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BY EMAIL

April 7, 2026

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

Dear Mr. Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc.
2024 Utility Earnings and Disposition of Deferral and Variance Account
Balances
OEB File Number: EB-2025-0155**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Catherine Nguyen
Case Manager

Encl.

c: All parties in EB-2025-0155



ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

2024 Deferral and Variance Account Disposition and Earnings Sharing Application

EB-2025-0155

April 7, 2026

INTRODUCTION

Enbridge Gas filed an application with the OEB on October 30, 2025, under section 36 of the *Ontario Energy Board Act, 1998*, for an order approving the disposition of amounts recorded in certain deferral and variance accounts (DVAs) to December 31, 2024, together with interest to July 1, 2026 (updated to October 1, 2026).

Enbridge Gas's 2024 DVAs include both new accounts and the harmonized continuation of standalone accounts for the EGD and Union rate zones, as approved through Phases 1 and 2 of Enbridge Gas's 2024 Rebasing proceeding¹. Enbridge Gas seeks clearance of 23 accounts, with a total net balance for disposition of a \$21.476 million credit to customers, inclusive of interest to October 1, 2026. Enbridge Gas proposes to clear these balances with the October 1 QRAM.

A summary of the 2024 DVA balances, including updated interest amounts to October 1, 2026, is provided in Appendix A to Enbridge Gas's argument-in-chief.

OEB staff and intervenors filed interrogatories by January 23, 2026 and Enbridge Gas filed responses on February 12, 2026. In Procedural Order No. 2, the OEB determined that it would proceed by way of a written hearing and established a process for written argument. Enbridge Gas filed its argument-in-chief on March 20, 2026.

OEB staff generally supports Enbridge Gas's application as filed, including the proposed 2024 DVA balances and the allocation and disposition of those balances, with the exception of the proposed 2026 Indigenous Working Group budget. OEB staff's additional comments on this budget and other matters are addressed below.

¹ EB-2022-0200 and EB-2024-0111

OEB STAFF SUBMISSION

In Procedural Order No. 2, the OEB identified specific topics to guide Enbridge Gas's argument-in-chief and the submissions of OEB staff and intervenors. Accordingly, OEB staff has organized its submission below in accordance with those topics.

Overall, OEB staff supports the disposition of Enbridge Gas's 2024 DVA balances as filed, including the proposal to smooth the billing adjustment for certain Union South customers. OEB staff agrees with Enbridge Gas that no earnings sharing mechanism applies for 2024 and sees no concern treating the 2024 DVA balances as final. However, OEB staff does not support approval of the proposed \$800,000 Indigenous Working Group budget for 2026. OEB staff's positions on these matters are discussed in more detail below.

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?

OEB staff has no concerns with the nature or type of costs recorded in the 2024 DVA balances proposed for disposition and submits that Enbridge Gas's supporting calculations are appropriate. Accordingly, OEB staff supports the disposition of Enbridge Gas's 2024 DVA balances as filed.

3) Should any DVA balance proposed for disposition be deferred for consideration at a later date?

OEB staff does not see a need for deferring any DVA balance proposed for disposition 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?

Enbridge Gas's 2024 DVAs include both new accounts and the harmonized continuation of standalone accounts for the EGD and Union rate zones, as approved through Phases 1 and 2 of Enbridge Gas's 2024 Rebasing application². Enbridge Gas stated that it will review and update the allocation of all DVAs following implementation of the OEB's Phase 3 decision, as early as 2027. Until then, Enbridge Gas proposed to allocate account balances using previously OEB-approved methodologies, where

² EB-2022-0200 and EB-2024-0111

applicable.

OEB staff submits that the allocation and disposition methodologies as described in Exhibit F of Enbridge Gas’s pre-filed evidence for the 2024 DVA balances is appropriate.

Since 2024, the OEB has approved Enbridge Gas’s rates on an interim basis pending the conclusion of each phase of the 2024 Rebasing proceeding. On March 26, 2026, the OEB issued its Decision on the Settlement Proposal and Rate Order which addressed all the ratemaking matters for Phase 3 of that proceeding.³

OEB staff notes that there are no outstanding ratemaking issues related to Enbridge Gas’s 2024 Rebasing proceeding, other than the pending judicial review and statutory appeal related to certain aspects of the OEB’s Phase 1 decision⁴. OEB staff also notes that Enbridge Gas has not specifically asked for an interim rate order in this proceeding. Accordingly, OEB staff sees no reason why the 2024 DVA balances should not be treated as final.

5) Is it appropriate that no Earnings Sharing Mechanism amount is proposed for 2024?

Enbridge Gas submitted that there is no role for earnings sharing in this proceeding, as 2024 is a cost of service year. OEB staff agrees and notes that this is consistent with the OEB’s Phase 1 decision in Enbridge Gas’s 2024 Rebasing proceeding, which found that an earnings sharing mechanism for the 2024 test year is not required.⁵

6) Are the proposed bill impacts appropriate? If required, should mitigation be considered at the time of the first available QRAM?

If the OEB approves the disposition of Enbridge Gas’s 2024 DVAs as filed (including the implementation and mitigation approach described further below), the total bill impacts, reflecting only the disposition of these balances, for typical residential customers in each rate zone are as follows⁶:

³ EB-2025-0064, Decision on Settlement Proposal and Rate Order, March 26, 2026

⁴ EB-2022-0200, Decision and Order, December 21, 2023

⁵ EB-2022-0200, Decision and Order, December 21, 2023

⁶ The bill impacts presented in the table reflect interest calculated to July 1, 2026, as originally set out in Enbridge Gas’s application, rather than to October 1, 2026, as updated in Enbridge Gas’s argument-in-chief.

Rate Zone	Bill Impacts
EGD	\$(15.42)
Union South (sales service)	\$14.70
Union South (direct purchase)	\$6.83
Union North-West	\$(19.64)
Union North-East	\$(12.07)

Enbridge Gas proposed to dispose of the 2024 DVAs as a one-time billing adjustment, except for residential (sales service and direct purchase) customers in the Union South rate zone. For these customers in the Union South rate zone, Enbridge Gas proposed to dispose of the 2024 DVAs as a billing adjustment spread evenly over three months in order to smooth bill impacts in a given month.

OEB staff submits that the bill impacts resulting from Enbridge Gas's proposed disposition of its 2024 DVAs are appropriate. OEB staff notes that a one-time billing adjustment for Union South residential (sales service and direct purchase) customers could result in total bill impacts exceeding 10% at the time of disposition and therefore supports Enbridge Gas's proposal to spread the adjustment evenly over three months for these customers. OEB staff further submits that it is appropriate for this mitigation to be approved in this proceeding rather than deferred to the first available QRAM, subject to OEB staff's comments further below.

OEB staff notes that the QRAM process is subject to a short review timeframe and is primarily focused on implementing updates to gas commodity rates. Total bill impacts in a QRAM application reflect both the QRAM gas cost changes and the implementation of rate changes approved in other proceedings, including the disposition of the 2024 DVAs. Where these combined impacts result in total bills exceeding 10%, Enbridge Gas should propose any additional mitigation measures at that time, including any changes to either the one time billing adjustment approach for the applicable classes and/or the three month recovery period for Union South that may be approved in this current proceeding.

7) Should the proposed 2026 budget for the Indigenous Working Group be approved by the OEB?

As part of the OEB approved settlement agreement in Phase 1 of the 2024 Rebasing proceeding, a \$640,000 estimated budget for the Indigenous Working Group was established to the end of 2024.⁷ The settlement agreement provided that in each subsequent year, the Indigenous Working Group shall establish a budget reflecting the estimated capacity funding, which would be subject to review or approval by the OEB as part of Enbridge Gas's applicable future DVA clearance

⁷ EB-2022-0200, Decision on Settlement Proposal, August 17, 2023

proceedings.⁸

The agreement also established an Indigenous Working Group Deferral Account to record actual capacity funding costs incurred.

Enbridge Gas is requesting that the OEB approve a 2026 Indigenous Working Group Budget of \$800,000, a \$160,000 increase from the budget approved for 2024. Enbridge Gas stated that for 2026 there is a reasonable likelihood for increased First Nation membership and an increase to legal and technical expert assistance due to the 2025 Indigenous Reconciliation Action Plan refresh and upcoming rate-planning work leading into the 2029 rebasing application.

In Enbridge Gas's 2023 DVA clearance proceeding, the OEB did not approve the company's proposed \$800,000 budget for 2025 noting that it did not have adequate information on past spending or on planned 2025 spending to approve an increase in spending – and particularly an increase of that magnitude – at that time.⁹

OEB staff submits that similar to the 2023 DVA clearance proceeding, the OEB should again decline to approve the 2026 proposed budget. OEB staff notes that Enbridge Gas's request repeats a proposed budget level of \$800,000 that the OEB previously declined to approve for 2025 due to insufficient supporting information. In OEB staff's view, Enbridge Gas has not provided materially different evidence in this proceeding that would support the approval of an identical budget level for 2026.

Further, OEB staff submits that actual and forecast spending levels do not support the proposed budget. Enbridge Gas stated that actual capacity funding spending was approximately \$207,000 in 2024, with 2025 spending estimated at approximately \$127,000.¹⁰ OEB staff notes that these amounts are significantly lower than the 2024 approved budget and the 2025 proposed budget.

To be clear, OEB staff does not object to the disposition of the proposed \$0.119 million debit balance (plus interest) in the Indigenous Working Group Deferral Account for 2024.

Specifically, OEB staff recommends that Enbridge Gas address the following in any future DVA clearance application that includes a proposed budget increase:

- Any proposed increase to the working group budget should be supported by clear evidence explaining how the additional funding would be used and the

⁸ EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, pg. 18

⁹ EB-2024-0125, Decision and Order, September 23, 2025, pp. 12-14

¹⁰ Exhibit I.STAFF-10

benefits expected to be achieved as a result.

- Enbridge Gas should clearly demonstrate how the working group’s activities, including technical studies and presentations, are informed by and responsive to the unique rights, priorities and concerns of Indigenous customers and rights holders.
- Enbridge Gas should explain how any proposed additional funding would be used to support and enhance the participation of Indigenous customers and rights holders.

Further, Enbridge Gas stated that OEB approval of the budget would provide confirmation that the approach and activities of the Indigenous Working Group are directionally acceptable to the OEB.¹¹ OEB staff disagrees. If the OEB approves the 2026 budget, it should make clear that approval of a forecast budget establishes an upper limit on potential spending and enables planning. It does not constitute OEB endorsement of the group’s activities, approach or specific work undertaken. The reasonableness and prudence of actual 2026 expenditures will be assessed in a future proceeding when the account balance is proposed for disposition.

~All of which is respectfully submitted~

¹¹ Enbridge Gas Argument-in-Chief, March 20, 2026