • Maintain unauthorized storage space overrun charge of $6/GJ and rename supplemental inventory charge as unauthorized gas supply overrun • Fixed unauthorized storage injection/withdrawal overrun charge of $1.75/GJ	

	Detailed Service Proposals	**Reference**
<u>Harmonized unbundled direct purchase service and related charges</u>		Exhibit 8.4.5
	• Applicability of firm and/or interruptible contract demand of at least 13,000 m³/day • Single cost-based storage allocation method with requirement to nominate use with exception of 5 current customers in the Union North rate zones • Eliminate system sales to DP customers; consolidate service with the balancing service • Daily and cumulative balancing service quantities for most customers set to 115% and 150% of firm CD respectively. Large customers with significant variability in daily and/or hourly consumption required to manage within 10% of firm CD (and, where necessary, also manage their balancing hourly) • Unbundled Balancing Service pricing <u>Compliance Charges</u> • Failure to deliver obligated Parkway Daily Contract Quantity (DCQ) or failure to maintain a balance above lower limits will result in a sale of gas to customer at the greater of the highest spot price in the day or 150% of reference price • Failure to maintain a balance below upper limit will result in an unauthorized storage overrun charge of $6/GJ	