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March 20, 2026

VIA RESS AND EMAIL

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

Dear Ritchie Murray:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2025-0155
2024 Utility Earnings and Disposition of Deferral & Variance Account
Balances Application – Argument in Chief**

In accordance with the OEB's Procedural Order No. 2 issued on March 4, 2026, enclosed please find the Argument in Chief filed by Enbridge Gas.

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

Sincerely,

Richard Wathy

Richard Wathy
Technical Manager, Regulatory Applications

cc.: D. Stevens (Aird & Berlis)
EB-2025-0155 Intervenors

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application for disposition of
2024 Deferral and Variance Accounts.

ENBRIDGE GAS INC.

ARGUMENT IN CHIEF

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A. OVERVIEW

1. Enbridge Gas Inc. (Enbridge Gas or the Company) seeks approval to clear the final balances of certain Enbridge Gas, EGD rate zone, and Union rate zones 2024 deferral and variance accounts (2024 Accounts). The balances of the 2024 Accounts are set out at Appendix A, with updated interest amounts reflecting an October 1, 2026 disposition.
2. In past Enbridge Gas deferral and variance account clearance proceedings, a settlement conference has been convened. In this case, the OEB has directed the parties to proceed directly to argument, with no settlement process.
3. Enbridge Gas expects that parties will accept or not dispute clearance of the balances of most of the 2024 Accounts, based on prior proceedings and based on the limited number of accounts for which there were multiple interrogatories. That being said, Enbridge Gas does not know what specific positions may be advanced by other parties. The Company will respond as appropriate in Reply Argument.
4. In this Argument in Chief (AIC), Enbridge Gas provides a short explanation for why each of the 2024 Accounts should be cleared as requested. More detail is included for those accounts that received numerous interrogatories.
5. The bill impacts from the clearance of the 2024 Accounts are limited and manageable, and there is no need to defer any of the requested clearances.
6. Enbridge Gas also addresses the other issues noted in Procedural Order No. 2.
 - 1) First, there is no basis for earnings sharing in 2024. The OEB expressly decided in its Rebasing Phase 1 Decision that earnings sharing would not apply for the 2024 Cost of Service year. In any event, Enbridge Gas earned less than allowed ROE in 2024, so there are no earnings to be shared.
 - 2) Second, Enbridge Gas requests the OEB's approval of the \$800,000 budget for capacity funding for the Indigenous Working Group (IWG) in 2026. This will provide confirmation and confidence that reimbursement of such costs from the Company to the IWG will likely be recoverable in the later disposition of the IWG Deferral Account. However, Enbridge Gas acknowledges that any approval of the IWG budget is not a blank cheque. All expenses recorded will be subject to a prudence review when the 2026 IWG Deferral Account is presented for clearance.

B. BACKGROUND

7. On October 30, 2025, Enbridge Gas filed its Application and prefiled evidence seeking clearance of the 2024 Accounts with the first available QRAM application following the OEB's approval, as early as July 1, 2026.¹ The Application also included the IWG Working Group report and an explanation for the \$800,000 budget for the IWG in 2026.²
8. The Application did not include any earnings sharing amount, because the OEB's 2024 Rebasing Phase 1 Decision found that an Earnings Sharing Mechanism (ESM) for the 2024 Test Year is not required. For information purposes, the Company did provide the 2024 Utility Results.³
9. The OEB issued Procedural Order No. 1 on December 18, 2025, setting out the process for interrogatories.⁴
10. On February 12, 2026, Enbridge Gas responded to 90 interrogatories from parties (not including sub-parts), including questions about most of the 2024 Accounts.⁵ As a result, there is a full written record for the relief being requested.
11. On March 5, 2026, the OEB issued Procedural Order No. 2.⁶ The Procedural Order indicated that the case would move directly to written submissions, with no settlement conference. This is different from the process followed in all other Enbridge Gas annual deferral account clearance applications since the 2019 amalgamation.
12. Procedural Order No. 2 included the following list of topics, to guide Enbridge Gas's AIC and submissions from other parties:
 - 1) For DVA balances proposed for disposition, is the nature or type of costs recorded in these accounts appropriate?
 - 2) Are the DVA balances proposed for disposition and the supporting calculations appropriate?

¹ [Application and Pre-Filed Evidence](#) – all of the evidence references in the balance of this AIC can be found at this link.

² Also included in the filing were the IRP Technical Working Group Report and the DIMP/EDIMP Report on Activities for 2024. No relief is requested in respect of these reports.

³ Exhibit B, Tab 1, Schedule 1.

⁴ [Procedural Order No. 1.](#)

⁵ [Enbridge Gas responses to interrogatories.](#) See also [Enbridge Gas response to additional FRPO interrogatory](#) – all of the interrogatory references in the balance of this AIC can be found at these links.

⁶ [Procedural Order No. 2.](#)

- 3) Should any DVA balance proposed for disposition be deferred for consideration at a later date?
 - 4) Are the proposed allocation and disposition methodologies appropriate, including whether disposition should be on a final or interim basis?
 - 5) Is it appropriate that no Earnings Sharing Mechanism amount is proposed for 2024?
 - 6) Are the proposed bill impacts appropriate? If required, should mitigation be considered at the time of the first available QRAM?
 - 7) Should the proposed 2026 budget for the Indigenous Working Group be approved by the OEB?
13. Enbridge Gas has organized its AIC to respond to the OEB's list of topics. Items 1) and 2) are addressed together in Part C (2024 Accounts Should Be Cleared As Requested), on an account-by-account basis. Items 3), 4) and 6) are addressed together in Part D (Allocation and Timing for Clearance of 2024 Accounts). Items 5) and 7) are addressed individually in Parts E (There is No Role For Earnings Sharing in this Proceeding) and F (Enbridge Gas Seeks Approval of the IWG Budget for 2026).
14. Enbridge Gas has not addressed any other items in its AIC, as the OEB's list of topics address all of the relief that the Company has requested in this Application.
15. In its Reply Argument, Enbridge Gas will respond to intervenor submissions on the OEB's list of topics, as well as any additional items raised.

C. 2024 ACCOUNTS SHOULD BE CLEARED AS REQUESTED

16. In this Application, Enbridge Gas seeks clearance of the 2024 Accounts set out at Appendix A, with applicable interest as of October 1, 2026. Enbridge Gas asserts that the full requested amount in each of the 2024 Accounts should be cleared.
17. There are 23 accounts for which Enbridge Gas seeks clearance. Enbridge Gas does not know which of these accounts, if any are contested and, if so, on what basis. The Company has not attempted to respond to any objections that might be raised and instead will do so in Reply Argument.

18. In the subsections that follow, Enbridge Gas sets out a brief summary of the request for each of the 23 accounts where clearance is requested. More detail is provided for those accounts where a substantial number of interrogatories were asked.

(i) Upstream Transportation Optimization Variance Account

19. The Upstream Transportation Optimization Variance Account captures the variance between the ratepayers' 90% share of actual net revenues from optimization activities, and the amount refunded to ratepayers in rates.

20. Table 1 in the prefiled evidence sets out the calculation of the Upstream Transportation Optimization Variance Account balance.⁷

21. The Company provided more information about the determination of the net revenues from optimization activities in response to FRPO interrogatories #1-6.⁸ This further establishes the appropriateness of the credit balance requested for clearance.

22. The balance in the Upstream Transportation Optimization Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$33.4 million, plus interest.⁹

(ii) Unaccounted for Gas Volume Variance Account

23. The Unaccounted for Gas (UFG) Volume Variance Account was established in 2024 as part of Phase 1 of the 2024 Rebasing Application in recognition of the need to record gas costs associated with variances between the actual UFG volumes and the forecast UFG volumes.¹⁰

24. The UFG Volume Variance Account provides that Enbridge Gas and ratepayers will share on a 50/50 basis the cost or credit of variances between the OEB-approved UFG volume of 243,681.5 10³m³ included in rates and the actual UFG volume, at the applicable gas supply reference price, up to maximum total actual UFG volume of 400,000 10³m³.¹¹

⁷ Exhibit C, Tab 2, Schedule 1, page 2.

⁸ Exhibit I.FRPO-1 to 6.

⁹ Exhibit C, Tab 2, Schedule 1, page 1.

¹⁰ Exhibit C, Tab 2, Schedule 3, page 1 (and associated references).

¹¹ Exhibit C, Tab 2, Schedule 3, page 1 (and associated references).

25. The prefiled evidence sets out the detailed calculations of the UFG Volume Variance Account balance.¹² Actual 2024 UFG volumes for Enbridge Gas were determined to be 334,888 10³m³. This is higher than the amount embedded in rates of 243,681.5 10³m³. The variance between actual and forecasted UFG volumes is 91,206 10³m³.
26. In prefiled evidence, Enbridge Gas provided information about its historic UFG balances, changes made to the calculation of UFG as a result of harmonization and comparative data to show how Enbridge Gas's UFG volumes and annual fluctuations are generally consistent with (and often more favourable than) other gas utilities.¹³
27. In response to interrogatories, Enbridge Gas provided more information about a number of topics. The Company explained that the harmonization of the way that unbilled and no-billed estimates are reported will not have an ongoing impact (and the impact in 2024 is simply a timing impact).¹⁴ The Company provided further explanation for the contributing sources for 2024 UFG volumes, and the volumes that are unexplained.¹⁵
28. The UFG Volume Variance Account provides that the cost impacts of UFG volume variances will be shared 50/50 between the Company and customers. The total cost impact of the UFG volume variance is \$12.9 million. The balance in the UFG Volume Variance Account that is being requested for clearance within this proceeding is a debit (collection from customers) of \$6.4 million, plus interest.¹⁶

(iii) Unaccounted for Gas Price Variance Account

29. The purpose of the UFG Price Variance Account is to capture the cost of gas associated with the price variance on gas supply purchases related to UFG. The price variance is calculated as the difference between the actual price of Enbridge Gas's gas supply purchases and the applicable gas supply reference price, applied to the actual experienced UFG volumes. The

¹² Exhibit C, Tab 2, Schedule 3, Attachment 1.

¹³ Exhibit C, Tab 2, Schedule 3, pages 2-6.

¹⁴ Exhibit I.STAFF-1(b), Exhibit I.CME-3 and Exhibit I.FRPO-9 to 11. Further questions about unbilled estimates were answered at Exhibit I.CME-4, Exhibit I.EP-1 and Exhibit I.FRPO-8.

¹⁵ Exhibit I.STAFF-1(a) and (c).

¹⁶ Exhibit C, Tab 2, Schedule 3, page 1.

UFG Price Variance Account was established in 2024 as part of Phase 1 of the 2024 Rebasing Application.¹⁷

30. Detailed calculations for the determination of the amounts recorded in the account in relation to each of the EGD and Union rate zones are set out in evidence.¹⁸
31. No interrogatories were asked about the UFG Price Variance Account (though, as noted above, numerous interrogatories were asked about UFG volumes more generally).
32. The balance in the UFG Price Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$6.8 million, plus interest.¹⁹

(iv) Transportation from Dawn Service Deferral Account

33. The basis for the Transportation from Dawn Service Deferral Account is explained at Exhibit C, Tab 2, Schedule 2.
34. Only one interrogatory was asked about this account.²⁰
35. The balance in the Transportation from Dawn Service Deferral Account that is being requested for clearance within this proceeding is a debit (collection from customers) of \$0.07 million, plus interest.²¹

(v) Deferral Clearance Variance Account

36. The Deferral Clearance Variance Account records amounts receivable from/(payable to) customers which reflects disposition variances in relation to the clearance of deferral and variance account balances authorized by the OEB. Disposition variances result from Enbridge Gas's billing systems' inability to locate and apply deferral clearance unit rates to all intended customers and/or volumes. Due to customer moves and other account changes, deferral clearance unit rates derived utilizing historical customers and volumes are not able to

¹⁷ Exhibit C, Tab 2, Schedule 4, page 1 (and associated references).

¹⁸ Exhibit C, Tab 2, Schedule 4, pages 1-3 and Attachment 1.

¹⁹ Exhibit C, Tab 2, Schedule 4, page 1.

²⁰ Exhibit I.FRPO-7.

²¹ Exhibit C, Tab 2, Schedule 2, page 1.

be assessed against all historical customers and/or volumes at the time of disposition, resulting in the balances captured in the Deferral Clearance Variance Account.²²

37. Details of the amounts included are summarized in Table 1 of the prefiled evidence.²³
38. Enbridge Gas answered one interrogatory with a clarification question about the evidence on this account²⁴ and one interrogatory about the disposition methodology for this account²⁵.
39. The balance in the Deferral Clearing Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$6.2 million, plus interest to October 1, 2026, of \$5.1 million, for a total credit of \$11.3 million.

(vi) Parkway Delivery Obligation Variance Account

40. In Union's 2014 Rates Settlement Agreement, parties agreed to permanently shift the Union South direct purchase (DP) Parkway Delivery Obligation (PDO) to Dawn over time. The parties also agreed to the payment of a Parkway Delivery Commitment Incentive (PDCI) for any continuing obligated Daily Contract Quantity (DCQ) deliveries at Parkway beginning November 1, 2016. In Phase 1 of the 2024 Rebasing proceeding, parties agreed to revisions to the PDO Framework and the 2024 PDCI Forecast.²⁶
41. The Parkway Delivery Obligation Variance Account records the difference between the actual Dawn Parkway System demand and fuel costs associated with any PDO shift, as well as the actual Parkway PDCI costs incurred by Enbridge Gas, and the PDO and PDCI costs included in rates as approved by the OEB.²⁷
42. The amount recorded in the Parkway Delivery Obligation Variance Account reflects a higher PDCI cost than what was approved in rates. This is primarily attributed to higher actual PDCI volumes than the forecast PDCI volumes of 79 PJ.²⁸ PDCI increased as a result of increased

²² Exhibit C, Tab 2, Schedule 5, page 1.

²³ Exhibit C, Tab 2, Schedule 5, page 2.

²⁴ Exhibit I.STAFF-2.

²⁵ Exhibit I.CME-3.

²⁶ Exhibit C, Tab 2, Schedule 6, page 1.

²⁷ Exhibit C, Tab 2, Schedule 6, page 1.

²⁸ Exhibit C, Tab 2, Schedule 6, page 2.

demand in the Union South rate zone, which increased obligated deliveries at Parkway, and subsequently the PDCI paid for the obligated deliveries at Parkway.²⁹

43. In response to interrogatories, Enbridge Gas explained why it was not able to shift PDO volumes or identify market-based solutions to reduce PDO. As explained, in 2024 Enbridge Gas became aware of an operational restriction on its Dawn to Parkway system. In the near-term, incremental shifts of PDO from Parkway to Dawn were not considered. Enbridge Gas did not issue an RFP for an exchange from Parkway to Dawn, or Kirkwall to Dawn in 2024 or 2025 as indications from the market were that it would not have been economical.³⁰
44. The balance in the Parkway Delivery Obligation Variance Account that is being requested for clearance within this proceeding is a debit (collection from customers) of \$3.2 million, plus interest. The balance represents the difference between the OEB-approved PDCI cost of \$14.2 million recovered in rates and the actual PDCI cost of \$17.4 million.³¹

(vii) Pension & OPEB Variance Account

45. The purpose of the Pension and OPEB Variance Account is to track the differences between forecast accrual pension and OPEB amounts recovered in rates, and the actual cash payments made for both pension and OPEB, on a go-forward basis from the date the account was established.³²
46. In the Phase 1 of the Rebasing Proceeding, the OEB approved the harmonization of the Pension and Other Post Employment Benefits (OPEB) Variance Accounts for the EGD and Union rate zones.³³
47. As of January 1, 2024, Enbridge Gas combined the December 31, 2023 cumulative ending Union Gas credit of (\$142.7) million and the EGD debit of \$4.4 million, for a net cumulative opening credit of (\$138.3) million. In 2024 Rebasing Phase 1, the OEB-approved accrual pension expense was a credit (\$1.6) million, while the 2024 actual cash payments made for both pension and OPEB were \$13.8 million, resulting in an annual \$15.5 million debit variance.

²⁹ Exhibit I.STAFF-3(b).

³⁰ Exhibit I.STAFF-3(c) and (d).

³¹ Exhibit C, Tab 2, Schedule 6, page 2.

³² Exhibit C, Tab 2, Schedule 7, page 1 (and associated references).

³³ Exhibit C, Tab 2, Schedule 7, page 1 (and associated references).

As such, the variance carried forward from 2023 of a \$138.3 million credit, plus the 2024 debit of \$15.5 million, result in a cumulative credit balance/variance at the end of 2024 of \$122.8 million.³⁴

48. In accordance with the OEB's prior direction, when the cumulative forecasted accrual amount recovered in rates exceeds the cumulative actual cash payments, an asymmetrical carrying charge to be returned to ratepayers, should be accrued based on the opening monthly difference between amount recovered in rates and actual cash payments.
49. The calculations of the carrying charge to be credited to customers are set out in the prefiled evidence.³⁵ Enbridge Gas answered one interrogatory seeking further details about this account,³⁶ and one interrogatory asking about the disposition methodology for this account.³⁷
50. The balance in the Pension and OPEB Variance Account that is being requested for clearance within this proceeding is an interest credit (payable to customers) of \$6.6 million to December 31, 2024.³⁸

(viii) Facility Carbon Charge Variance Account

51. The Facility Carbon Charge Variance Account records the difference between the Company's facility-related costs under the *Greenhouse Gas Pollution Pricing Act* (GPPA) and the Emissions Performance Standards (EPS) program versus the amount of revenue billed through the Facility Carbon Charge.³⁹
52. Enbridge Gas's facility-related volumes and associated costs are composed of Company Use Volumes (facilities which are not covered under the EPS and were subject to the GPPA) and EPS Volumes (facilities which are covered under the EPS).⁴⁰ Enbridge Gas's 2024 facility-related obligation was \$5.14 million (\$1.75 million related to Company Use Volumes and \$3.39

³⁴ Exhibit C, Tab 2, Schedule 7, page 2 (and associated references).

³⁵ Exhibit C, Tab 2, Schedule 7, page 3.

³⁶ Exhibit I.CME-9.

³⁷ Exhibit I.EP-4.

³⁸ Exhibit C, Tab 2, Schedule 7, pages 2 to 3.

³⁹ Exhibit C, Tab 2, Schedule 8, page 1.

⁴⁰ Exhibit C, Tab 2, Schedule 8, page 2.

million related to EPS Volumes), of which \$4.59 million is attributable to Enbridge Gas's regulated utility operations.⁴¹

53. Details of the compliance costs are set out in prefiled evidence.⁴² In response to interrogatories, Enbridge Gas set out further explanation about the allocation of costs between regulated and unregulated operations,⁴³ and about how it met its EPS compliance obligations.⁴⁴
54. The costs associated with Enbridge Gas's Company Use Volumes and EPS Volumes are recovered from customers as part of the Facility Carbon Charge, which is included in delivery or transportation charges on customers' bills.⁴⁵ Based on actual customer volumes, \$8.0 million in revenue was billed through the Facility Carbon Charge from January 1 to December 31, 2024.⁴⁶
55. The main reason why actual costs were lower than revenues is due to the actual Company Use and EPS costs being lower than what was forecast. Regulated EPS compressor fuel volumes and the associated emissions were lower than forecast due to a warm winter. The mild winter months in turn reduced transmission and storage demand, resulting in lower EPS emissions and associated costs. The warmer than normal winter also contributed to the decrease in actual Company Use Volumes and the associated actual costs from what was forecast.⁴⁷
56. The amount recorded in the Facility Carbon Charge Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$3.4 million, plus interest. This credit to customers reflects the difference between the amount of revenue billed through the Facility Carbon Charge and Enbridge Gas's actual regulated facility-related costs.⁴⁸

⁴¹ Exhibit C, Tab 2, Schedule 8, page 3.

⁴² Exhibit C, Tab 2, Schedule 8, pages 4 to 5.

⁴³ Exhibit I.CCC-1.

⁴⁴ Exhibit I.STAFF.4 and Exhibit I.CME-10.

⁴⁵ Exhibit C, Tab 2, Schedule 8, page 2.

⁴⁶ Exhibit C, Tab 2, Schedule 8, page 3.

⁴⁷ Exhibit C, Tab 2, Schedule 8, page 4.

⁴⁸ Exhibit C, Tab 2, Schedule 8, page 3.

(ix) Customer Carbon Charge Variance Account

57. Enbridge Gas tracks the variance between actual customer-related carbon costs incurred and the customer-related carbon costs recovered in rates within the Customer Carbon Charge Variance Account.⁴⁹
58. The Customer Carbon Charge Variance Account was harmonized for 2024, to include the EGD and Union rate zones.⁵⁰
59. The variances recorded in the Customer Carbon Charge Variance Account are due to deliveries of renewable natural gas (RNG) and hydrogen to customers from 2022 to 2024, through the Company's OptUp program and Low Carbon Energy Project (LCEP) respectively. Under the GPPA and associated Fuel Charge Regulations, RNG and hydrogen are not subject to the Federal Carbon Charge.⁵¹
60. Enbridge Gas has not cleared the Customer Carbon Charge Variance Account for 2022 or 2023, because the balances were too small to generate a unit rate.⁵²
61. The Customer Carbon Charge Variance Account includes a credit (payable to customers) of \$0.04 million plus interest. This credit reflects a variance between the amount of revenue billed through the Federal Carbon Charge and the subsequent amount Enbridge Gas remitted to the Government of Canada. The balance reflects amounts for 2022, 2023 and 2024.⁵³
62. Details of the calculations of the credit are set out in prefiled evidence. Enbridge Gas answered two clarification questions about this account in interrogatories.⁵⁴
63. In addition to the balance noted above, Enbridge Gas also included a credit (payable to customers) of \$10.94 million plus interest in the Customer Carbon Charge Variance Account. This amount relates to working cash impacts from Federal Carbon Charge collections during

⁴⁹ Exhibit C, Tab 2, Schedule 9, page 2.

⁵⁰ Exhibit C, Tab 2, Schedule 9, page 2 (plus associated references).

⁵¹ Exhibit C, Tab 2, Schedule 9, page 3.

⁵² Exhibit C, Tab 2, Schedule 9, page 3 (and associated references).

⁵³ Exhibit C, Tab 2, Schedule 9, pages 2-4.

⁵⁴ Exhibit I.STAFF-5 and I.CME-11.

2022 and 2023 that Enbridge Gas agreed to credit to customers as part of the 2026 Rates Application settlement.⁵⁵

64. In total, the balance in the Customer Carbon Charge Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$11.0 million, plus interest.

(x) Carbon Charges Bad Debt Deferral Account

65. The Carbon Charges Bad Debt Deferral Account is a harmonized account for Enbridge Gas that records the bad debt costs associated with carbon charges. The bad debt forecasting methodology distinguishes carbon charges bad debt from “regular” bad debt by taking a percentage of the total Company bad debt based on the percentage of the total bill related to the Federal Carbon Charges Program (FCCP).⁵⁶

66. In 2024, Enbridge Gas incurred \$11.72 million bad debt costs associated with carbon charges.⁵⁷ The detailed calculation for the carbon charges bad debt amount is set out in response to CCC Interrogatory #2.⁵⁸

67. The actual bad debt costs associated with carbon charges are higher than the \$8.80 million bad debt amount that Enbridge Gas forecast in its 2024 FCCP Application. The contributing factor to the 2024 forecast variance was an increase in total Company bad debt actuals compared to what was forecasted in the 2024 FCCP Application.⁵⁹

68. The balance in the Carbon Charges Bad Debt Deferral Account that is being requested for clearance within this proceeding is a debit (collection from customers) of \$11.7 million, plus interest.

⁵⁵ Exhibit C, Tab 2, Schedule 9, page 6.

⁵⁶ Exhibit C, Tab 2, Schedule 10, page 2.

⁵⁷ Exhibit C, Tab 2, Schedule 10, page 2.

⁵⁸ Exhibit I.CCC-2.

⁵⁹ Exhibit C, Tab 2, Schedule 10, page 2 (plus associated references). See also Exhibit I.STAFF-6.

(xi) IRP Operating Costs Deferral Account

69. The purpose of the IRP Operating Costs Deferral Account is to record incremental IRP general administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans.⁶⁰

70. As of 2024, base IRP O&M costs associated with supporting implementation of IRP broadly are included in the base O&M budget and rates, and only incremental activities including costs from IRP Plans (inclusive of pilot projects) are recorded in the deferral account.⁶¹

71. The amounts recorded in the IRP Operating Costs Deferral Account relate to the implementation of the IRP alternative to defer a project in Kingston (\$0.271 million), and costs associated with the IRP Pilot Project (\$0.159 million).⁶² Details of the projects and associated costs are set out in the prefiled evidence.⁶³ Further information about the costs was provided in response to interrogatories.⁶⁴

72. The balance in the IRP Operating Costs Deferral Account that is being requested for clearance within this proceeding is a debit (collection from customers) of \$0.4 million, plus interest.⁶⁵

(xii) Dawn Parkway Surplus Capacity Deferral Account

73. The Dawn Parkway Surplus Capacity Deferral Account records the actual revenue from the sale of all or a portion of the 89 TJ/d Dawn Parkway System surplus capacity forecast. Dawn Parkway System surplus capacity used to reduce the Parkway Delivery Obligation (PDO) is not considered a sale of surplus capacity and reduces the 89 TJ/d Dawn Parkway System surplus capacity for purposes of determining actual revenue for this account.⁶⁶

74. In 2024, Enbridge Gas recognized \$0.9 million of revenue from the sale of Dawn Parkway System surplus capacity. That is the credit amount (payable to customers) requested for clearance in the Dawn Parkway Surplus Capacity Deferral Account (plus interest).⁶⁷

⁶⁰ Exhibit C, Tab 2, Schedule 11, page 1.

⁶¹ Exhibit C, Tab 2, Schedule 11, page 1.

⁶² Exhibit C, Tab 2, Schedule 11, page 2.

⁶³ Exhibit C, Tab 2, Schedule 11, pages 2-5.

⁶⁴ Exhibit I.STAFF-7, Exhibit I-CCC-3 and Exhibit I.PP-4 (IRP Pilot Project costs).

⁶⁵ Exhibit C, Tab 2, Schedule 11, page 2.

⁶⁶ Exhibit C, Tab 2, Schedule 12, page 1.

⁶⁷ Exhibit C, Tab 2, Schedule 12, pages 1-2 – details are included in Table 1 on page 2.

75. No interrogatories were asked about the balance in the Dawn Parkway Surplus Capacity Deferral Account.⁶⁸

(xiii) Distribution Integrity Management Program Variance Account

76. In the Settlement Proposal for Rebasing Phase 1, the parties agreed to the establishment of a new variance account for Distribution Integrity Management Program (DIMP) and Enhanced Distribution Integrity Management Program (EDIMP) costs. The new variance account is referred to as the DIMP Variance Account.⁶⁹

77. The purpose of the DIMP Variance Account is to track Enbridge Gas's spending each year on the DIMP and EDIMP programs. Parties agreed that \$12.5 million is included in the 2024 O&M budget for these programs, and that variances will be recovered from or credited to ratepayers on an annual basis from 2024 until Enbridge Gas's next rebasing.⁷⁰

78. Enbridge Gas's prefiled evidence sets out the details of its total expenditures of \$12.48 million on DIMP and EDIMP, including a comparison between the line item budgets and the actual expenditures.⁷¹

79. Enbridge Gas answered three interrogatories providing more details about DIMP/EDIMP costs and activities.⁷²

80. The balance of the DIMP Variance Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$0.02 million, plus interest.⁷³ This represents the difference between the amount in rates for DIMP and EDIMP and actual expenditures.

(xiv) Post-Retirement True-Up Variance Account

81. The Post-Retirement True-Up Variance Account records the difference, in excess of a \$10 million deadband (debit or credit), between the revenue requirement impact of actual pension and other post-employment benefits (OPEB) costs (accrual and cash-based amounts) and

⁶⁸ One question was asked about the interplay between the sale of excess capacity recorded in the Dawn Parkway Surplus Capacity Account and the Parkway Delivery Obligation Variance Account – see Exhibit I.STAFF-8, which is answered at Exhibit I.STAFF-3(c).

⁶⁹ Exhibit C, Tab 2, Schedule 13, page 1 (and associated references).

⁷⁰ Exhibit C, Tab 2, Schedule 13, page 1 (and associated references).

⁷¹ Exhibit C, Tab 2, Schedule 13, pages 2-6.

⁷² Exhibit I.CCC-5 and Exhibit I.PP-6 and Exhibit I.PP-7.

⁷³ Exhibit C, Tab 2, Schedule 13, page 1.

the revenue requirement impact of pension and OPEB costs (accrual and cash-based amounts) included in rates.⁷⁴

82. The OEB-approved forecast revenue requirement impact of pension and OPEB costs (accrual and cash-based amounts) embedded in rates for 2024 is a credit of \$8.3 million. As of December 31, 2024, the actual revenue requirement impact that resulted from pension and OPEB costs (accrual and cash-based amounts) was a credit of \$19.7 million.⁷⁵

83. The Post-Retirement True-Up Variance Account balance requested for clearance in this proceeding, which represents the difference between the OEB-approved forecast and actual revenue requirement impact of pension and OPEB costs in excess of the agreed upon \$10 million deadband, is a credit (payable to customers) of \$1.4 million, plus interest.⁷⁶

84. No interrogatories were asked about this account.

(xv) Clean Fuel Regulation Credits Deferral Account

85. The purpose of the Clean Fuel Regulation Credits Deferral Account is to record the revenues obtained by Enbridge Gas from the sale of Clean Fuel Regulation (CFR) credits, net of any incremental offsetting credit formation, certification and transaction administration costs.⁷⁷

86. 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 net revenue from the sale in the Clean Fuel Regulation Credits Deferral Account, as a credit of \$0.056 million, plus interest.⁷⁸

87. Details of the CFR revenues and offsetting administrative costs are set out in response to OEB staff interrogatory #9.⁷⁹

⁷⁴ Exhibit C, Tab 2, Schedule 14, page 1 (and associated references).

⁷⁵ Exhibit C, Tab 2, Schedule 14, page 1.

⁷⁶ Exhibit C, Tab 2, Schedule 14, page 1 and Attachment 1.

⁷⁷ Exhibit C, Tab 2, Schedule 15, page 1.

⁷⁸ Exhibit C, Tab 2, Schedule 15, page 2.

⁷⁹ Exhibit I.STAFF-9.

88. The balance in the Clean Fuel Regulation Credits Deferral Account that is being requested for clearance within this proceeding is a credit (payable to customers) of \$0.06 million plus interest.

(xvi) Indigenous Working Group Deferral Account

89. The purpose of the Indigenous Working Group (IWG) Deferral Account is to record incremental capacity funding amounts associated with the IWG.⁸⁰

90. The IWG Annual Report filed in this case sets out details on the activities of the IWG for 2024.⁸¹

91. Table 1 in the evidence sets out the capacity funding expenses recorded in 2024, which total \$0.12 million.⁸² In response to interrogatories, Enbridge Gas explained the reasons why the 2024 capacity funding was substantially less than the \$0.64 million budget that was approved in the Phase 1 Settlement Agreement.⁸³ Among other things, this is because the IWG was only getting started in 2024, and the expected increase in participation from additional First Nations and their respective consultants, their legal support or experts did not happen that year.

92. The balance in the IWG Deferral Account that is being requested for clearance in this proceeding is a debit (collection from customers) of \$0.12 million, plus interest.⁸⁴

(xvii) Average Use Variance Account

93. The Average Use Variance Account records the revenue impact, exclusive of gas costs, of the volumetric difference between the actual weather-normalized average use experienced during the year and the forecast average use per customer embedded in OEB-approved rates for general service customers in Rate 1, Rate 6, Rate M1, Rate M2, Rate 01 and Rate 10.⁸⁵

94. The pre-filed evidence sets out the revenue impact of the difference between weather-normalized average use and the forecast average use embedded in rates for each of the

⁸⁰ Exhibit C, Tab 2, Schedule 16, page 1.

⁸¹ Exhibit G, Tab 3, Schedule 1.

⁸² Exhibit C, Tab 2, Schedule 16, page 1.

⁸³ Exhibit I.STAFF-10 and 11.

⁸⁴ Exhibit C, Tab 2, Schedule 16, page 1.

⁸⁵ Exhibit C, Tab 2, Schedule 17, page 1.

general service rate classes. The impact within each general service rate class is recorded in the Average Use Variance Account and summed together.

95. Enbridge Gas answered several interrogatories, asking about why the average use variance impacts were different in terms of direction (credit or debit) and magnitude for different general service rate classes. As explained, this outcome is expected, as the underlying drivers of consumption and customer behaviors differ by rate class.⁸⁶
96. The balance in the Average Use Variance Account that is being requested for clearance in this proceeding is a \$15.7 million debit (collection from customers), plus interest.⁸⁷

(xviii) Getting Ontario Connected Act Variance Account

97. Establishment of the Getting Ontario Connected Act (GOCA) Variance Account was approved on a generic basis by the OEB in EB-2023-0143. The purpose of the GOCA Variance Account is to track incremental locate costs resulting from the enactment of Bill 93 on April 14, 2022. The rationale for the GOCA Variance Account is that utilities are expected to experience additional costs not covered by rates as a result of the legislative changes that shortened the timeline for locates and implemented penalties for non-compliance. The GOCA Variance Account for Enbridge Gas is intended to continue for each year of the current IR term (2024 to 2028).⁸⁸
98. During Phase 1 of the 2024 Rebasing Application, Enbridge Gas acknowledged that the proposed 2024 locate budget would not fully capture the incremental costs associated with Bill 93, given the considerable uncertainty of its full impacts at the time. To address this, Enbridge Gas proposed the creation of a variance account to record differences between actual external locating costs and the approved 2024 budget. Enbridge Gas withdrew its variance account request when the OEB initiated the generic proceeding which established the GOCA Variance Account.⁸⁹

⁸⁶ Exhibit I.FRPO.17 and Exhibit I.PP.8. Enbridge Gas also provided requested data and calculations supporting the calculation of the Average Use Variance Account balance in response to Exhibit I.FRPO.15 and 16.

⁸⁷ Exhibit C, Tab 2, Schedule 17, pages 1-2 and Attachment 1.

⁸⁸ Exhibit C, Tab 2, Schedule 18, page 1.

⁸⁹ Exhibit C, Tab 2, Schedule 18, pages 2 to 3.

99. The 2024 base budget for locates, which was prepared in early to mid-2022, incorporated allowances for typical cost drivers—such as inflation, typical wage increases, and general market pressures—as well as an increase for anticipated, but then-unknown, Bill 93 related impacts. The resulting 2024 budget reflected a 28% increase over 2022 actual locating costs, a notable escalation considering the historically flat trend in annual locating spend from 2019 to 2021.⁹⁰
100. In the generic proceeding to establish the GOCA Variance Account, Enbridge Gas filed a compendium setting out all the evidence in the 2024 Rebasing Phase 1 proceeding addressing locates costs. A copy of the compendium is filed in this proceeding, in response to CCC Interrogatory #7.⁹¹
101. With two full years of post-Bill 93 data now available, Enbridge Gas has observed the average external locating unit costs rise by approximately 108% (much higher than the assumed 28% increase). The additional costs experienced are not due to inflationary or volume-related factors but are directly and solely attributable to structural changes in the locate industry driven by Bill 93.⁹²
102. Locate costs have increased due to the new legislated locate delivery timelines resulting from Bill 93 and the absolute liability introduced for non-compliance. Enbridge Gas's average locate delivery times were 13 days and 15 days in 2021 and 2022 respectively. Bill 93 legislates a 5 day locate delivery mandate which put tremendous stress on the locating industry. To meet the mandatory 5 day locate delivery timeline, locate service providers (LSPs) were required to onboard a significant number of new locators, as well as increase locator wages to attract and retain qualified talent under tight labour market conditions. LSPs renewed unionized labour contracts in 2022, and based on the new operating environment and industry recognition of locating as a highly skilled trade, unionized wages increased significantly. This increased wage cost resulted in higher contract service costs for Enbridge Gas and the other ~15 utilities in the Locate Alliance Consortium.⁹³

⁹⁰ Exhibit C, Tab 2, Schedule 18, page 3. See also Exhibit I.STAFF-12(a).

⁹¹ Exhibit I.CCC-7, Attachment.

⁹² Exhibit C, Tab 2, Schedule 18, page 3.

⁹³ Exhibit C, Tab 2, Schedule 18, pages 3 to 4. At Exhibit I.CME-12, Enbridge Gas explained why it's not practical or cost-effective to complete locates work using in-house resources.

103. As described in evidence, Enbridge Gas has made ongoing efforts to limit locate costs and the positive impacts of those efforts are reflected in the actual costs incurred.⁹⁴ Alternative Locate Agreements, generating \$11.9 million in locating cost avoidance in 2024, are contractual agreements between Enbridge Gas and other infrastructure owners that allow excavations to occur in certain circumstances without requiring an LSP to provide a locate. This program has grown significantly since 2020 and continues to drive reduced locating spend. Enbridge Gas has also established a locate screening centre where locate requests are reviewed prior to being sent to LSPs.⁹⁵ The screening centre has resulted in \$1 million in locate savings in 2024. Approximately \$6.5 million in savings (the cost avoidance average from 2020 to 2022) was factored into the 2024 locating budget. The further increase in cost avoidance achieved in 2023 and 2024 (~\$6.5 million) reduced what otherwise would have been included in the GOCA Variance Account balance.

104. In the 2023 Deferral and Variance Account clearance application, the OEB considered the GOCA Variance Account for the first time and approved the recovery of all of Enbridge Gas's incremental locates costs (though the OEB did not approve the related request for recovery of incremental VMS program costs).⁹⁶ In making this determination, the OEB declined to accept intervenor arguments that recoverable costs should be reduced because factors other than Bill 93 (such as overall wage inflation) were part of the locates cost increases. Enbridge Gas submits that this determination that Bill 93 is the cause of extraordinary increases in locates costs is also applicable to the consideration of the costs recorded in the GOCA Variance Account for 2024.

105. The balance in the GOCA Variance Account that is being requested for clearance in this proceeding is a \$14.9 million debit (collection from customers), plus interest.⁹⁷ This represents the difference between the as-filed 2024 base rate locates budget of \$51.1 million and the actual locates costs of \$66 million.⁹⁸

⁹⁴ Exhibit C, Tab 2, Schedule 18, page 4.

⁹⁵ Further detail is provided at Exhibit I.EP-3(a).

⁹⁶ [EB-2024-0125 Decision and Order, September 23, 2025](#), pages 5-8.

⁹⁷ Exhibit C, Tab 2, Schedule 18, page 2.

⁹⁸ See Exhibit C, Tab 2, Schedule 18, page 5, Table 3.

(xix) Enbridge Sustain Affiliate Recoveries Variance Account

106. The purpose of the Enbridge Sustain Affiliate Recoveries Variance Account is to record, on an asymmetrical basis, any additional amounts above \$1 million (as adjusted annually according to the IRM formula) paid or payable by Enbridge Sustain to Enbridge Gas for goods or services provided in each year of the 2024 to 2028 IRM term.⁹⁹
107. The prefiled evidence sets out the gross eligible costs paid or payable by Enbridge Sustain to Enbridge Gas for goods or services received in 2024. During 2024, Enbridge Sustain received services at a total cost of \$1.1 million. Enbridge Sustain did not provide any services to Enbridge Gas during 2024.¹⁰⁰
108. Enbridge Gas answered several interrogatories asking for further details about Enbridge Sustain and its transactions and interactions with Enbridge Gas.¹⁰¹
109. In total, the amount payable to Enbridge Gas, from Enbridge Sustain, was \$0.09 million higher than the amount in rates.
110. The balance in the Enbridge Sustain Affiliate Recoveries Variance Account that is being requested for clearance in this proceeding is a credit (payable to customers) of \$0.09 million, plus interest.¹⁰²

(xx) EGD Rate Zone Storage and Transportation Deferral Account

111. The purpose of the Storage and Transportation Deferral Account is to record the difference between the forecast cost of market-based storage included in the Company's approved rates and the actual cost of market-based storage incurred by the Company. The Storage and Transportation Deferral Account also records amounts allocated to the EGD rate zone from the disposition of Union rate zone deferral and variance account balances related to services rendered to EGD rate zone customers.¹⁰³

⁹⁹ Exhibit C, Tab 2, Schedule 19, page 1.

¹⁰⁰ Exhibit C, Tab 2, Schedule 19, pages 2 to 4.

¹⁰¹ Exhibit I.STAFF-13, Exhibit I.CCC-8 and Exhibit I.PP-9.

¹⁰² Exhibit C, Tab 2, Schedule 19, page 2.

¹⁰³ Exhibit D, Tab 1, Schedule 1, page 1.

112. Details of the amounts recorded in the Storage and Transportation Deferral are set out in prefiled evidence.¹⁰⁴
113. The primary driver for the balance in the Storage and Transportation Deferral Account is higher than forecasted market-based storage costs in 2024. The increase in 2024 market-based storage costs is primarily driven by the higher average storage cost in 2024 of \$1.09 CAD/GJ compared to the average storage cost in the OEB-approved 2024 market-based storage costs of \$0.78 CAD/GJ. The market-based storage was procured through a competitive blind RFP process.¹⁰⁵ Enbridge Gas answered interrogatories from FRPO about the procurement of market-based storage.¹⁰⁶
114. The increased market-based storage costs were partially offset by a \$2.0 million net refund from the Union rate zones as part of Enbridge Gas's Deferral and Variance Account dispositions previously approved by the OEB.¹⁰⁷ In response to interrogatories, Enbridge Gas provided further information about the impacts of the prior Deferral and Variance Account dispositions now being reflected in the Storage and Transportation Deferral Account.¹⁰⁸
115. The balance in the Storage and Transportation Deferral Account that is being requested for clearance in this proceeding is a debit (recovery from customers) of \$6.4 million, plus interest.¹⁰⁹

(xxi) EGD Rate Zone Open Bill Extension Deferral Account

116. As part of the 2024 Rebasing Phase 1 Settlement Agreement, parties agreed to an Open Bill Extension Deferral Account. This account records, for disposition to customers, all the net revenues for Open Bill services over a 10-month extension period from January 1, 2024, to October 31, 2024.¹¹⁰

¹⁰⁴ Exhibit D, Tab 1, Schedule 1, pages 2 to 3.

¹⁰⁵ Exhibit D, Tab 1, Schedule 1, pages 2 to 3 and Exhibit D, Tab 2, Schedules 1 and 2.

¹⁰⁶ Exhibit I.FRPO-1.1 and 2.1.

¹⁰⁷ Exhibit D, Tab 1, Schedule 1, page 2.

¹⁰⁸ Exhibit I.CCC-9 and Exhibit I.FRPO-20 and 21.

¹⁰⁹ Exhibit D, Tab 1, Schedule 1, page 1.

¹¹⁰ Exhibit D, Tab 1, Schedule 2, page 1.

117. The net revenue amounts were determined in accordance with the OEB-approved Open Bill Access Settlement Proposal, with updated fees and costs as determined in the 2013 Open Bill proceeding and adjusted each year thereafter.¹¹¹
118. Total Open Bill revenues over the 10-month extension period were \$12.622 million and total Open Bill costs over the same period were \$9.556 million.¹¹² Details of the calculations for these amounts is set out in response to CCC Interrogatory #10.¹¹³
119. The balance in the Open Bill Extension Deferral Account that is being requested for clearance in this proceeding is a credit (payable to customers) of \$3.066 million, plus interest.¹¹⁴

(xxii) Union Rate Zones Unabsorbed Demand Costs Variance Account

120. The Unabsorbed Demand Costs Variance Account records the difference between amounts collected in rates for unabsorbed demand costs (UDC) for the Union rate zones and the actual UDC costs net of revenues realized from released capacity and other applicable credits.
121. To meet customer demands across the Union rate zones and to meet the planned storage inventory levels at October 31, approved rates for the Union rate zones in 2024 included planned unutilized pipeline capacity of 3.1 PJ in Union North East, 11.3 PJ in Union North West, and 0 PJ in Union South.¹¹⁵
122. On an actual basis in a warmer than normal year, additional UDC may be incurred in Union North, and UDC may be incurred in Union South, to balance supply with lower demands. The Union North and Union South transportation portfolios are managed on an integrated basis and the pipeline to leave unutilized, if necessary, is determined based on the least cost option.¹¹⁶

¹¹¹ Exhibit D, Tab 1, Schedule 2, page 1.

¹¹² Exhibit D, Tab 1, Schedule 2, page 1.

¹¹³ Exhibit I.CCC-10.

¹¹⁴ Exhibit D, Tab 1, Schedule 2, page 1.

¹¹⁵ Exhibit E, Tab 1, Schedule 1, page 1.

¹¹⁶ Exhibit E, Tab 1, Schedule 1, pages 1 to 2.

123. In response to interrogatories, Enbridge Gas describes the actions that it takes to minimize UDC and associated costs. Among other things, Enbridge Gas actively manages its transportation portfolio to ensure that any pipeline capacity left unutilized resulted in the lowest possible overall cost, and it managed the impacts of warmer than normal winter temperatures and lower customer use on end of winter 2023/24 storage inventory levels in part by avoiding some degree of its planned 2024 summer supply purchases at Dawn since doing so did not affect UDC costs. Additionally, Enbridge Gas released and sold unutilized upstream transportation capacity on the secondary market using competitive bidding processes involving multiple counterparties, and awarded the released capacity to the highest bid(s) offered (resulting in the greatest cost recovery value) to offset UDC costs incurred.¹¹⁷
124. Also in response to interrogatories, Enbridge Gas provided further details about the UDC volumes and costs, including details of the capacity releases.¹¹⁸
125. Enbridge Gas collected \$5.870 million in rates for UDC for the Union rate zones during 2024. Actual UDC costs in 2024 were \$14.608 million offset by \$4.203 million in released capacity value, resulting in a net cost of \$10.405 million.¹¹⁹ This is \$4.535 million higher than the amount recovered in rates.
126. In 2024, Enbridge Gas received a subsequent incremental refund from Panhandle Pipelines regarding over-recovery of costs of service of \$0.577 million, including interest, pertaining to UDC between 2020 and 2023.¹²⁰
127. Both of the above amounts are reflected in the Unabsorbed Demand Costs Variance Account.
128. The balance in the Unabsorbed Demand Costs Variance Account that is being requested for clearance in this proceeding is a debit (recovery from customers) of \$4.0 million, plus interest.

¹¹⁷ Exhibit I.STAFF-14.

¹¹⁸ Exhibit I.FRPO-26, 27, 29 and 30.

¹¹⁹ Exhibit E, Tab 1, Schedule 1, page 2.

¹²⁰ Exhibit E, Tab 1, Schedule 1, page 3. Further details are set out at Exhibit I.FRPO-28.

129. The prefiled evidence describes how this total account balance is allocated among customers by rate zone.¹²¹

(xxiii) Union Rate Zones Short-Term Storage and Other Balancing Services Account

130. The Short-Term Storage and Other Balancing Services Deferral Account includes revenues from C1 Short-Term Firm Peak Storage, C1 Off-Peak Storage, Loans and Balancing Services.¹²²

131. The deferral account balance is comprised of the actual gross revenues from short-term and other balancing services from the sale of available excess utility storage space, less the net shareholder incentive. The balance is calculated by adding the ratepayer 90% share of the actual 2024 Short-Term Storage and Other Balancing Services revenue plus the shareholder 10% portion of the actual 2024 Short-Term Storage and Other Balancing Services costs. The 2024 Test Year Forecast included in rates assumed no excess utility space and ratepayers have paid 100% of the costs associated with excess utility space. As such, Enbridge Gas has credited the 10% shareholder portion of the costs to the ratepayer as part of the determination of the deferral account balance.¹²³

132. Details of the amounts recorded in the Short-Term Storage and Other Balancing Services Deferral Account are set out in prefiled evidence.¹²⁴ A breakdown of the amounts recorded is set out at Exhibit E, Tab 2, Schedule 1.

133. The only interrogatory asked on the evidence for this account related to the storage deliverability for Rate T3.¹²⁵

134. The balance in the Short-Term Storage and Other Balancing Services Deferral Account that is being requested for clearance in this proceeding is a credit (payable to customers) of \$4.9 million, plus interest.¹²⁶

¹²¹ Exhibit E, Tab 1, Schedule 1, pages 3 to 5. Note that the amounts shown in evidence do not reflect the updated interest amounts as of the proposed October 1, 2026 clearance date.

¹²² Exhibit E, Tab 1, Schedule 2, page 1.

¹²³ Exhibit E, Tab 1, Schedule 2, pages 1 to 2.

¹²⁴ Exhibit E, Tab 1, Schedule 2, pages 2 to 4.

¹²⁵ Exhibit I.Kitchener-1.

¹²⁶ Exhibit E, Tab 1, Schedule 2, pages 1 to 2.

D. ALLOCATION AND TIMING FOR DISPOSITION OF 2024 ACCOUNTS

135. In its Application, Enbridge Gas proposed to clear the balances in the 2024 Accounts “with the first available QRAM application following the OEB’s approval, as early as July 1, 2026.”¹²⁷
136. Enbridge Gas is now requesting that the clearance of the 2024 Accounts occur in conjunction with the October 1, 2026 QRAM Application. That will be the first QRAM following the expected release date of the OEB’s decision in this proceeding.
137. Enbridge Gas proposes to dispose of the 2024 Accounts as a one-time billing adjustment, except for Rate M1 customers in Union South as noted below. The billing adjustment will appear as a separate line item on customers’ bills. The billing adjustment will be derived for each customer by applying the disposition unit rates to each customer’s actual consumption volume or contract demand, as applicable, for the period January 1, 2024, to December 31, 2024.¹²⁸
138. For Rate M1 general service customers in the Union South rate zone, Enbridge Gas proposes to dispose of the 2024 Accounts as a billing adjustment spread evenly over three months in order to smooth bill impacts in a given month for Union South rate zone customers.¹²⁹
139. Enbridge Gas has updated the interest associated with the balances in the 2024 Accounts, to reflect an October 1, 2026 clearance date. The updates are included in the table of 2024 Accounts included at Appendix A. Besides the changes to interest amounts, there are no other differences between Appendix A filed with this AIC, and the version of Appendix A filed with the Application.¹³⁰
140. Enbridge Gas requests that the principal balances in the 2024 Accounts for Enbridge Gas and the EGD rate zone and the Union rate zones, along with applicable interest, as set out in columns 1 to 3 of Appendix A, be recovered or refunded to customers in conjunction with Enbridge Gas’s October 1, 2026 QRAM Application.

¹²⁷ Exhibit A, Tab 2, Schedule 1, page 3.

¹²⁸ Exhibit F, Tab 1, Schedule 1, page 8.

¹²⁹ Exhibit F, Tab 1, Schedule 1, page 8.

¹³⁰ Exhibit A, Tab 3, Schedule 1, Appendix A.

141. Enbridge Gas proposes to use the method that is described in Exhibit F of the prefiled evidence for allocating and disposing of the 2024 Account balances. The table at Exhibit F, Tab 1, Schedule 2 summarizes the allocation factor that applies for each 2024 Account.

142. The total 2024 Account balances for clearance are a credit to customers. Enbridge Gas does not believe that any mitigation measures other than the 3 month clearance for Rate M1 are necessary.

E. THERE IS NO ROLE FOR EARNINGS SHARING IN THIS PROCEEDING

143. One of the topics that the OEB included for consideration in Procedural Order No. 2 is whether there should be earnings sharing for 2024.

144. Enbridge Gas submits that there is no role for earnings sharing in this 2024 proceeding.

145. The OEB's 2024 Rebasing Phase 1 Decision found that "an ESM for the 2024 Test Year is not required".¹³¹ That finding has not been challenged or revisited.

146. In any event, even if earnings sharing was applicable in 2024 (which it is not), the Company has no earnings above allowed ROE to be shared in 2024.

147. The OEB-approved ESM for Enbridge Gas provides for earnings more than 100 basis points above OEB-approved Return on Equity (ROE) to be shared 50/50.¹³²

148. For 2024, the Company's earnings were less than the OEB-approved Return on Equity of 9.21%. As set out in Exhibit B, Tab 1, Schedule 1, the Company was in a deficiency position with an achieved ROE of 7.30% (a net earnings deficiency of \$116.6 million versus allowed ROE).¹³³

F. ENBRIDGE GAS SEEKS APPROVAL OF THE IWG BUDGET FOR 2026

149. Enbridge Gas requests that the OEB approve the proposed IWG budget of \$800,000 for 2026. While it will still be necessary for Enbridge Gas to confirm the reasonableness and prudence of amounts recorded in the 2026 IWG Deferral Account at the time of clearance,

¹³¹ [EB-2022-0200 Decision with Reasons, December 21, 2024](#), page 128.

¹³² [EB-2024-0111 Decision on Phase 2 Settlement Proposal, November 29, 2024](#), page 5.

¹³³ Exhibit B, Tab 1, Schedule 1, page 3.

OEB approval of the budget amount will provide confirmation that the approach and activities of the IWG are directionally acceptable to the OEB. This in turn will provide Enbridge Gas with confidence that its expenses will be recoverable as it makes reimbursement payments to the IWG members and experts in advance of clearance of the IWG Deferral Account.

i. Background

150. The OEB-approved Settlement Proposal for Phase 1 Rebasing set out the agreement to establish and operate the IWG over the 2024 to 2028 IRM.

151. In the Phase 1 Settlement Proposal, the parties agreed to an initial “Capacity Funding” budget of \$640,000 for IWG activities in 2024. Capacity Funding refers to “funding for the reasonable costs of each of the Indigenous Parties for their preparation for and participation in the IWG meetings, which includes reasonable technical expert and legal assistance necessary to engage meaningfully on the topics the IWG addresses”.¹³⁴

152. The Phase 1 Settlement Proposal further provides that for each year after 2024, the IWG “shall establish a budget reflecting estimated Capacity Funding for the year, which will be subject to review or approval by the OEB as part of the applicable future deferral and variance account clearance proceeding for Enbridge Gas.”¹³⁵

153. Enbridge Gas reimburses IWG members for capacity funding on an ongoing basis. Actual amounts reimbursed are recorded in the IWG Deferral Account and are subject to later review and clearance in annual deferral account clearance proceedings.¹³⁶

ii. The OEB Decision on the 2025 IWG Budget

154. In the 2023 Deferral Account Clearance proceeding, the OEB considered the proposed IWG budget for 2025. In that case, Enbridge Gas requested that the OEB approve, endorse or acknowledge the budget.

155. Although other parties supported the 2025 IWG budget, the OEB declined to approve, stating that it does not have adequate information on past spending or on planned 2025

¹³⁴ [EB-2022-0200 Phase 1 Settlement Proposal, July 7, 2023](#) – Exhibit O1, Tab 1, Schedule 1, page 17.

¹³⁵ [EB-2022-0200 Phase 1 Settlement Proposal, July 7, 2023](#) – Exhibit O1, Tab 1, Schedule 1, page 18.

¹³⁶ [EB-2022-0200 Phase 1 Settlement Proposal, July 7, 2023](#) – Exhibit O1, Tab 1, Schedule 1, page 18.

spending to approve an increase in spending. In its Decision, the OEB noted that the IWG is only recently established and 2024 was its first year of activity.¹³⁷

156. In making this finding, the OEB was clear that it was making no determination on the reasonableness of \$800,000 in budgeted IWG expenditures. The OEB noted that “the particulars and prudence of Enbridge Gas’s 2025 spending in this regard will be considered in a future proceeding when the balance is proposed for disposition. Enbridge Gas will be expected to provide evidence to support any requested recovery at that time.”¹³⁸

157. The OEB concluded by indicating that its Decision in the 2023 Deferral Account Clearance proceeding does not change the obligation for Enbridge Gas to file the proposed IWG budget for each successive year for review or approval by the OEB.¹³⁹

iii. The 2026 IWG Capacity Funding Budget

158. The IWG Report filed in this case provides information about the activities of the IWG over the past 12 months up to May 30, 2025. During the past year, membership in the IWG has expanded to include three further communities in addition to the initial two Indigenous member groups.

159. The IWG Report includes details about the proposed budget of \$800,000 for Capacity Funding for 2026. This is the same as the proposed budget for 2025. The requested amounts are comprised of:

- i. \$295,000 for legal support;
- ii. \$255,000 for consultants and First Nation representatives; and
- iii. \$250,000 for experts.

160. The IWG Report sets out the following explanation for the 2026 Capacity Funding budget:

- i. There is an expectation that 2026 will likely see an increased need for legal and technical expert assistance, given the issues for the year including the 2025 Indigenous Reconciliation Action Plan refresh and preparation for 2026, 2027, and 2028 rate planning issues that will play into the 2029 rate rebasing application expected to be filed in 2027/2028;

¹³⁷ [EB-2023-0125 Decision and Order, September 23, 2025](#), page 13.

¹³⁸ [EB-2023-0125 Decision and Order, September 23, 2025](#), page 14.

¹³⁹ [EB-2023-0125 Decision and Order, September 23, 2025](#), page 14.

- ii. There is a growing need to reflect the changing composition of representatives attending and supporting the IWG by amending the previous category of “consultants” to include First Nation representatives who are rightsholders and not consultants; and
- iii. The Capacity Funding costs of the IWG 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.

161. The actual IWG Capacity Funding expenditures for 2024 were around \$207,000. The current estimate for 2025 Capacity Funding expenditures is around \$127,000.¹⁴⁰

162. The IWG budget for 2026 is higher because of increased participation and increased activity, including with new experts, in advance of the Company’s next rebasing case.

iv. The 2026 IWG Budget Should Be Approved

163. Enbridge Gas requests that the OEB approve the 2026 IWG budget of \$800,000.

164. Enbridge Gas submits that the OEB has sufficient evidence to be able to grant this approval.

165. It is important to Enbridge Gas that the 2026 IWG budget be approved, rather than simply acknowledged, so that Enbridge Gas can have confidence in the recoverability of amounts paid to the IWG before the 2026 IWG Deferral Account is reviewed in 2027.

166. With that being said, Enbridge Gas acknowledges and accepts its responsibility to review and confirm the reasonableness of IWG Capacity Funding invoices as they are received. The Company confirms that only actual Capacity Funding costs incurred will be recorded in the IWG Deferral Account and advanced for clearance, and acknowledges all such amounts will be subject to a prudence review in the same manner as for other deferral account clearances.

167. In the event that the OEB is not prepared to approve the 2026 IWG budget, then Enbridge Gas requests that the OEB acknowledge the budget (similar to the approach in the 2023 Deferral Account Clearance proceeding) and also indicate any specific concerns so that Enbridge Gas and the IWG may conduct themselves accordingly.

¹⁴⁰ Exhibit I.STAFF-10.

G. RELIEF REQUESTED

168. Enbridge Gas respectfully requests that the OEB approve the clearance of the 2024 Accounts as set out in Appendix A, to be cleared in conjunction with the October 1, 2026 QRAM Application.

169. Enbridge Gas further requests that the OEB approve the \$800,000 IWG budget for 2026.

All of which is respectfully submitted this 20th day of March 2026.

A handwritten signature in blue ink, appearing to read "David Stevens", is written over a horizontal line.

David Stevens, Aird & Berlis LLP
Counsel to Enbridge Gas

APPENDIX A – 2024 ACCOUNTS

		<u>ENBRIDGE GAS</u> <u>DEFERRAL & VARIANCE ACCOUNT</u> <u>ACTUAL & FORECAST BALANCES</u>			
		Col. 1	Col. 2	Col. 3	
Line No.	Account Description	OEB Account Number	Forecast for clearance at Oct 1, 2026		
			Principal (\$000's)	Interest (\$000's)	
			Total (\$000's)		
<u>EGI Commodity Related Accounts</u>					
1.	Upstream Transportation Optimization V/A	179-201	(33,371.7)	(2,718.7)	(36,090.4)
2.	UFG Volume V/A	179-203	6,359.3	311.4	6,670.7
3.	UFG Price V/A	179-204	(6,838.3)	(497.4)	(7,335.7)
4.	Total Commodity Related Accounts		(33,850.7)	(2,904.7)	(36,755.4)
<u>EGI Non Commodity Related Accounts</u>					
5.	Transportation from Dawn Service D/A	179-202	73.3	5.3	78.6
6.	Deferral Clearing V/A	179-302	(6,184.1)	(5,068.9)	(11,253.0)
7.	Parkway Delivery Obligation V/A	179-303	3,245.6	246.7	3,492.3
8.	Unauthorized Overrun Non-Compliance D/A	179-304	-	-	-
9.	Pension & OPEB V/A	179-305	-	(6,562.5)	(6,562.5)
10.	Facility Carbon Charge V/A	179-307	(3,410.3)	(306.7)	(3,717.0)
11.	Customer Carbon Charge V/A	179-308	(10,979.3)	(2,021.4)	(13,000.7)
12.	Carbon Charges Bad Debt D/A	179-309	11,720.9	837.4	12,558.3
13.	Tax V/A	179-312	-	-	-
14.	Expansion of Natural Gas Distribution Systems V/A	179-317	-	-	-
15.	IRP Operating Costs Deferral Account	179-318	429.9	32.6	462.5
16.	IRP Capital Costs Deferral Account	179-319	-	-	-
17.	Green Button Initiative D/A	179-320	-	-	-
18.	Dawn Parkway Surplus Capacity D/A	179-323	(902.5)	(25.3)	(927.8)
19.	Distribution Integrity Management Program D/A	179-326	(20.1)	(1.1)	(21.2)
20.	Post Retirement True-Up V/A	179-328	(1,359.3)	(91.8)	(1,451.1)
21.	Clean Fuel Regulation Credits D/A	179-330	(55.6)	(2.8)	(58.4)
22.	Indigenous Working Group D/A	179-331	119.3	7.5	126.8
23.	Cloud Computing Implementation Costs D/A	179-332	-	-	-
24.	Average Use Variance Account	179-333	15,698.4	1,217.0	16,915.4
25.	Getting Ontario Connected V/A	179-335	14,891.5	1,086.5	15,978.0
26.	Disposition of Property D/A	179-336	-	-	-
27.	LEAP Emergency Financial Assistance D/A	179-338	-	-	-
28.	Earnings Sharing D/A	179-339	-	-	-
29.	Enbridge Sustain Affiliate Recoveries V/A	179-344	(91.0)	(4.7)	(95.7)
30.	Total Non Commodity Related Accounts		23,176.7	(10,652.2)	12,524.5
31.	Total EGI Accounts (for clearance)		(10,674.0)	(13,556.9)	(24,230.9)
<u>EGD Rate Zone Commodity Related Accounts</u>					
32.	Storage and Transportation D/A	179-88	6,433.4	491.1	6,924.5
33.	Total Commodity Related Accounts		6,433.4	491.1	6,924.5
<u>EGD Rate Zone Non Commodity Related Accounts</u>					
34.	Open Bill Extension D/A	179-325	(3,066.4)	(226.8)	(3,293.2)
35.	Total Non Commodity Related Accounts		(3,066.4)	(226.8)	(3,293.2)
36.	Total EGD Rate Zone (for clearance)		3,367.0	264.3	3,631.3
<u>Union Rate Zones Gas Supply Accounts</u>					
37.	Unabsorbed Demand Costs Variance Account	179-108	3,957.8	293.2	4,251.0
38.	Total Gas Supply Accounts		3,957.8	293.2	4,251.0
<u>Union Rate Zones Storage Accounts</u>					
39.	Short-Term Storage and Other Balancing Services	179-70	(4,880.3)	(247.3)	(5,127.6)
40.	Total Storage Accounts		(4,880.3)	(247.3)	(5,127.6)
41.	Total Union Rate Zones (for clearance)		(922.5)	45.8	(876.7)
42.	Total Deferral and Variance Accounts (for clearance)		(6,229.5)	(13,246.7)	(21,476.2)
<u>EGI Accounts Not Being Requested For Clearance</u>					
43.	Incremental Capital Module D/A	179-306	-	-	-
44.	Panhandle Region Expansion Project V/A	179-329	(14,231.3)	(719.6)	(14,950.9)
45.	Site Restoration Costs Tracking Account	179-337	(19,430.0)	-	(19,430.0)
46.	IRP System Pruning D/A	179-341	21.7	0.9	22.6
47.	Asset Life Extension Costs D/A	179-343	-	-	-