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BY EMAIL

January 23, 2026

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

Dear Mr. Murray:

**Re: Enbridge Gas Inc.
2024 Utility Earnings and Disposition of Deferral & Variance Account
Balances
OEB Staff Interrogatories
OEB File Number: EB-2025-0155**

In accordance with Procedural Order No. 1, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant has been copied on this filing.

Enbridge Gas's responses to interrogatories are due by February 13, 2026.

Any questions relating to this letter should be directed to the Case Manager, Catherine Nguyen at catherine.nguyen@oeb.ca or at 416-440-7645. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Catherine Nguyen
Case Manager

Encl.

c: EGIRegulatoryProceedings@enbridge.com
David Stevens, Aird & Berlis LLP

**OEB Staff Interrogatories
Enbridge Gas Inc.
EB-2025-0155**

Please note, Enbridge Gas Inc. is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff-1

Reference: Exhibit C, Tab 2, Schedule 3, UFG Volume Variance Account

Actual UFG volumes for 2024 were 334,888 10^3m^3 . The variance between actual and forecasted UFG volumes of 91,206 10^3m^3 resulted in a debit balance of \$6.4 million in the UFGVVA, plus interest.

Enbridge Gas stated that the higher UFG volumes in 2024 are partially attributed to the harmonization of methodology for recording differences between estimated and actual UFG. As a result, Union rate zone UFG for 2024 includes adjustments for both December 2023 and December 2024 unbilled/nobill estimates:

- December 2023 adjustment: 21,049 10^3m^3
- December 2024 adjustment: 63,948 10^3m^3

Under the previous Union methodology, the 63,948 10^3m^3 would have carried into 2025.

Question(s):

- a) Please provide a breakdown of the 2024 actual UFG into non-emissions-related, emissions-related and unexplained components (in 10^3m^3 and dollars).
- b) Does Enbridge Gas expect actual 2025 UFG volumes to return to typical levels following the methodology harmonization? If not, please explain why not.
- c) Other than the methodology harmonization, please discuss any other potential factors that contributed to the 2024 UFG variance.
- d) Please reconcile the December 2023 and December 2024 adjustments noted above with the figures provided at Exhibit C, Tab 2, Schedule 3, Attachment 1.

Staff-2

Reference: Exhibit C, Tab 2, Schedule 5, pg. 1, Deferral Clearance Variance Account

Enbridge Gas stated that the balance in this variance account includes the residual amounts not disposed of from the 2024 Rebasing Phase 1 Decision approved deferral balance for disposition cleared between April 1, 2024 to December 31, 2024. Enbridge Gas stated that the accrued interest of \$5.041 million is almost entirely related to the

large 2024 Rebasing Phase 1 Decision approval and drawdown of the balance over the April to December timeframe.

Question(s):

- a) OEB staff notes that the disposition was approved for clearance between May 1, 2024 to December 31, 2024. Please clarify.

Staff-3

Reference: Exhibit C, Tab 2, Schedule 6, pp. 2-3, Parkway Delivery Obligation Variance Account

The \$3.246 million debit balance in this deferral account represents the difference between the OEB-approved PDCI cost of \$14.150 million recovered in rates and the actual PDCI cost of \$17.395 million. Enbridge Gas stated that the higher PDCI cost is primarily attributed to higher actual PDCI volumes than the forecast PDCI volumes of 79 PJ.

Enbridge Gas stated that it was not able to shift any PDO volumes in 2024 and that it did not identify practical market-based solution alternatives to reduce the PDO in 2024.

Question(s):

- a) Please provide the underlying calculations for the actual PDCI cost of \$17.395 million.
- b) Please explain the factors that caused PDCI volumes to exceed the forecast of 79 PJ.
- c) Please explain why Enbridge Gas was not able to shift any PDO in 2024.
- d) Please provide market-based solutions that could be used to shift PDO volumes and why they were not practical for 2024?

Staff-4

Reference: Exhibit C, Tab 2, Schedule 8, pp. 4-5, Facility Carbon Charge Variance Account

Enbridge Gas stated that the \$3.39 million related to Emissions Performance Standards (EPS) volumes is based on the company satisfying its full 2024 EPS compliance obligation by paying the excess emissions charge of \$80/tCO₂e. Enbridge Gas also noted that, since the deadline to meet the 2024 EPS compliance obligation is December 1, 2025, it retains the option to satisfy this obligation by purchasing Emission Performance Units (EPUs) from other EPS participants.

Enbridge Gas further stated that, should its 2024 EPS compliance obligation differ from the amount presented in evidence due to procuring EPUs at a price lower than the excess emissions charge, any resulting variances will be recorded in the 2025 Facility

Carbon Charge Variance Account (FCCVA). Enbridge Gas also indicated that it will apply the evaluation criteria outlined in response at Exhibit I.STAFF2 of the 2025 FCCPP Application to determine the appropriate balance between procuring EPU's and paying the excess emissions charge.

Question(s):

- a) Given that the December 1, 2025, deadline for meeting the 2024 EPS compliance obligation has passed, please confirm how Enbridge Gas satisfied its 2024 EPS obligation:
 - i. Did Enbridge Gas purchase EPU's from other EPS participants, or did it pay the excess emissions charge of \$80/tCO₂e?
 - ii. If EPU's were purchased, provide details on the quantity procured, the purchase price, and how this affected the total 2024 EPS compliance cost compared to the \$3.39 million outlined in evidence.
 - iii. If the excess emissions charge was paid instead, please confirm that the obligation was met as originally stated.

Staff-5

Reference: Exhibit C, Tab 2, Schedule 9, pp. 1-6, Customer Carbon Charge Variance Account
Exhibit F, Tab 2, Schedule 4
Exhibit F, Tab 3, Schedule 4

The Customer Carbon Charge Variance Account (CCCVA) credit balance of \$10.98 million plus \$1.79 million in interest consists of:

- A cumulative CCCVA credit balance from 2022 to 2024 of \$0.04 million plus \$0.01 million in interest to ratepayers subject to the Federal Carbon Charge
- A Z-factor and base rate adjustment for the working cash impacts of setting the Federal Carbon Charge to zero as part of the 2026 rates application settlement agreement, totaling a credit to ratepayers of \$10.94 million plus interest of \$1.78 million

At Exhibit F, Tab 2, Schedule 4 and Exhibit F, Tab 3, Schedule 4, Enbridge Gas presents the Federal Carbon as a separate line item and provides the bill impacts resulting from the application with and without the Federal Carbon adjustment.

Question(s):

- a) Please confirm whether Enbridge Gas intends to keep the CCCVA open solely for the purpose of capturing variances related to the removal and wind-down of

the Federal Carbon Charge. For example, this would include adjustments from invoice corrections or rebilling for periods when the Federal Carbon Charge was in effect, which the Company remains obligated to report and remit to the Government of Canada.

- b) How does Enbridge Gas plan to present this adjustment on customer bills and customer notices at the time of disposition?

Staff-6

Reference: Exhibit C, Tab 2, Schedule 10, Carbon Charges Bad Debt Deferral Account

Enbridge Gas is requesting to dispose of \$11.72 million, plus \$0.78 million in interest in CCBDDA.

In its 2024 Federal Carbon Pricing Program Application, Enbridge Gas forecasted it would incur \$8.8 million incremental bad debt expenses in 2024 based on forecasted costs recoverable from customers as a result of the GGPPA and EPS Regulation.

Question(s):

- a) Please identify and explain the drivers that caused actual 2024 bad debt to exceed the forecast by approximately 33%.

Staff-7

Reference: Exhibit C, Tab 2, Schedule 11, pp. 4-5, Integrated Resource Planning Operating Costs Deferral Account
Exhibit C, Tab 2, Schedule 20, pg. 3
EB-2022-0335, Decision and Order, March 27, 2025

Enbridge Gas proposed to recover \$0.16 million in the IRP Operating Costs Deferral Account incurred in 2023 and 2024 related to the IRP Pilot Projects application, in advance of the OEB's Decision and Order on this application that was provided on March 27, 2025. Enbridge Gas does not propose to recover capital costs related to meter installation in the (cancelled) Parry Sound IRP pilot through the IRP Capital Costs Deferral Account. Enbridge Gas noted that these meters are still being utilized, and Enbridge Gas will consider the expenditures as part of typical meter exchange/replacement activity.

Question(s):

- a) Please provide the capital costs that were recorded associated with meter installation in Parry Sound.

- b) Does Enbridge Gas's proposed approach mean that these costs are included in Enbridge Gas's 2024 capital budget?
- c) Please describe how these meters are being utilized given that the Parry Sound pilot was cancelled.
- d) Please provide Enbridge Gas's rationale as to why costs associated with the cancelled Parry Sound Pilot project should be eligible for recovery, both with regards to the costs proposed for recovery through the IRP Operating Costs Deferral Account, and the capital costs associated with meter installation in Parry Sound.
- e) The overall budget for the IRP Pilot Project as described in the IRP Pilot Project application was \$14.2 million. Please confirm if the 2023 and 2024 costs proposed for recovery through the IRP Operating Costs Deferral Account will be counted towards this overall IRP Pilot Project budget.

Staff-8

Reference: Exhibit C, Tab 2, Schedule 12, pg. 1, Dawn Parkway Surplus Capacity Deferral Account

In 2024, Enbridge Gas recognized \$0.9 million of revenue from the sale of surplus capacity.

Question(s):

- a) Please confirm whether Enbridge Gas evaluated this surplus capacity for potential PDO reduction prior to offering it for sale. Please explain.

Staff-9

Reference: Exhibit C, Tab 2, Schedule 15, Clean Fuel Regulation Credits Deferral Account

The purpose of the CFR Credits Deferral Account is to record the revenues obtained by Enbridge Gas from the sale of CFR credits, net of any incremental offsetting credit formation, certification and transaction administration costs.

In 2024, Enbridge Gas created credits under the CFR from its compressed natural gas (CNG) vehicle activities during the 2023 compliance period. Enbridge Gas sold the credits in 2024 and recorded the revenue from the sale in the CFR Credits Deferral Account, as a payable of \$0.056 million, plus interest.

Question(s):

- b) Please provide the total number and value of CFR credits sold in 2024, the incremental costs incurred and a reconciliation showing how these amounts result in the net balance recorded in the deferral account.

Staff-10

Reference: Exhibit C, Tab 2, Schedule 16, pg. 1, Indigenous Working Group Deferral Account
Exhibit G, Tab 3, Schedule 1, pg. 8, Indigenous Working Group Report

The balance in the Indigenous Working Group Deferral Account for 2024 is a debit of \$0.119 million plus forecast interest of \$0.007 million. Table 1 outlines the amounts by Indigenous Working Group participant.

Table 1
IWG Incremental Capacity Funding

Line No.	Participant	Amount (\$000s)
1	Resilient LLP	\$ 64.3
2	Mississaugas of Scugog Island	22.2
3	Woodward and Co	16.5
4	Three Fires Group	11.2
5	Chippewas of the Thames	5.2
6	Total	<u>\$ 119.3</u>

Enbridge Gas stated that the capacity funding costs of the Indigenous Working Group over its first full year of operation are likely not representative of the reasonable ongoing costs that will be necessary to participate in and support the IWG, as a significant portion of the expenses incurred during 2024 were invoiced in 2025.

Question(s):

- a) Please confirm whether the Indigenous Working Group Deferral Account balance reflects activity from September 2023 to December 2024. If so, please identify the portion of the balance attributable to 2023 activity.
- b) OEB staff notes that some law firms represent multiple Indigenous Working Group participants. Please confirm whether they bill separately for each client's participation and explain how these costs are allocated.
- c) Please quantify the amount of 2024 work that was invoiced in 2025 and reconcile it with the 2024 Indigenous Working Group Deferral Account balance. Other than the invoice timing, please provide further rationale for why 2024 spending was significantly lower than the approved 2024 budget.
- d) Please provide the estimated Indigenous Working Group spending for 2025.

Staff-11

Reference: Exhibit G, Tab 3, Schedule 1, pg. 8, Indigenous Working Group Report

Enbridge Gas filed an Indigenous Working Group Report summarizing the activities of the working group and initiatives planned or implemented, including meeting minutes.

As part of its report, the Indigenous Working Group presented an estimated 2026 budget of \$800,000 for the OEB’s review. This includes \$295,000 for legal support, \$255,000 for consultants and First Nation representatives and \$250,000 for experts. OEB staff notes that these amounts represent increases of \$55,000 (23%), \$105,000 (70%) and \$0, respectively, compared to the 2024 budget.

Question(s):

- a) Based on the attendance lists for 2024 and 2025 meetings, there does not appear to be increased participation over time. Please explain the rationale for the proposed 70% increase in the budget for consultants and First Nation representatives and how Enbridge Gas plans to use this additional funding to support the participation of First Nation rightsholders rather than consultants.
- b) For each spending category (legal support, consultants and First Nations representatives, experts), please explain how the proposed amounts were developed, what activities they are intended to support, and provide justification for the proposed amounts.
- c) Please compare the proposed 2026 amounts for legal support, consultants and First Nation representatives and experts with the actual costs incurred in 2024 and 2025. Please explain any major variations.

Staff-12

Reference: Exhibit C, Tab 2, Schedule 18, Getting Ontario Connected Act Variance Account

The table below outlines Enbridge Gas’s 2024 GOCA balance calculation.

Table 3
2024 Base Rate Budget vs. Actuals

Line No.	Particulars (\$ millions)	Amount
1	2024 Base Rate Locate Budget	51.1
2	2024 Locate Actuals	66.0
3	2024 GOCA Variance Balance	14.9

Enbridge Gas stated that the \$14.892 million recorded in excess of the approved budget is not due to inflationary or volume-related factors but is directly and solely attributable to structural changes in the locate industry driven by Bill 93.

The average cost per locate increased to \$67 in both 2023 and 2024, representing increases of 109% and 108% respectively, compared to the 2021 average cost.

Question(s):

- a) Please explain how Enbridge Gas differentiates between incremental locate costs that are directly attributable to Bill 93 from those that are not. Does Enbridge Gas assume that any variance between 2024 locate actuals and the 2024 base rate locate budget is solely caused by Bill 93?
- b) Does Enbridge Gas expect the average cost per locate to stabilize at approximately \$67 in future years? If not, please explain why not.
- c) Please clarify what portion of the 108% increase is attributable to the incremental staffing that was required in 2023 to meet the new 5-day mandate. Did Enbridge Gas onboard additional LSPs in 2024? If so, please explain why.

Staff-13

Reference: Exhibit C, Tab 2, Schedule 19, Enbridge Sustain Affiliate Recoveries Variance Account

During 2024, Enbridge Sustain received services at a total cost of \$1.1 million. As such, when compared to the \$1.0 million base rate adjustment for 2024, Enbridge Gas recorded in the Enbridge Sustain Affiliate Recoveries Variance Account a credit to customers (or payable) of \$0.091 million, plus interest.

Question(s):

- a) Please confirm that all transactions between Enbridge Gas and Enbridge Sustain in 2024 were conducted in compliance with the Affiliate Relationships Code for Gas Utilities (ARC).

Staff-14

Reference: Exhibit E, Tab 1, Schedule 1, Unabsorbed Demand Costs (UDC) Variance Account- Union Rate Zones

The actual unutilized capacity in 2024 was 51.7 PJ. Enbridge Gas stated that the level of unutilized capacity experienced in 2024 was largely due to planned unutilized capacity (and resulting UDC), warmer than normal temperatures and lower customer use.

Question(s):

- a) Does Enbridge Gas anticipate that UDC levels will continue to increase in future years? If so, please describe the factors driving this trend and the measures Enbridge Gas intends to implement to mitigate higher UDC levels.
- b) Please describe the actions Enbridge Gas undertook in 2024 to minimize unutilized capacity and the resulting UDC costs.