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DECISION AND ORDER

EB-2025-0155

ENBRIDGE GAS INC.

**2024 Deferral and Variance Account Disposition and Earnings
Sharing Application**

BEFORE: Patrick Moran
Presiding Commissioner

Allison Duff
Commissioner

David Sword
Commissioner

June 25, 2026

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1 OVERVIEW

This is a Decision of the Ontario Energy Board (OEB) on an application filed by Enbridge Gas Inc. (Enbridge Gas) on October 30, 2025, under section 36 of the *Ontario Energy Board Act, 1998*. Enbridge Gas applied 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 requested 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 proposed to clear these balances with the October 1 Quarterly Rate Adjustment Mechanism (QRAM).

Parties filed comments or objections regarding Enbridge Gas's request to dispose of the 2024 balances in the following DVAs:

- Upstream Transportation Optimization Variance Account
- Union Rate Zones Unabsorbed Demand Costs Variance Account
- Unaccounted for Gas Volume Variance Account
- Integrated Resource Planning Operating Costs Deferral Account
- Distribution Integrity Management Program Variance Account
- Indigenous Working Group Deferral Account

No comments or objections were filed in relation to the 2024 balances in the following DVAs:

- Unaccounted for Gas Price Variance Account
- Transportation from Dawn Service Deferral Account
- Deferral Clearance Variance Account
- Parkway Delivery Obligation Variance Account
- Pension & OPEB Variance Account
- Facility Carbon Charge Variance Account
- Customer Carbon Charge Variance Account
- Carbon Charges Bad Debt Deferral Account
- Dawn Parkway Surplus Capacity Deferral Account
- Post-Retirement True-Up Variance Account
- Clean Fuel Regulation Credits Deferral Account
- Average Use Variance Account
- Getting Ontario Connected Act Variance Account
- Enbridge Sustain Affiliate Recoveries Variance Account
- EGD Rate Zone Storage and Transportation Deferral Account
- EGD Rate Zone Open Bill Extension Deferral Account

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

Enbridge Gas's 2024 DVAs include both new accounts and the harmonized continuation of standalone accounts for the Enbridge Gas Distribution (EGD) and Union rate zones, as approved through Phases 1 and 2 of Enbridge Gas's 2024 Rebasing application.¹ 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 applicable.

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.

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.

The OEB approves the proposed DVA balances as filed, with the exception of the balances in the Integrated Resource Planning Operating Cost Deferral Account and the Distribution Integrity Management Program Variance Account. The OEB approves final disposition of the approved balances except the Upstream Transportation Optimization Variance Account and the Unabsorbed Demand Costs Variance Account which are to be disposed of on an interim basis. The OEB's findings with respect to these DVA accounts are provided below. The OEB also provides comments on the balances in the Unaccounted for Gas Volume Variance Account and the Indigenous Working Group Deferral Account, as well as on the 2024 earnings sharing mechanism and the proposed 2026 Indigenous Working Group budget.

The OEB approves the proposed disposition of approved balances. A one-time billing adjustment is appropriate, except for residential customers in the Union South rate zone, for whom the bill impact shall be spread evenly over three months. The OEB is establishing a draft rate order process for Enbridge Gas to update its DVA balances and rate rider calculations to reflect this Decision and Order.

¹ EB-2022-0200 and EB-2024-0111

2 THE PROCESS

The OEB issued Procedural Order No.1 on December 18, 2025, setting out a schedule for written interrogatories.

OEB staff and intervenors filed interrogatories by January 23, 2026 and Enbridge Gas filed responses on February 12, 2026.

The OEB issued Procedural Order No. 2 on March 4, 2026. In this Procedural Order, the OEB determined that it would proceed by way of a written hearing and set out a process for written argument. The OEB identified the following topics to guide Enbridge Gas's argument-in-chief and the submissions of OEB staff and intervenors:

- 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?
- 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?

On March 20, 2026, Enbridge Gas filed its argument-in-chief. OEB staff and intervenors filed written submissions on April 7, 2026 and Enbridge Gas filed its reply argument on April 23, 2026.

3 DECISION

3.1 Upstream Transportation Optimization Variance Account and Union Rate Zones Unabsorbed Demand Costs Variance Account

Upstream Transportation Optimization Variance Account

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.

In setting 2024 rates, the OEB approved a forecast of upstream transportation optimization revenue of \$17.041 million, with 90% (\$15.337 million) credited to ratepayers through rates. Actual 2024 net optimization revenue was \$54.120 million. Applying the approved 90% sharing mechanism, \$48.708 million is attributable to ratepayers. After accounting for the \$15.337 million already credited in rates, the remaining balance of \$33.372 million is to be credited to ratepayers.

As a result, Enbridge Gas is requesting for clearance a credit balance of \$33.4 million, plus interest.

Union Rate Zones Unabsorbed Demand Costs Variance Account

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.

In 2024, Enbridge Gas collected \$5.870 million in rates for UDC in the Union rate zones. Actual UDC costs totaled \$14.608 million, offset by \$4.203 million in released capacity value, resulting in net costs of \$10.405 million (exceeding the level recovered in rates by \$4.535 million). In addition, Enbridge Gas received a subsequent refund of \$0.577 million, including interest, from Panhandle Pipelines in 2024 related to the over-recovery of UDC costs for the 2020 to 2023 period.

As a result, Enbridge Gas is requesting clearance of a debit balance of \$4.0 million, plus interest.

Enbridge Gas stated that it actively managed its transportation portfolio to minimize overall costs, including optimizing unused pipeline capacity and mitigating the impacts of warmer-than-normal winter temperatures and reduced customer demand on end of

winter 2023/24 storage levels. This included reducing planned 2024 summer supply purchases at Dawn where doing so did not affect UDC costs.

Enbridge Gas stated that it also released unutilized upstream transportation capacity on the secondary market through competitive bidding processes, awarding capacity to the highest bidders to maximize cost recovery and offset UDC costs.

Submissions

The Federation of Rental-housing Providers of Ontario (FRPO) submitted that the OEB should make findings on upstream optimization on an interim basis, to allow further discovery in a subsequent proceeding, such as the 2025 DVA proceeding. In FRPO's view, the current evidentiary record is insufficient to support a final determination.

FRPO raised concerns regarding the treatment and reconciliation of UDC and noted that Enbridge Gas has not demonstrated that all UDC-related costs have been removed through the QRAM process. FRPO identified discrepancies between reported UDC amounts and QRAM filings, which, in its view, create a risk of double counting and require further explanation.

FRPO further submitted that there is insufficient evidence to demonstrate that capacity release transactions are appropriately reflected in Purchase Gas Variance Account adjustments in Enbridge Gas's QRAM filings, particularly given indications that significant capacity was released during non-heating months.

FRPO also identified inconsistencies between Enbridge Gas's reported capacity releases and TransCanada PipeLines' (TCPL) posting of assignments and submitted that clarity on this issue should be achieved with additional discovery to ensure appropriate responsibility for the transportation costs.

The Canadian Manufacturers and Exporters (CME) supported FRPO's request that any findings with respect to upstream optimization be interim, so that parties may ask additional questions as part of the 2025 disposition proceeding.

Enbridge Gas disputed FRPO's contention that the record in this case is incomplete and submitted that there is a sufficient record for the OEB to approve the final clearance of the accounts related to upstream transportation.

Regarding the reconciliation of UDC costs from QRAM, Enbridge Gas noted that UDC costs reported in its QRAM evidence are for informational purposes only as they are not recovered through the QRAM and therefore there is no risk of double counting. Enbridge Gas explained that the discrepancy noted by FRPO arises because FRPO did

not account for offsetting released capacity revenues. Enbridge Gas provided a reconciliation of monthly UDC costs for 2024 as part of its reply submission and confirmed that net UDC costs are tied to the evidence included in QRAM filings.

Regarding the lack of alignment between Enbridge Gas's capacity releases and TCPL's posting of assignments, Enbridge Gas stated that this discrepancy is explainable, noting that certain volumes identified by FRPO relate to an unbundled customer on whose behalf Enbridge Gas has acquired capacity.

Enbridge Gas submitted that the accounts identified by FRPO have been in place for years, with no changes to their operation in 2024. Enbridge Gas stated that there is no basis for the OEB to order an interim disposition or further examination in a future proceeding and that doing so would be contrary to regulatory efficiency.

Findings

The OEB approves interim disposition of the balances in the Upstream Transportation Optimization Variance Account and the Unabsorbed Demand Costs Variance Account. FRPO supported by CME have identified questions that can be addressed in the next DVA proceeding, which from a regulatory efficiency perspective, are best answered at that time. While Enbridge Gas offered some information in reply argument to address those questions, this information has not been tested.

The OEB cautions FRPO that deferring final disposition to the next DVA proceeding is not an invitation to engage in a broad inquiry but rather an opportunity to ask follow-up clarification questions before the OEB rules on final disposition.

3.2 Unaccounted for Gas Volume Variance Account

The Unaccounted for Gas Volume Variance Account (UFGVVA) was established in the OEB-approved settlement agreement in Phase 1 of Enbridge Gas's 2024 Rebasing proceeding. Enbridge Gas and ratepayers share on a 50/50 basis the cost or credit of variances between the OEB-approved UFG volume of 243,681.5 10³m³ and the actual UFG volumes, at the applicable gas supply reference price, up to a maximum total actual UFG volume of 400,000 10³m³.²

Enbridge Gas is requesting that the 2024 UFGVVA be cleared on a final and as-filed basis. The 2024 actual volume was 334,888 10³m³, compared to a 2024 OEB-approved

² EB-2022-0200, Decision on Settlement Agreement, August 17, 2023

UFG volume of 243,681.5 10^3m^3 . The resulting variance of 91,206 10^3m^3 produced a debit balance of \$6.4 million, plus interest, in the UFGVVA.

Union rate zones historically recorded the variance between unbilled and no-bill estimated and actual consumption in December in the following year, while the legacy EGD rate zone recorded this variance within the same calendar year. As 2024 was the first year the Union rate zones adopted the harmonized methodology consistent with the EGD rate zone, Enbridge Gas stated that the 2024 UFGVVA captured variances for both December 2023 and December 2024 for the Union rate zones, representing approximately 21,049 10^3m^3 and 63,948 10^3m^3 respectively.

Submissions

Energy Probe disputed the as-filed balance in the UFGVVA.

Energy Probe submitted that the most significant contributing sources for the UFG volume variance, including Gas Station Measurement Variation, Residential Meter Variation, and Unbilled Estimates, have persisted for years and should have been addressed by Enbridge Gas by now.

Energy Probe submitted that the increase in the number of estimated bills from 2,081,710 in 2023 to 2,252,790 in 2024 has contributed to UFG volumes. Energy Probe also submitted that extended period without actual meter reads can create intergenerational cross-subsidies given that the UFGVVA is cleared on an annual basis.

Energy Probe, therefore, proposed that a portion of the UFGVVA balances caused by estimated bills should be deferred to 2025. Energy Probe calculated the deferrable volume as Unbilled Estimates of 46,438 10^3m^3 less No Bills Estimates of (25,389 10^3m^3), which resulted into 71,827 10^3m^3 .

Enbridge Gas submitted that estimated bills are not a cause of UFG over time, as estimated meter reads are trued up with actual reads in time. Enbridge Gas submitted that it has filed comprehensive evidence setting out learnings and observations made regarding UFG in the 2023 DVA proceeding³ in which Energy Probe raised this same issue.

Enbridge Gas proposed that OEB should again find in 2024 that the evidence filed supports the full recovery of the balance in the UFGVVA.

³ EB-2024-0125

Findings

The OEB approves the disposition of the balance in the Unaccounted for Gas Volume Variance Account.

The OEB does not accept Energy Probe's proposal to defer a portion of the UFGVVA balance associated with estimated billing. The evidence supports Enbridge Gas's position that estimated bills do not create persistent UFG balances over time. Having said that, Energy Probe has raised questions that relate to the OEB's ongoing concern about estimated customer bills. The OEB directs Enbridge Gas to provide a detailed report on the measures it has taken to address this issue as part of its next DVA application considering its annual performance scorecard.

3.3 Integrated Resource Planning Operating Costs Deferral Account

The Integrated Resource Planning (IRP) Operating Costs Deferral Account records incremental IRP administrative costs, as well as incremental operating and maintenance costs and ongoing evaluation costs for approved IRP Plans. As of 2024, base IRP O&M costs are included in rates, and only incremental costs from IRP Plans (inclusive of pilot projects) are recorded in the deferral account.

Enbridge Gas is requesting disposition of a debit balance of \$0.430 million, plus interest. The breakdown of costs is provided in the following table. This amount is attributable to the implementation of the IRP alternative to defer a pipeline reinforcement project in Kingston (East Kingston Project), and aggregated costs associated with two IRP Pilot Projects, the Southern Lake Huron Pilot Project and the Parry Sound Pilot Project.

Details of Expenditures – IRP Operating Costs

Line No.	Item	Description	(\$ millions)
1	East Kingston Creekford Rd Project	IRP alternative costs	\$0.271
2	IRP Pilot Project – 2023 Costs	Application and project costs	\$0.060
3	IRP Pilot Project – 2024 Costs	Application and project costs	\$0.099
4	Total Requested for Clearance		\$0.430

The Parry Sound Pilot Project was later withdrawn from the updated Pilot Project Application.⁴ Enbridge Gas stated that costs associated with the cancelled Parry Sound Pilot Project should be eligible for recovery as these costs were prudently incurred to

⁴ EB-2022-0335

support the development of the pilot project at the time and the O&M costs are incremental to Enbridge Gas's 2024 approved rates. Enbridge Gas is not seeking recovery of the associated revenue requirement of the capital costs incurred for the Parry Sound Pilot Project.

Submissions

Pollution Probe recommended that the OEB approve the East Kingston Project costs of \$0.271 million on a non-prejudicial basis, consistent with the treatment of 2023 costs, as the project has not been confirmed as an applicable IRP project. Pollution Probe also recommended that costs related to the withdrawn Parry Sound Pilot Project (\$0.026 million in 2023 and \$0.021 million in 2024) be approved on a non-prejudicial basis. Pollution Probe noted that the recovery of these costs would encourage Enbridge Gas to continue work on the second OEB IRP pilot project.

With respect to the Southern Lake Huron Pilot Project, Pollution Probe submitted that disposition should be deferred pending completion of the Motion to Review proceeding⁵ related to the IRP Pilot Decision. Pollution Probe further submitted that, if the OEB approves the clearance at this time, cumulative project cost tracking should be maintained to ensure costs remain within the final OEB-approved budget.

Enbridge Gas submitted that there is no need to defer or approve on an interim basis the approximately \$0.112 million in costs related to the Southern Lake Huron IRP pilot project. Enbridge Gas stated that these costs are not part of the \$1.5 million at issue in the Motion to Review, nor are they affected by the OEB's stay of certain elements of the IRP Pilot Decision.⁶

Enbridge Gas stated it will continue to report on the Southern Lake Huron Pilot Project costs in future DVA proceedings and annual IRP reports.

Findings

The OEB approves recovery of the costs associated with the East Kingston project on a final basis.

The OEB denies recovery of costs associated with the Parry Sound Pilot Project. Enbridge Gas did not proceed with the project and as a result, there has been no benefit to ratepayers sufficient to justify recovery of any cost that may have been incurred by Enbridge Gas. The OEB cannot conclude that the incremental costs were

⁵ EB-2025-0333

⁶ EB-2025-0333, Decision on Threshold Question and Procedural Order No. 2, page 2

prudently incurred given the pilot project was cancelled before its launch, which raises questions regarding Enbridge Gas's IRP pilot project selection processes.

The OEB defers consideration of the costs incurred in the Southern Lake Huron project on the basis that it is premature to consider those costs given that the Southern Lake Huron project is not sufficiently advanced to determine if it is appropriate for ratepayers to pay the costs incurred. When Enbridge Gas is in a position to report on the results from the project, it can seek disposition of the associated balance at that time, as part of a DVA application.

3.4 Distribution Integrity Management Program Variance Account

Enbridge Gas is seeking approval to dispose of the as-filed 2024 balance in the Distribution Integrity Management Program Variance Account (DIMPVA) on a final basis, reflecting a credit of \$0.02 million, plus interest.

As part of the Phase 1 OEB-approved settlement agreement, the DIMPVA was established to track Enbridge Gas's spending each year on the Distribution Integrity Management Program (DIMP) and Enhanced Distribution Integrity Management Program (EDIMP) costs.

A breakdown of the expenditures included in the 2024 DIMPVA is provided below.

Line No.	Description	2024 Workplan (\$ millions)	2024 Actuals (\$ millions)	Variance (\$ millions)
	<u>DIMP Admin</u>			
1	Labour, Training, Travel & Accommodations (T&A), Professional Dues, Other Materials/Supplies	0.699	1.596	0.897
	<u>DIMP Projects</u>			
2	Investigations & Assessments	0.307	0.670	0.363
3	Pipe Inspections	0.525	0.459	(0.065)
4	Station Inspections	0.120	0.236	0.116
5	Regulator Set Inspections	0.746	0.862	0.116
6	2023 DIMP Carryover Costs	0.056	0	(0.056)
7	Total DIMP	2.452	3.823	1.372
	<u>EDIMP Admin</u>			
8	Labour, Training, T&A, Professional Dues	1.053	0.887	(0.166)
	<u>EDIMP Projects</u>			
9	ILI & Digs	8.400	7.267	(1.133)
10	CP Surveys and Geohazard Assessments	0.555	0.493	(0.062)
11	Assessments	0.040	0.005	(0.035)
12	2023 EDIMP Carryover Costs	0	0.005	0.005
13	Total EDIMP	10.048	8.656	(1.392)
14	Total DIMP and EDIMP	12.500	12.480	(0.020)

As part of the Phase 1 OEB-approved settlement agreement, 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

Submissions

The Consumers Council of Canada (CCC) disputed the as-filed balance in the DIMPVA.

CCC submitted that while the combined 2024 actual DIMP and EDIMP costs are essentially equal to the 2024 approved budget, actual administrative costs exceeded the budget by \$0.73 million, representing a 42% increase. CCC submitted that this increase, attributable primarily to incremental full-time equivalent (FTE) costs relative to planned level, is excessive. CCC further submitted that Enbridge Gas performed less In-Line Inspection & Dig work than planned, which could provide value to ratepayers in the long run.

As a result, CCC submitted that 50% of the incremental administrative costs incurred on an actual basis in 2024 should be disallowed. CCC proposed that the DIMPVA reflect an additional credit to ratepayers of \$0.37 million, plus interest, which would result in a total credit balance of \$0.39 million, plus interest.

CME and School Energy Coalition (SEC) supported CCC's submission.

SEC submitted that the DIMPVA balance should be disposed of on an interim basis.

SEC submitted that pipelines inspected under EDIMP in 2024 will not be subject to quantitative risk assessments (QRAs) until 2025, and that resulting asset life extension (ALE) opportunities will not be reported until the 2025 DIMP/EDIMP Report on Activities is filed in that year's DVA clearance application.

SEC therefore submitted that, given the lag between cost incurrence and the ability to assess customer benefits through QRAs and ALE opportunities, disposition of the DIMPVA should be deferred by two years to allow spending to be assessed against QRAs outcomes and any ALE opportunities arising from the EDIMP work.

To mitigate customer impact, SEC further submitted that the DIMPVA should be disposed of on an interim basis, to be finalized upon the OEB's review of the requisite QRAs and ALE information in a subsequent Report on Activities. SEC also submitted that if the OEB is to dispose of the DIMPVA in this proceeding, a portion of the administrative costs should be disallowed.

FRPO submitted that disposition of the spending in the EDIMP should be deferred until the value of the EDIMP costs is evidenced in accordance with the approved Settlement Proposal in Phase 1 of Rebasing.

FRPO submitted that the \$12.5 million EDIMP budget was premised on demonstrating ALE value and that the Settlement Proposal required annual cost benefit reporting on work performed and facilities deferred or avoided.⁷ As a result, FRPO submitted that Enbridge Gas's evidence does not satisfy these reporting obligations, and that disposition of DIMPVA should therefore be deferred until compliant evidence is provided.

Pollution Probe also submitted that the 2024 DIMPVA should be deferred by two years to allow DIMP/EDIMP spending to be assessed against QRA outcomes and ALE opportunities. Pollution Probe further submitted that Enbridge Gas should provide a

⁷ EB-2022-0200, Decision on Settlement Proposal, Exhibit O1, Tab 1, Schedule 1, Page 56

clear reconciliation of costs reclassified to DIMP from other programs, to ensure the DIMPVA is not being used to expand the OEB-approved budget.

In its reply submission, Enbridge Gas submitted that some personnel and administration costs originally included in the project costs category of the workplan were reclassified to the administration category in the final 2024 line-item budget for DIMP/EDIMP, as filed in Phase 2 of the Rebasing Proceeding.⁸ Enbridge Gas submitted that the final 2024 line-item budget reflects total administrative costs for DIMP/EDIMP of \$2.6 million, and that actual 2024 DIMP and EDIMP administrative costs of \$2.5 million are therefore within the approved budget.

In response to SEC, FRPO, and Pollution Probe's argument that DIMPVA be disposed of on an interim basis pending impacts of the DIMP and EDIMP activities, Enbridge Gas submitted that it is not appropriate or necessary to delay final disposition of the 2024 DIMPVA.

Enbridge Gas stated that the purpose of the DIMPVA is to record and clear variances from the approved \$12.5 million budget for DIMP and EDIMP on an annual basis, and that the Settlement Proposal did not contain requirements for positive cost/benefits results as a condition of prudence. Enbridge Gas further submitted that it has met expectations by filing the 2024 Report on Activities for DIMP and EDIMP.

Findings

The OEB agrees with CCC's submission that the allocated administrative costs recorded represent an overallocation of administrative costs to DIMP and EDIMP. The OEB disallows recovery of 50% of the incremental administrative costs incurred on an actual basis in 2024 or \$0.37 million. The OEB finds that the proposed allocation of administrative costs is excessive. The OEB is not persuaded by Enbridge Gas's explanation that the variance is attributed to budget reclassification and finds that the administrative component of spending is higher than would reasonably be expected for the scale and scope of work completed in 2024, particularly in light of lower-than-planned in-line inspection and dig activities. The evidence shows a material increase in administrative spending, without a corresponding output of demonstrated incremental customer benefit.

As a result, the OEB approves a 2024 DIMPVA credit balance of \$0.39 million, plus interest to the benefit of customers (\$0.37 million + \$0.02 million) on a final basis. Given

⁸ EB-2024-0111, Enbridge Gas 2024 Rebasing Phase 2 Interrogatory Responses Update, Exhibit I.1.17-CCC-35, page 2, August 19, 2024

the decision to disallow a portion of the allocated administrative costs, the OEB does not find it necessary to defer final disposition, as proposed by some intervenors.

3.5 Indigenous Working Group Deferral Account

Enbridge Gas is seeking approval to dispose of the as-filed 2024 balance in the Indigenous Working Group (IWG) Deferral Account on a final basis, reflecting a debit of \$0.119 million, plus interest.

In the Phase 1 Rebasing proceeding, the OEB approved the establishment of IWG Deferral Account to record actual capacity funding costs incurred. The OEB-approved settlement agreement in that proceeding established a \$640,000 estimated budget for 2024.⁹

Submissions

TFG and Minogi submitted that the 2024 actual costs are reasonable, noting that the actual costs, which were lower than the approved budget of \$0.64 million, reflects the inherent uncertainty in forecasting capacity funding requirements for a newly established forum. TFG and Minogi further submitted that the 2024 actual costs are reflective of the IWG's meaningful engagement activities, and that the IWG provides broader regulatory efficiency benefits.

GFN also submitted that IWG costs reflected the importance of the forum for the participating First Nations and associated organizations to express their priorities and engage in substantive discussions with Enbridge Gas.

OEB staff did not object to the disposition of the proposed \$0.119 million debit balance, plus interest.

Findings

The OEB approves the disposition of the balance plus interest in the IWG Deferral Account on a final basis. This was supported by TFG and Minogi. OEB staff did not object to the disposition, while GFN submitted that the costs reflected the importance of the forum for participating First Nations and associated organizations.

⁹ EB-2022-0200, Decision on Settlement Proposal, August 17, 2023

3.6 Other Matters

3.6.1 Earnings Sharing Mechanism

As part of the OEB-approved settlement agreement for Phase 2 of Enbridge Gas's 2024 Rebasing proceeding, an asymmetrical earnings sharing mechanism was established during the IRM term period, where each year any earnings in excess of 100 basis points over the OEB-approved return on equity would be shared 50/50 between the Utilities and ratepayers.¹⁰

In Phase 1 of Enbridge Gas's Rebasing proceeding, the OEB found that "an ESM for the 2024 Test Year is not required".¹¹

In Procedural Order No. 2, the OEB identified as a topic for argument whether it is appropriate that no earnings sharing mechanism amount has been proposed for 2024.¹²

Submissions

Enbridge Gas submitted that there is no role for earnings sharing in this 2024 proceeding as 2024 is a cost-of-service year. Enbridge Gas stated that in any event, even if earnings sharing were applicable in 2024, the company has no earnings above the OEB-approved return on equity to be shared.

OEB staff, Pollution Probe and Energy Probe agreed with Enbridge Gas.

Findings

The OEB finds that the issue of earnings sharing is moot, given that the company has not earned greater than 100 basis points above the OEB-approved return on equity in 2024.

3.6.2 Indigenous Working Group Budget for 2026

As part of the OEB approved settlement agreement in Phase 1 of the 2024 Rebasing proceeding, a \$640,000 estimated budget for the IWG was established to the end of 2024.¹³ The settlement agreement provided that in each subsequent year, the IWG shall establish a budget reflecting the estimated capacity funding, which

¹⁰ EB-2024-0111

¹¹ EB-2022-0200, Decision and Order, December 21, 2024, pg. 128

¹² EB-2024-0111, Decision on Settlement Proposal, November 29, 2025, pg. 5

¹³ EB-2022-0200, Decision on Settlement Proposal, August 17, 2023

would be subject to review or approval by the OEB as part of Enbridge Gas's applicable future DVA clearance proceedings.¹⁴

The agreement also established an IWG Deferral Account to record actual capacity funding costs incurred.

In this proceeding, Enbridge Gas requested that the OEB approve a 2026 IWG Budget of \$800,000. 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.¹⁵

Submissions

OEB staff submitted that the OEB should again decline to approve Enbridge Gas's proposed \$800,000 IWG budget for 2026, noting that the OEB had previously rejected the same proposed budget for 2025 due to insufficient supporting information. In OEB staff's view, Enbridge Gas did not provide materially different evidence in this proceeding to justify approval.

OEB staff also submitted that actual and forecast spending levels did not support the proposed increase, as Enbridge Gas reported actual spending of approximately \$207,000 in 2024 and forecast spending of approximately \$127,000 in 2025, both significantly below the proposed budget levels.

OEB staff recommended that future budget increase requests include clearer evidence on the intended use and benefits of additional funding, how activities reflect Indigenous rights and priorities, and how funding would enhance Indigenous participation.

OEB staff further disagreed with Enbridge Gas's submission that approval of the budget would signal OEB endorsement of the working group's activities, stating that any approved budget would only establish a planning and spending limit, with the prudence of actual expenditures to be reviewed in a future proceeding.

¹⁴ EB-2022-0200, Exhibit O1, Tab 1, Schedule 1, pg. 18

¹⁵ EB-2024-0125, Decision and Order, September 23, 2025, pp. 12-14

GFN submitted that the IWG budget should serve as a general estimate and transparency measure, with actual spending subject to future prudence review.

GFN submitted that the budget should be understood with the context that the working group is still developing, with plans to broaden Indigenous representation, deepen engagement on priority issues, and continue advancing discussions on matters such as economic reconciliation and energy transition issues. In GFN's view, these activities would add to the overall budget and could reasonably be accommodated within Enbridge Gas's currently proposed budget.

GFN submitted that there was greater risk in setting the budget too low than too high, as inadequate funding could restrict reasonable capacity. GFN therefore supported Enbridge Gas's proposed 2026 budget and took no position on whether the OEB should formally approve or simply acknowledge it.

TFG and Minogi submitted that the OEB should not approve the proposed 2026 budget in advance. Consistent with the OEB's approach in the 2023 DVA proceeding, TFG and Minogi noted that the appropriate time to assess prudence and reasonableness of actual expenditures is when the balance is brought forward for clearance.

Pollution Probe submitted that an OEB prudence review of the proposed 2026 budget is not possible in advance of supporting evidence being filed. Pollution Probe recommended that Enbridge Gas proceed without pre-approval and that actual expenditures be reviewed as part of the 2026 DVA clearance proceeding.

The Industrial Gas Users Association (IGUA) expressed concern regarding "scope creep" and in this respect the magnitude of the proposed budget increase.

IGUA submitted that while it supported the IWG's consideration of matters directly related to Indigenous customers, rates, and the energy transition, some topics identified in the Brattle Group's report – prepared by an expert witness retained by the IWG to review Enbridge Gas's expert reports from the rebasing application – extended beyond the working group's intended scope and engaged broader public policy issues. IGUA cautioned that such matters should be addressed in a broader forum.

IGUA therefore submitted that the OEB should not approve the proposed 2026 budget at this time. Subject to its concerns regarding the scope of certain Brattle Group recommendations, IGUA considered the proposed 2026 working group activities to be appropriate and supported OEB acknowledgement of the proposed budget and work plan to provide Enbridge Gas and the working group with comfort in respect of expenditures.

Energy Probe submitted that the OEB should not approve the proposed 2026 IWG budget unless it complied with the OEB's Practice Direction on Cost Awards. Energy Probe also submitted that, where Indigenous Working Group members shared representation, the OEB should consider whether reasonable efforts were made to avoid duplication and double billing, consistent with the OEB's approach in other proceedings.

Enbridge Gas submitted that it preferred OEB approval of the proposed 2026 budget, rather than acknowledgement only, to provide greater certainty regarding recovery of IWG costs prior to disposition of the deferral account in 2027. In the alternative, Enbridge Gas requested that the OEB acknowledge the budget and identify any specific concerns to guide future conduct. Enbridge Gas acknowledged that all actual costs recorded in the deferral account would remain subject to prudence review in a future DVA proceeding.

Findings

The OEB is not prepared to approve the proposed increase in the budget for the IWG. A \$640,000 budget was approved for 2024 and a deferral account has been established to track the actual spend allowing Enbridge Gas to record the costs it incurs and seek recovery subject to a prudence review.

The OEB finds that there is insufficient information to support approval of the budget increase, especially considering the low amounts that were drawn from the budget in previous years, and in 2024 in particular.

The IWG provides a forum for Enbridge Gas to deepen its relationship directly with its Indigenous customers, with the aim of expanding Indigenous participation, deepening engagement, and addressing complex issues such as economic reconciliation and energy transition.

There are opportunities to enhance delivery of the program offerings Enbridge Gas has at its disposal to the homes, businesses, and institutions in First Nation communities throughout Ontario. These opportunities may be pursued through the IWG. The OEB expects the work of the IWG to be focused on engaging Indigenous perspectives on key issues affecting Indigenous customers including access to reliable, efficient and cost-effective energy.

4 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas shall file with the OEB and serve on all parties a draft rate order consistent with this Decision and Order by **July 3, 2026**.
2. Any comments from OEB staff and intervenors on the draft rate order shall be filed with the OEB and served on all parties by **July 9, 2026**.
3. Any reply to comments from Enbridge Gas shall be filed with the OEB and served on all parties by **July 15, 2026**.

Cost Awards

4. Intervenors shall file their cost claims with the OEB and forward them to Enbridge Gas by **July 21, 2026**. Cost claims must be prepared in accordance with the OEB's *Practice Direction on Cost Awards*.
5. Enbridge Gas shall file with the OEB and forward to intervenors any objections to the claimed costs by **July 31, 2026**.
6. Intervenors to which Enbridge Gas filed an objection to the claimed costs shall file with the OEB and forward to Enbridge Gas any responses to the objections for cost claims by **August 7, 2026**.
7. Enbridge Gas shall pay the OEB's costs of and incidental to this proceeding upon receipt of the OEB's invoice.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, 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*.

All materials filed with the OEB must quote the file number, **EB-2025-0155**, and be submitted in a searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>.

Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at www.oeb.ca/industry. We encourage the

use of RESS; however, parties who have not yet set up an account, may email their documents to registrar@oeb.ca.

Cost claims are filed through the OEB's online filing portal. Please visit the File documents online page of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the Practice Direction on Cost Awards.

All communications should be directed to the attention of the Registrar at the address below and be received no later than 4:45 p.m. on the required date.

Email: registrar@oeb.ca

Tel: 1-888-632-6273 (Toll-Free)

Fax: 416-440-7656

DATED at Toronto, **June 25, 2026**

ONTARIO ENERGY BOARD

Ritchie Murray
Registrar