

November 23, 2016

BY COURIER & RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

**RE: EB-2016-0245 – Union Gas Limited (“Union”) – 2017 Rates – Settlement Proposal**

Dear Ms. Walli:

Please find enclosed the Settlement Proposal for the above noted proceeding. The Settlement Proposal includes, at Appendix A, Union’s updated interrogatory responses and supplemental information related to Exhibit B.FRPO.1, Exhibit B.FRPO.2 and Exhibit B.FRPO.3.

If you have any questions with respect to this submission please contact me at 519-436-5334.

Yours truly,

*[Original Signed by]*

Vanessa Innis  
Manager, Regulatory Applications

Encl.

c.c.: Crawford Smith, Torys  
All Intervenors (EB-2016-0245)

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B);

**AND IN THE MATTER OF** an Application by Union Gas Limited, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2016.

**SETTLEMENT PROPOSAL**

**November 23, 2016**

This Settlement Proposal (“Proposal”) is for the consideration of the Ontario Energy Board (“the Board”) in its determination, under Docket No. EB-2016-0245, of an Application by Union Gas Limited (“Union”) for an Order or Orders of the Board approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2017. This document is called a “Settlement Proposal” because it is a proposal by the Parties to the Board to settle certain of the issues in this proceeding. It is termed a proposal as between the Parties and the Board. However, as between the Parties, and subject only to the Board’s approval of this Settlement Proposal, this document is intended to be a legal agreement, creating mutual obligations, and binding and enforceable in accordance with its terms. As set forth later in this Preamble, this agreement is subject to a condition subsequent, that if it is not accepted by the Board in its entirety, then unless amended by the Parties it is null and void and of no further effect. In entering into this agreement, the Parties understand and agree that, pursuant to the Act, the Board has exclusive jurisdiction with respect to the interpretation and enforcement of the terms hereof.

By Procedural Order No. 1 dated October 25, 2016, the Board scheduled a Settlement Conference to commence on November 16 and 17, 2016 at 9:30 a.m. The Settlement Conference was duly convened, in accordance with the Procedural Order No. 1, with Mr. Chris Haussmann as facilitator. The Settlement Conference commenced on November 16, 2016 at 9:30 a.m. and concluded on November 16, 2016.

The following parties participated in the Settlement Conference:

Building Owners and Managers Association Toronto (“BOMA”)

Canadian Manufacturers & Exporters (“CME”)

Consumers Council of Canada (“CCC”)  
Energy Probe Research Foundation (“Energy Probe”)  
Federation of Rental-housing Providers of Ontario (“FRPO”)  
Industrial Gas User’s Association (“IGUA”)  
Kitchener Utilities (“Kitchener”)  
London Property Management Association (“LPMA”)  
Ontario Association of Physical Plant Administrators (“OAPPA”)  
Ontario Greenhouse Vegetable Growers (“OGVG”)  
School Energy Coalition (“SEC”)  
TransCanada PipeLine (“TransCanada”)  
Vulnerable Energy Consumers Coalition (“VECC”)

The following proposals by Union were addressed by the parties during the Settlement Conference : i) Rate T2 Customer Managed Service; ii) Union North Cost Allocation and Rate Design Implementation; iii) Parkway Delivery Commitment Incentive. No other issues or proposals were addressed by the parties during the Settlement Conference or are addressed in this Settlement Proposal. For the purposes of settlement of the three proposals listed above, the parties have agreed to the relief sought by Union in the Application subject to the clarifications set out below, and in respect of such relief accept Union’s position that the claimed relief is supported by Union's pre-filed evidence and its responses to interrogatories. References to the pre-filed evidence and the interrogatories are provided in relation to each of the agreed items contained in the Agreement.

The parties acknowledge that this Settlement Conference is confidential in accordance with the

Board's Practice Direction on Settlement Conferences (the "Practice Direction"). The parties understand that confidentiality in that context does not have the same meaning as confidentiality in the Board's Practice Direction on Confidential Filings, and the rules of that latter document do not apply. Instead, in this Settlement Conference, and in this Settlement Proposal, the parties have interpreted "confidential" to mean that the documents and other information provided during the course of the Settlement Conference, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly privileged and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception; the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Proposal. Further, the parties shall not disclose those documents or other information to persons who were not attendees at the Settlement Conference. However, the parties agree that "attendees" is deemed to include, in this context, persons who were not physically in attendance at the Settlement Conference but were; a) any persons or entities that the parties engage to assist them with the Settlement Conference; or b) any persons or entities from whom they seek instructions with respect to the negotiations; in each case provided that any such persons or entities have agreed to be bound by the same confidentiality provisions.

The role adopted by Board staff in Settlement Conferences is set out on pp. 6-7 of the Board's October 28, 2016 Practice Direction on Settlement Conferences. Although Board staff are not a party to this Agreement as noted in the Guidelines, "Board staff who participate in the settlement conference in any way are bound by the same confidentiality standards that apply to the parties to the proceeding".

The evidence supporting the agreement on each issue is cited in each section of the Agreement. Abbreviations will be used when identifying exhibit references. For example, Exhibit A, Tab 4, Schedule 1, Page 1 will be referred to as A/T4/S1/p.1. The structure and presentation of the settled issues is consistent with settlement proposals which have been accepted by the Board in prior cases. The parties agree that this Agreement forms part of the record in this proceeding. The identification and listing of the evidence that relates to each issue is provided to assist the Board. The identification and listing of the evidence that relates to each settled issue is not intended to limit any party who wishes to assert, either in any other proceeding, or in a hearing in this proceeding, that other evidence is relevant to a particular settled issue, or that evidence listed is not relevant to the issue, or that the concise description of the issue prepared by Union is incorrect or incomplete.

According to the Practice Direction, p. 4, the parties must consider whether a Settlement Proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. The parties who participated in the settlement discussions agree that no settled issue requires an adjustment mechanism.

All of the issues contained in this proposal have been settled by the parties as a package and none of the provisions of this settlement is severable. If the Board does not accept this package in its entirety, then there is no settlement (unless the parties agree that any portion of the package that the Board does accept may continue as part of a valid settlement agreement).

In the event the Board directs the parties to make reasonable efforts to revise the Settlement Proposal, the parties agree to use reasonable efforts to discuss any potential revisions, but no party will be obligated to accept any proposed revision. The parties agree that all of the parties

who took on a position on a particular issue must agree with any revised Settlement Proposal as it relates to that issue prior to its re-submission to the Board.

None of the parties can withdraw from this Settlement Proposal except in accordance with Rule 30.05 of the Rules. Moreover, the settlement of any particular issue in this proceeding and the positions of the parties in this Settlement Proposal are without prejudice to the rights of the parties to raise the same issue and/or to take any position thereon in any other proceeding, whether or not Union is a party to such proceeding.

**1. IS THE UNION NORTH COST ALLOCATION AND RATE DESIGN IMPLEMENTATION APPROPRIATE?**

(Complete Settlement)

The parties agree that it is appropriate to implement changes to Union North storage and transportation rates in accordance with the Dawn Reference Price (EB-2015-0181) Settlement Proposal (the “Dawn Reference Settlement”) approved by the Board on January 7, 2016. This appropriately reflects the gas supply plan for the 2017 calendar year as filed in the Dawn Reference Settlement (updated to reflect the reference prices and tolls per the October 1, 2016 QRAM (EB-2016-0247)) and the changes to storage and transportation rates are properly based on detailed cost allocation for each of the new Union North West and Union North East Zones.

The following parties agree with the settlement of this issue: BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, OGVG, SEC, VECC, Union

The following parties take no position on this issue: Kitchener, TransCanada

Evidence references: A/T1/pp. 8-10; DRO/WP/S23

## **2. IS THE PARKWAY DELIVERY COMMITMENT INCENTIVE (“PDCI”) APPROPRIATE?**

(Complete Settlement)

The parties agree that Union’s inclusion of PDCI costs of \$16.559 million in 2017 rates is appropriate. Per the EB-2013-0365 Settlement Framework for Reduction of Parkway Delivery Obligation (“PDO Settlement”), Union allocated the PDCI costs to rate classes consistent with the allocation of the total Parkway Delivery Obligation (“PDO”) costs of \$8.426 million included in rates. For the period from January 1, 2017 to October 31, 2017 Union states, and the other parties accept, that there is no excess Dawn to Parkway capacity to facilitate Parkway deliveries as shown in the responses at Exhibits B.FRPO.1 UPDATED, B.FRPO.2 UPDATED and B.FRPO.3 UPDATED, copies of which are filed as Appendix A to this Settlement Agreement. For the period from November 1, 2017 to December 31, 2017, the Parkway Delivery Obligation deferral account will capture any costs associated with any additional Dawn to Parkway capacity that may become available and applied to relief of remaining Parkway delivery obligations in accord with the PDO Settlement. Union expressly acknowledges the following excerpt from PDO Settlement (Section 8):

*“Effective November 1, 2016, or such earlier date upon which, as described in Exhibit B1.9, Union transitions to Dawn delivery volumes currently being delivered to Parkway by Union on behalf of sales service customers, any remaining PDO for all DP customers and sales service customers will be eliminated provided that it can be eliminated in a manner which is more cost-effective for all of Union’s ratepayers than the terms and conditions described in paragraphs B.4 through B.7.”*

Union acknowledges that, as agreed, it will continue to investigate opportunities to eliminate any remaining PDO for all DP customers and sales service customers provided that it can be eliminated in a manner which is more cost-effective for all of Union’s ratepayers than the current PDO costs (including the costs of the PDCI) included in rates. The parties acknowledge that such investigation will include consideration of whether or not incenting (rather than requiring)



Parkway deliveries by Union's customers would be a cost effective and otherwise appropriate option.

The following parties agree with the settlement of this issue: BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OAPPA, OGVG, SEC, VECC, Union

The following parties take no position on this issue: Kitchener, TransCanada

Evidence references: A/T1/p. 10-11; DRO/WP/S20

### **3. SHOULD THE NEW CUSTOMER MANAGED SERVICE ("CMS") BE ESTABLISHED?**

(Complete Settlement)

The parties accept and support Union's proposal for the new CMS for new and existing Union South Rate T2 customers. Union agrees to report on the revenue neutrality of the service at the time of its Rebasing proceeding and will describe, at that time, how Union implemented the service on a revenue neutral basis and will revisit the appropriateness of the design of the CMS in the context of Rebasing.

Customers that elect the proposed CMS are subject to a Monthly Billing Adjustment for the remainder of the current Incentive Regulation Mechanism. In the event that the customer incurs overrun on injection/withdrawal the Monthly Billing Adjustment will be credited against any charges for such overrun.

The following parties agree with the settlement of this issue: BOMA, CME, CCC, Energy Probe, FRPO, IGUA, LPMA, OGVG, SEC, VECC, Union

The following parties take no position on this issue: Kitchener, OAPPA, TransCanada

Evidence references: A/T4

APPENDIX A

Updated Interrogatory Responses

Exhibit B.FRPO.1

Exhibit B.FRPO.2

Exhibit B.FRPO.3

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Exhibit B.FRPO.1  
UPDATED  
Page 1 of 2

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 2, Page 2 and EB-2013-0365 Exhibit A, Tab 4, page 24

Preamble: The Application Tab 2 states: "The quantities shown are the Dawn to Parkway equivalent of Dawn to Kirkwall turnback at an equivalency factor of approximately 73%.

Exhibit A, Tab 4, page 24 states: "The net effect of "re-purposing" the Dawn-Kirkwall capacity is that only a portion of the Dawn-Kirkwall capacity is available when converted to move gas from Dawn-Parkway. To compensate for this, Union has calculated an average Parkway equivalency factor for the purpose of this proposal at approximately 84% based on the configuration of the Dawn-Parkway system for each year."

We would like to understand the reduction in equivalency as it relates to new facilities.

Please provide an explanation of the impact of new facilities on the equivalency factor aided by schematics of the Dawn-Parkway system demonstrating the different equivalency levels.

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**Response:**

The equivalency factor is not static and can change for many reasons including changes in volume, location of demand along the Dawn Parkway system, the facilities planned and the timing of the demand changes in relation to the forecast and regulatory process.

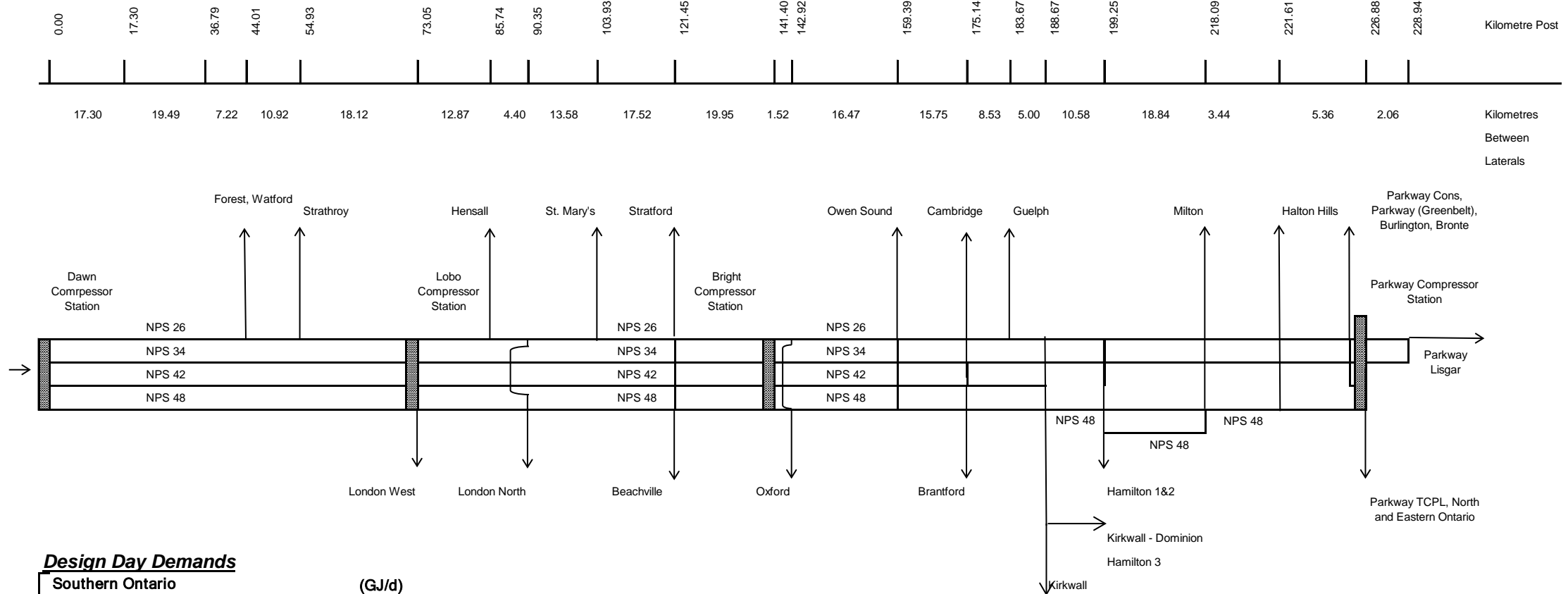
As an example of the equivalency factor change, in EB-2015-0200, Exhibit A, Tab 6, Page 17, Lines 12-13, Union forecast 31,746 GJ/d of Dawn to Kirkwall turnback in Winter 2017/2018. This resulted in an equivalent volume at Parkway of 29,556 GJ/d (Tab 8, Page 6, Lines 11-12). The ratio of the two values results in an equivalency factor of 93%. The equivalent value at Parkway forms part of the capacity of the Dawn Parkway system which is then used to determine the need for facilities to serve forecast demand. Please see Attachment 1, labelled "Winter Design Day Dawn – Parkway System Winter 2016/2017", for the schematic prior to the turnback. Please see Attachment 2, labelled as "Winter Design Day Dawn – Parkway System Winter 2016/2017 including 31,746 GJ/d of D-K turnback", for the schematic after the turnback. The Kirkwall demands have been reduced by 31,746 GJ/d and the system shortfall has been reduced by 29,556 GJ/d.

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Exhibit B.FRPO.1  
UPDATED  
Page 2 of 2

After the Lobo D and Bright C facilities were approved, Union received notice of an additional Dawn to Kirkwall turnback of 59,778 GJ/d for Winter 2017/2018. This turnback resulted in an equivalent volume at Parkway of 38,093 GJ/d. This is an equivalency factor of 63%. Please see Attachment 3, labelled as “Winter Design Day Dawn – Parkway System Winter 2017/2018”, for the schematic prior to the turnback. Please see Attachment 4, labelled as “Winter Design Day Dawn – Parkway System Winter 2016/2017 including 59,778 GJ/d of D-K turnback”, for the schematic after the turnback. The Kirkwall demands have been reduced by 59,778 GJ/d and the system surplus has been increased by 38,093 GJ/d.

The two values together equate to a total equivalency factor of 73% for Winter 2017/2018.

**Union Gas Dawn to Parkway System**



**Design Day Demands**

|                                  | (GJ/d)           |
|----------------------------------|------------------|
| <b>Southern Ontario</b>          |                  |
| Forest, Watford                  | 11663            |
| Strathroy                        | 8945             |
| London West                      | 102533           |
| Hensall                          | 52695            |
| London North                     | 95779            |
| St. Mary's                       | 7774             |
| Stratford                        | 49051            |
| Beachville                       | 54899            |
| Oxford                           | 49342            |
| Owen Sound                       | 249767           |
| Cambridge                        | 75899            |
| Brantford                        | 104666           |
| Kirkwall - Dominion              | 94738            |
| Guelph                           | 91335            |
| Hamilton 3                       | 70254            |
| Hamilton 1&2                     | 266213           |
| Milton                           | 74184            |
| Halton Hills                     | 144373           |
| Parkway (Greenbelt)              | 43203            |
| Burlington, Bronte               | 146143           |
| <b>Total Southern Ontario</b>    | <b>1,793,456</b> |
| <b>North and Eastern Ontario</b> | <b>409,272</b>   |
| Kirkwall                         | 208,953          |
| Parkway TCPL                     | 3,813,397        |
| Parkway Cons/Lisgar              | 1,238,085        |
| <b>Total M12</b>                 | <b>5,260,435</b> |
| <b>Total Design Day Demands</b>  | <b>7,463,163</b> |

**System Capacity**

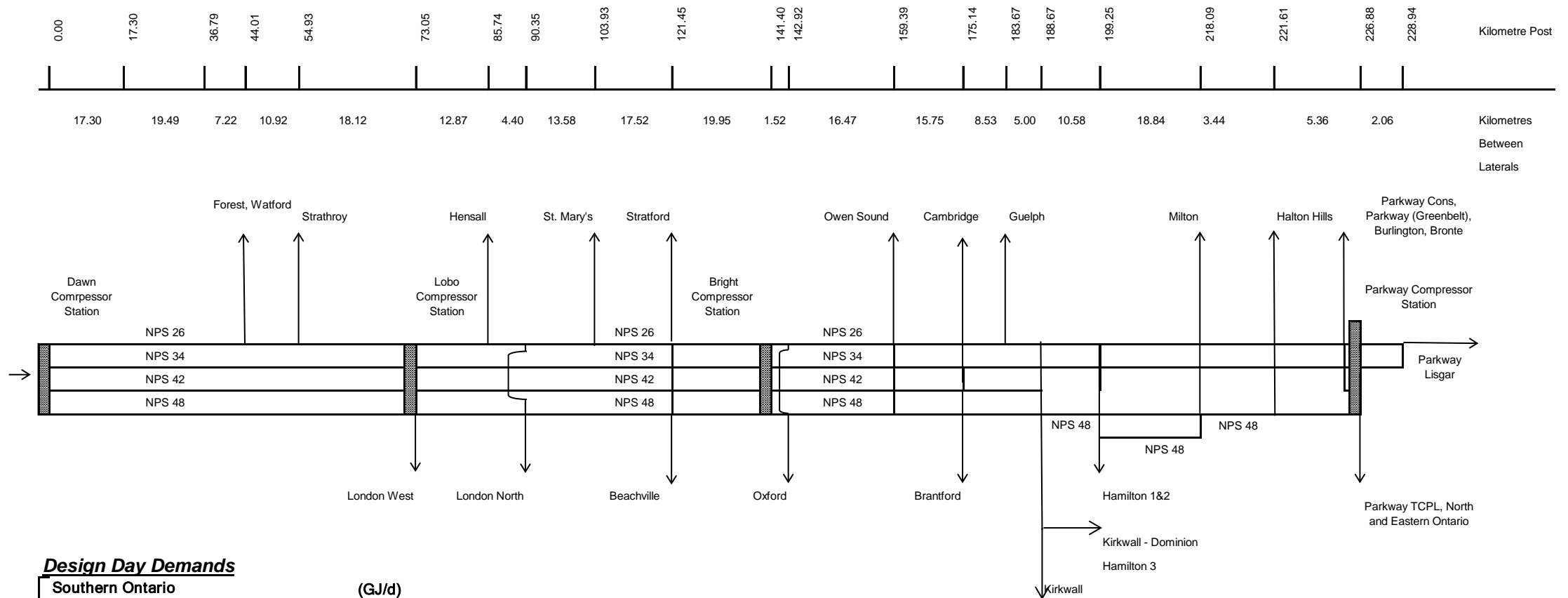
|  | (GJ/d)           |
|--|------------------|
| <b>Total System Capacity</b>                         | <b>7,396,781</b> |
| including Parkway Delivery Obligation                | 382,747          |
| Supplies for Kirkwall to Parkway Contracts and Union | 357,402          |
| <b>Total Requirements</b>                            | <b>7,463,163</b> |
| <b>Total (Shortfall) Surplus</b>                     | <b>-66,382</b>   |

**Compressor Stations Operating Conditions at Peak Hour**

| STATION              | LOBO      | BRIGHT    | PARKWAY   |
|----------------------|-----------|-----------|-----------|
| Power Available (MW) | 66.8      | 93.5      | 87.7      |
| Power Required (MW)  | 66.8      | 93.5      | 87.3      |
| Pressure             |           |           |           |
| Suction (kPa)        | 4,195     | 3,705     | 3,448     |
| Discharge (kPa)      | 5,450     | 5,588     | 6,453     |
| Compression Ratio    | 1.30      | 1.51      | 1.87      |
| Flow (GJ/d)          | 6,611,766 | 6,309,276 | 3,773,214 |
| Daily Fuel (GJ/d)    | 21,645    | 23,160    | 18,926    |

**WINTER DESIGN DAY  
 DAWN - PARKWAY SYSTEM  
 WINTER 2016/2017**

**Union Gas Dawn to Parkway System**



**Design Day Demands**

|                                  | (GJ/d)           |
|----------------------------------|------------------|
| <b>Southern Ontario</b>          |                  |
| Forest, Watford                  | 11663            |
| Strathroy                        | 8945             |
| London West                      | 102533           |
| Hensall                          | 52695            |
| London North                     | 95779            |
| St. Mary's                       | 7774             |
| Stratford                        | 49051            |
| Beachville                       | 54899            |
| Oxford                           | 49342            |
| Owen Sound                       | 249767           |
| Cambridge                        | 75899            |
| Brantford                        | 104666           |
| Kirkwall - Dominion              | 94738            |
| Guelph                           | 91335            |
| Hamilton 3                       | 70254            |
| Hamilton 1&2                     | 266213           |
| Milton                           | 74184            |
| Halton Hills                     | 144373           |
| Parkway (Greenbelt)              | 43203            |
| Burlington, Bronte               | 146143           |
| <b>Total Southern Ontario</b>    | <b>1,793,456</b> |
| <b>North and Eastern Ontario</b> | <b>409,272</b>   |
| Kirkwall                         | 177,207          |
| Parkway TCPL                     | 3,813,397        |
| Parkway Cons/Lisgar              | 1,238,085        |
| <b>Total M12</b>                 | <b>5,228,689</b> |
| <b>Total Design Day Demands</b>  | <b>7,431,417</b> |

**System Capacity**

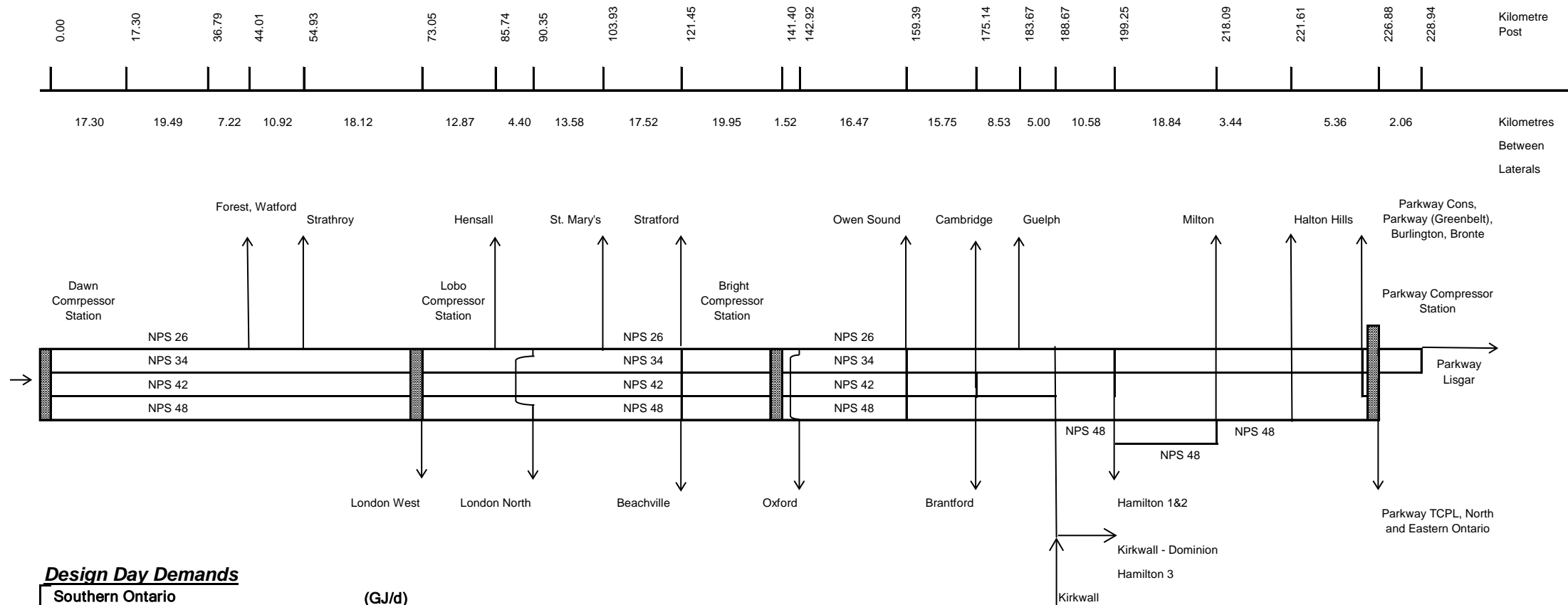
|  | (GJ/d)           |
|--|------------------|
| <b>Total System Capacity</b>                         | <b>7,394,591</b> |
| including Parkway Delivery Obligation                | 382,747          |
| Supplies for Kirkwall to Parkway Contracts and Union | 357,402          |
| <b>Total Requirements</b>                            | <b>7,431,417</b> |
| <b>Total (Shortfall) Surplus</b>                     | <b>-36,826</b>   |

**Compressor Stations Operating Conditions at Peak Hour**

| STATION              | LOBO      | BRIGHT    | PARKWAY   |
|----------------------|-----------|-----------|-----------|
| Power Available (MW) | 66.8      | 93.5      | 87.7      |
| Power Required (MW)  | 66.8      | 93.5      | 87.3      |
| Pressure             |           |           |           |
| Suction (kPa)        | 4,195     | 3,709     | 3,448     |
| Discharge (kPa)      | 5,452     | 5,596     | 6,453     |
| Compression Ratio    | 1.30      | 1.51      | 1.87      |
| Flow (GJ/d)          | 6,610,120 | 6,310,166 | 3,802,770 |
| Daily Fuel (GJ/d)    | 21,645    | 23,160    | 19,069    |

**WINTER DESIGN DAY  
 DAWN - PARKWAY SYSTEM  
 WINTER 2016/2017  
 including 31746 GJ/d D-K turnback**

### Union Gas Dawn to Parkway System



#### Design Day Demands

|                                  | (GJ/d)           |
|----------------------------------|------------------|
| <b>Southern Ontario</b>          |                  |
| Forest, Watford                  | 11663            |
| Strathroy                        | 8945             |
| London West                      | 102533           |
| Hensall                          | 52695            |
| London North                     | 95779            |
| St. Mary's                       | 7774             |
| Stratford                        | 49051            |
| Beachville                       | 54899            |
| Oxford                           | 49342            |
| Owen Sound                       | 249767           |
| Cambridge                        | 75899            |
| Brantford                        | 104666           |
| Kirkwall - Dominion              | 94738            |
| Guelph                           | 91335            |
| Hamilton 3                       | 70254            |
| Hamilton 1&2                     | 266213           |
| Milton                           | 74184            |
| Halton Hills                     | 144373           |
| Parkway (Greenbelt)              | 43203            |
| Burlington, Bronte               | 146143           |
| <b>Total Southern Ontario</b>    | <b>1,793,456</b> |
| <b>North and Eastern Ontario</b> | <b>415,247</b>   |
| Kirkwall                         | 177,207          |
| Parkway TCPL                     | 4,250,032        |
| Parkway Cons/Lisgar              | 1,238,085        |
| <b>Total M12</b>                 | <b>5,665,324</b> |
| <b>Total Design Day Demands</b>  | <b>7,874,027</b> |

#### System Capacity

|  | (GJ/d)           |
|--|------------------|
| <b>Total System Capacity</b>                         | <b>7,904,420</b> |
| including Parkway Delivery Obligation                | 359,969          |
| Supplies for Kirkwall to Parkway Contracts and Union | 442,256          |
| <b>Total Requirements</b>                            | <b>7,874,027</b> |
| <b>Total (Shortfall) Surplus</b>                     | <b>30,393</b>    |
| Union Markets  |                  |
| M12 Transportation                                   |                  |
| Kirkwall   |                  |
| Lisgar, Parkway                                      | 30,393           |

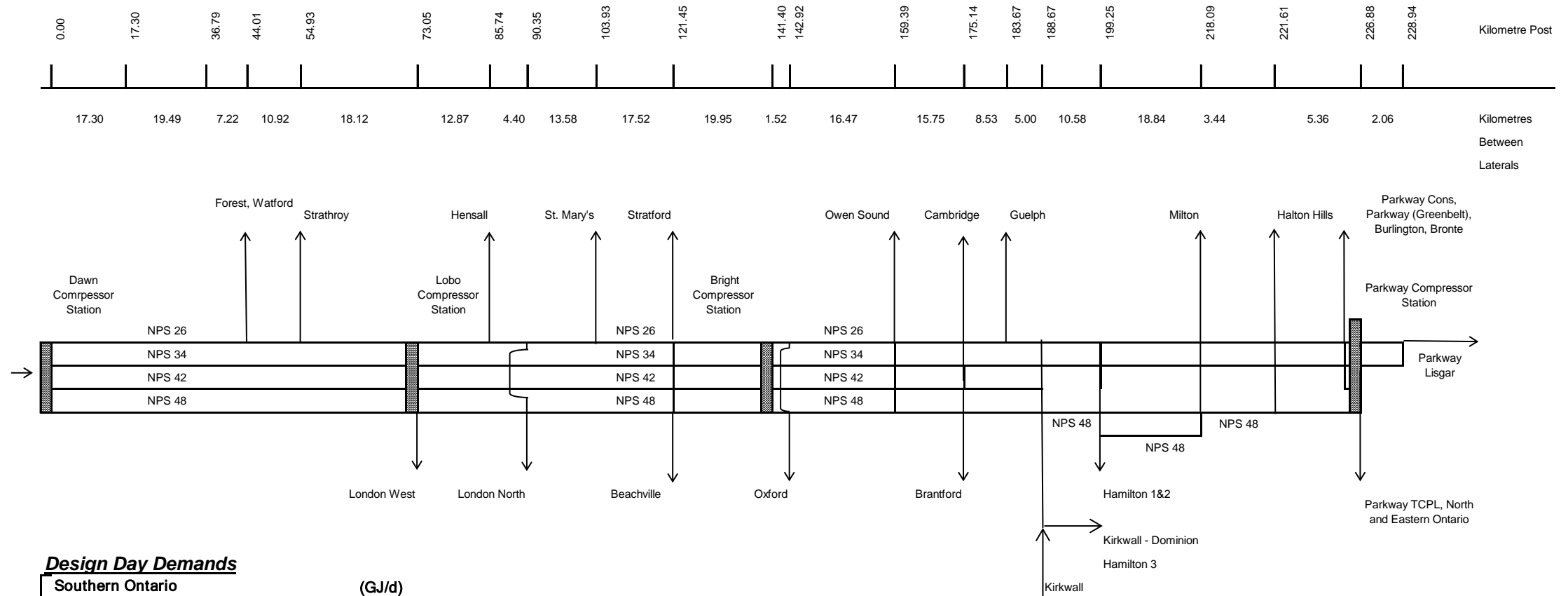
#### Compressor Stations

##### Operating Conditions at Peak Hour

| STATION              | LOBO      | BRIGHT    | PARKWAY   |
|----------------------|-----------|-----------|-----------|
| Power Available (MW) | 102.3     | 126.6     | 87.7      |
| Power Required (MW)  | 102.3     | 126.6     | 87.7      |
| Pressure             |           |           |           |
| Suction (kPa)        | 3,791     | 3,547     | 3,651     |
| Discharge (kPa)      | 5,584     | 6,022     | 6,453     |
| Compression Ratio    | 1.47      | 1.70      | 1.77      |
| Flow (GJ/d)          | 7,131,782 | 7,030,239 | 4,346,759 |
| Daily Fuel (GJ/d)    | 30,947    | 31,954    | 18,880    |

**WINTER DESIGN DAY  
 DAWN - PARKWAY SYSTEM  
 WINTER 2017/2018**

**Union Gas Dawn to Parkway System**



**Design Day Demands**

|                                  | (GJ/d)           |
|----------------------------------|------------------|
| <b>Southern Ontario</b>          |                  |
| Forest, Watford                  | 11663            |
| Strathroy                        | 8945             |
| London West                      | 102533           |
| Hensall                          | 52695            |
| London North                     | 95779            |
| St. Mary's                       | 7774             |
| Stratford                        | 49051            |
| Beachville                       | 54899            |
| Oxford                           | 49342            |
| Owen Sound                       | 249767           |
| Cambridge                        | 75899            |
| Brantford                        | 104666           |
| Kirkwall - Dominion              | 94738            |
| Guelph                           | 91335            |
| Hamilton 3                       | 70254            |
| Hamilton 1&2                     | 266213           |
| Milton                           | 74184            |
| Halton Hills                     | 144373           |
| Parkway (Greenbelt)              | 43203            |
| Burlington, Bronte               | 146143           |
| <b>Total Southern Ontario</b>    | <b>1,793,456</b> |
| <b>North and Eastern Ontario</b> | <b>415,247</b>   |
| Kirkwall                         | 117,429          |
| Parkway TCPL                     | 4,250,032        |
| Parkway Cons/Lisgar              | 1,238,085        |
| <b>Total M12</b>                 | <b>5,665,324</b> |
| <b>Total Design Day Demands</b>  | <b>7,874,027</b> |

**System Capacity**

|  | (GJ/d)           |
|--|------------------|
| <b>Total System Capacity</b>                         | <b>7,942,513</b> |
| including Parkway Delivery Obligation                | 359,969          |
| Supplies for Kirkwall to Parkway Contracts and Union | 442,256          |
| <b>Total Requirements</b>                            | <b>7,874,027</b> |
| <b>Total (Shortfall) Surplus</b>                     | <b>68,486</b>    |
| Union Markets  |                  |
| M12 Transportation                                   |                  |
| Kirkwall   |                  |
| Lisgar, Parkway                                      | 68,486           |

**Compressor Stations Operating Conditions at Peak Hour**

| STATION              | LOBO      | BRIGHT    | PARKWAY   |
|----------------------|-----------|-----------|-----------|
| Power Available (MW) | 102.3     | 126.6     | 87.7      |
| Power Required (MW)  | 102.3     | 126.6     | 87.7      |
| Pressure             |           |           |           |
| Suction (kPa)        | 3,782     | 3,568     | 3,651     |
| Discharge (kPa)      | 5,582     | 6,050     | 6,453     |
| Compression Ratio    | 1.48      | 1.70      | 1.77      |
| Flow (GJ/d)          | 7,125,190 | 7,027,316 | 4,384,852 |
| Daily Fuel (GJ/d)    | 30,913    | 28,852    | 19,524    |

**WINTER DESIGN DAY  
 DAWN - PARKWAY SYSTEM  
 WINTER 2017/2018  
 including 59778 GJ/d D-K turnback**



Filed: 2016-11-23  
EB-2016-0245  
Exhibit B.FRPO.2  
UPDATED  
Page 1 of 2

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario ("FRPO")

Reference: Exhibit A, Tab 2, Page 3

Preamble: We would like to understand more about the nature of the contracts being turned back.

Please expand Table 1 to provide the breakdown between Dawn-Kirkwall, Dawn-Parkway and Kirkwall-Parkway for each the years.

- a) Please include the results of turnback elections from the October 31, 2016 deadline in the updated Table.

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**Response:**

- a) Exhibit A, Tab 2, p. 3, Table 1 only includes turnback received from Dawn to Kirkwall as this is the only capacity that was agreed to be used to facilitate PDO reductions.

There were no contracts from Dawn to Kirkwall turned back for November 1, 2018.

Supplemental response to FRPO Letter dated November 13, 2016:

Per 2014 Rates (EB-2013-0365), Settlement Agreement, Appendix B, p. 4, para. 2. iii, "*Any Dawn to Kirkwall M12 capacity turned back to Union by ex-franchise shippers will be used to first, reduce the Parkway shortfall and secondly, to further reduce the PDO.*"

Consistent with the Settlement Agreement, in Union's EB-2013-0365, Exhibit A, Tab 2, p. 3, Table 1, and again in the original interrogatory response, only the Dawn to Kirkwall capacity that was turned back to Union was included, which are the only volumes being used to reduce the Parkway shortfall and further reduce the PDO.

Please see Table 1 below for the volumes on the Dawn to Parkway system that were turned back to Union.

Filed: 2016-11-23  
EB-2016-0245  
Exhibit B.FRPO.2  
UPDATED  
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Table 1

| <b>Path</b>         | <b>November 1, 2016</b> | <b>November 1, 2017</b> | <b>November 1, 2018</b> |
|---------------------|-------------------------|-------------------------|-------------------------|
| Dawn to Parkway*    | 7,636 GJ/day            | 86,515 GJ/day           | 89,969 GJ/day           |
| Kirkwall to Parkway | 0 GJ/day                | 0 GJ/day                | 0 GJ/day                |

\*Excluding TCE Halton Hills turnback which was allowed as part of the PDO Reduction Settlement Agreement

Filed: 2016-11-23  
 EB-2016-0245  
 Exhibit B.FRPO.3  
 UPDATED  
Page 1 of 2

UNION GAS LIMITED

Answer to Interrogatory from  
Federation of Rental-housing Providers of Ontario (“FRPO”)

Reference: Exhibit A, Tab 2, Page 4, lines 16-18

Preamble: *“Union expects to conduct a customer election process during the second quarter of 2017 where customers will determine their level of participation in the PDO shift effective November 1, 2017.”*

Please provide the cost \$/GJ for the incremental capacity on the Dawn-Parkway system from the forecasted cost of each of the 2016 D-P Build and the 2017 D-P Build.

**Response:**

Based on cost estimates as filed in EB-2014-0261, the 2016 Dawn Parkway project was estimated to cost \$938 per GJ/d.

Based on cost estimates as filed in EB-2015-0200, the 2017 Dawn Parkway project was estimated to cost \$1,364<sup>1</sup> per GJ/d.

Supplemental response to FRPO Letter dated November 13, 2016:

- 1) Please see Attachment 1 for the per GJ/day cost of the PDO and PDCI.
- 2)
  - a) and b)

| <b>TJ/d</b> | <b>Winter<br/>2014/2015</b> | <b>Winter<br/>2015/2016</b> | <b>Winter<br/>2016/2017</b> | <b>Winter<br/>2017/2018</b> |
|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Capacity    | 6801                        | 7014                        | 7505                        | 7878                        |
| Demand      | 6643                        | 7049                        | 7443                        | 7718                        |

- c) Please see Attachment 2 for the amount of capacity recovered in rate base.
- d) Union did not acquire incremental resources in any of the years listed to manage the Parkway delivery shortfall.

<sup>1</sup> Note that this project cost includes replacement costs in addition to growth costs.

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Union managed the PDO shortfall within its overall Dawn to Parkway system and did not acquire incremental resources in any of the years listed.

Table 1  
Cost per GJ of 2017 PDO and PDCI Costs in 2017 Rates

| Line<br>No. | Particulars                                   | PDO<br>(a) | PDCI<br>(b) |
|-------------|---|------------|-------------|
| 1           | Total Cost in Rates (\$000) (1)               | 8,426      | 16,559      |
| 2           | PDO Reduction/Remaining PDO Obligation (TJ/d) | <u>165</u> | <u>304</u>  |
| 3           | Cost per GJ (\$/GJ/d) (line 1/line 2)         | 51.19      | 54.39       |

Notes:

(1) Rate Order, Working Papers, Schedule 20, p.1, line 29.

Table 2  
Dawn-Parkway Capacity in 2017 Rates

| Line<br>No. | Particulars                                   | Dawn-Parkway<br>Capacity<br>(TJ/d) |
|-------------|---|------------------------------------|
|             | Base Rates                                    |                                    |
| 1           | 2013 Cost of Service                          | 6,803                              |
|             | 2014-2018 IRM Y Factor Adjustments            |                                    |
|             | Capital Pass-through Projects                 |                                    |
| 2           | Brantford-Kirkwall / Parkway D Project        | 433                                |
| 3           | Dawn Parkway 2016 System Expansion Project    | 443                                |
| 4           | 2017 Dawn Parkway Project (1)                 | 457                                |
| 5           | Total Dawn-Parkway Capacity in Rates as Filed | <u>8,135</u>                       |
| 6           | Other Dawn-Parkway Capacity Changes (2)       | <u>(257)</u>                       |
| 7           | Total Dawn-Parkway Capacity at W17/18         | 7,878                              |

Notes:

- (1) The in-service date of the 2017 Dawn Parkway Project is forecast for November 2017. Rate Order, Working Papers, Schedule 4 includes the 2017 revenue requirement and two months of demands added to the Rate M12 billing units associated with the project.
- (2) Total Dawn-Parkway capacity has been reduced due to year to year modelling changes and ex-franchise and in-franchise demand changes along the Dawn-Parkway system. These changes in the Dawn-Parkway capacity do not impact filed rates.