



**Rakesh Torul**  
Technical Manager  
Regulatory Applications  
Regulatory Affairs

tel 416-495-5499  
EGIRegulatoryProceedings@enbridge.com

**Enbridge Gas Inc.**  
500 Consumers Road  
North York, Ontario M2J 1P8  
Canada

## **VIA EMAIL, RESS and COURIER**

October 10, 2019

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319,  
2300 Yonge Street, 27th Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

### **Re: EB-2018-0305 Enbridge Gas Inc. (“Enbridge Gas”) 2019 Rate Application – Reply to OEB Staff Comments on Draft Rate Order and Draft Accounting Order**

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On September 30, 2019, Enbridge Gas Inc. (“Enbridge Gas” or “EGI”) filed its Draft Rate Order and Draft Accounting Order reflecting the findings of the Ontario Energy Board (“OEB” or the “Board”) in its Decision and Order on September 12, 2019 (supplemented on September 23, 2019) on the 2019 Rate application.

On October 4, 2019, OEB staff reviewed the Draft Rate Order and Draft Accounting Orders and was satisfied that they appropriately reflected the OEB’s decisions of September 12, 2019 and September 23, 2019, subject to their comments.

Below is Enbridge Gas’s reply to OEB staff’s comments on the Draft Rate Order and Draft Accounting Order.

#### **1. Deferral and Variance Account**

##### ***Open Bill Revenue Variance Account and Capital Pass-Through Deferral Accounts***

In its submission OEB staff requested Enbridge Gas to provide clarification on the Open Bill Revenue Variance Account and the Capital Pass-Through Deferral account.

Enbridge Gas confirms that revisions to the accounting orders included within the Draft Rate Order, for the Open Bill Revenue Variance Account and the Capital Pass-Through Deferral Accounts, were in comparison to the proposed accounting orders included within the application. The revised accounting orders for these accounts, which were included within the Draft Accounting Order, reflect the previously approved wording for each of the respective accounts, except for the addition of the respective rate zone within the title for each accounting order.

### ***Tax Variance Deferral Account***

OEB staff submits that a separate draft accounting order should be filed for the Tax Variance Deferral Account sub-account that is specific for the accelerated capital cost allowance.

In response to the OEB staff comments, Enbridge Gas has provided an updated accounting order for the Tax Variance Deferral Account. The updated order has been expanded to provide further clarity with regards to the required accounting treatment of revenue requirement impacts attributable to CCA rule changes, as ordered by the Board in its Decision and Order in this proceeding, and its letter dated July 25, 2019. Within the account, Enbridge Gas will track the impacts associated with CCA rule changes in a sub-account and as such does not believe a separate accounting order for the Tax Variance Deferral sub-account is required.

### ***2019 Gas Supply Plan Cost Consequences Deferral Account***

OEB staff notes the direction in Procedural Order No. 3 that the 2019 Gas Supply Cost Consequences Deferral account should identify the major cost components of the gas supply plan to be tracked separately within the account (e.g. commodity, transportation, storage, renewable natural gas, etc.). OEB staff submits that the description in the draft accounting order should include reference to this direction.

In respect of OEB staff comments, Enbridge Gas has provided an updated accounting order for the 2019 Gas Supply Plan Cost Consequences Deferral Account. The updated order includes clarification on the major gas supply cost components to be tracked within the account.

### ***Earnings Sharing Mechanism Deferral Account***

OEB staff suggests that the accounting order for the earnings sharing mechanism clarify that the sharing will be on an actual basis and not normalized for weather.

In respect of the OEB staff comments, Enbridge Gas has provided an updated accounting order for the Earnings Sharing Mechanism Deferral Account. The updated order includes clarification that the earnings sharing calculation will be on an actual basis, not a weather normalized basis.

## **2. Bill Impacts**

OEB staff has reviewed the rate impacts for all rate classes and believes they largely seem to be consistent across rate classes. However, OEB staff requests an explanation of the reduction in the distribution charge for EGD rate 170, ranging from 15% to 22% for the average industrial customer (Rate 170).

Enbridge Gas notes that the reduction in Rate 170 customers' bills was reflected in EGD's original evidence filed on December 14, 2018 (see Exhibit F1, Tab 1, Rate Order, Working Papers, Schedule 3, Page 8, filed 2018-12-14). The reduction in distribution charges is the result of less revenue being recovered from the Rate 170 customer class in 2019 versus 2018 (see Exhibit F1, Tab 1, Rate Order, Working Papers, Schedule 2, Page 1, Line No. 10). The distribution charges are a small proportion of the total bills for this customer class, which consists of large interruptible customers whose annual consumption is at least 5,000,000 m<sup>3</sup> / year. The result of such a customer make up within the rate class is that distribution charges (as well as delivery unit rates) are small compared to customers' overall bills, which includes charges for gas supply and transportation.

Consequently, any change in distribution cost / revenue to be recovered from Rate 170 customers has a proportionally larger impact on distribution unit rates for this customer class than it would for another customer class.

In addition, the impact on the total bill resulting from the draft rate order for Rate 170 customers is a reduction in the total bill of approximately 0.9% (see Exhibit F1, Tab 1, Rate Order, Appendix A1.1, Schedule 3, Page 8).

### **3. Updated Accounting Orders and Rate Schedules**

The following accounting orders have been updated and enclosed as Attachment A to this letter:

- Tax Variance Deferral Account
- 2019 Gas Supply Plan Cost Consequences Deferral Account
- Earnings Sharing Mechanism Deferral Account

Within Enbridge Gas's filing of the Draft Rate Order dated September 30, 2019, there is an error on the Rate C1 rate schedule at p.1, Section (C), Transportation Service, part (e). The interruptible and short term (1 year or less) firm transportation amount should read \$75 rather than \$0. The rate was correctly identified in the Draft Rate Order (Exhibit F1, Tab 2, Appendix A). There is also an error on the Rate M12 rate schedule at p. 3, Section (D). The YCR and YCRR formulas should include the UFG factor of 0.001600 rather than 0.001580.

The corrected Rate C1 and M12 rate schedules are enclosed as Attachment B.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Rakesh Torul  
Technical Manager, Regulatory Applications

cc: EB-2018-0305 Intervenors  
Crawford Smith, Lax O'Sullivan Lisus Gottlieb

**ENBRIDGE GAS INC.****Accounting Entries for  
Tax Variance Deferral Account  
Deferral Account No. 179-383**

The purpose of the Tax Variance Deferral Account is to record 50% of the revenue requirement impact of any tax rate changes, versus the tax rates included in rates that affect Enbridge Gas Inc. As part of the EB-2017-0306/EB-2017-0307 Decision and Order, the Board amended the former Union Gas Limited Tax Variance Deferral Account to expand its applicability to record the impact of any tax rate changes for both the legacy Enbridge Gas Distribution and Union Gas Limited areas (i.e. to all of Enbridge Gas Inc.).

However, in accordance with the OEB's July 25, 2019 letter, *Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance*, within a sub-account of the Tax Variance Deferral Account, Enbridge Gas will record 100% of the revenue requirement impact of any changes in CCA rules that are not reflected in base rates. This will include impacts related to Bill C-97 CCA rule changes, which became effective November 21, 2018, as well as any future CCA changes instituted by relevant regulatory or taxation bodies.

Tax rate and CCA rule change impacts recorded in the account will however exclude tax rate and rule change impacts that are captured through other deferral account mechanisms (i.e. through the Incremental Capital Module Deferral Account).

Simple interest is to be calculated on the opening monthly balance of this account using the Board-approved EB- 2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit            -        Account No.179-383  
                                 Tax Variance Deferral Account

Credit           -        Account No. 300  
                                 Operating Revenues

To record as a debit (credit) in Deferral Account No. 179-383, 50% of the revenue requirement impact resulting from the difference between the actual tax rates and the approved tax rates included in rates as approved by the Board.

Debit           -       Account No.179-383  
                                  Tax Variance Deferral Account – CCA Changes

Credit           -       Account No. 300  
                                  Operating Revenues

To record as a debit (credit) in a sub-account of Deferral Account No. 179-383, 100% of the revenue requirement impact resulting from the difference between actual CCA rules and the approved CCA rules included in rates as approved by the Board.

Debit           -       Account No.179-383  
                                  Tax Variance Deferral Account

Credit           -       Account No. 323  
                                  Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-383, interest on the balance in Variance Account No. 179-383. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the OEB in EB-2006-0117.



Updated: 2019-10-10

EB-2018-0305

Exhibit F1

Tab 3

Accounting Order

To record, as a debit in Deferral Account No. 179-504, interest on the balance in Deferral Account No. 179-504. Simple Interest will be computed monthly on the opening balance in said account in accordance with the methodology approved by the Board in EB-2006-0117.

**ENBRIDGE GAS INC.****Accounting Entries for  
Earnings Sharing Mechanism Deferral Account  
Deferral Account No. 179-382**

The purpose of the Earnings Sharing Mechanism Deferral Account (“ESMDA”) is to record the ratepayer share of actual (not weather normalized) utility earnings that result from the application of the earnings sharing mechanism. In accordance with the EB-2017-0306/EB-2017-0307 Decision and Order, if the actual utility return on equity (ROE) exceeds the Board-approved ROE by more than 150 basis points, the excess earnings will be shared equally (i.e. 50/50) between the Company’s ratepayers and shareholders. The calculation of a utility return for earnings sharing determination purposes, will include all revenues that would otherwise be included in earnings and only those expenses (whether operating or capital) that would otherwise be allowable deductions from earnings as within a cost of service application.

Simple interest is to be calculated on the opening monthly balance of this account using the Board approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the Board in a future rate hearing.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No.300 Operating Revenue
Credit	-	Account No. 179-382 Earnings Sharing Mechanism Deferral Account

To record as a credit in Deferral Account No. 179-382 the ratepayers’ 50% share of utility earnings when actual utility ROE exceeds the Board-approved ROE by more than 150 basis points in accordance with the Board’s Decision in EB-2017-0306/EB-2017-0307.

Debit	-	Account No.323 Other Interest Expense
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Updated: 2019-10-10

EB-2018-0305

Exhibit F1

Tab 3

Accounting Order

Credit - Account No. 179-382  
Earnings Sharing Mechanism Deferral Account

To record, as a credit in Deferral Account No. 179-382, interest on the balance in Deferral Account No. 179-382. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the OEB in EB-2006-0117.

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ENBRIDGE GAS INC.  
UNION SOUTH  
CROSS FRANCHISE TRANSPORTATION RATES

**(A) Applicability**

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

\*Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

\*Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

**(C) Rates**

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

**Transportation Service (1):**

	Monthly Demand Charges (applied to daily contract demand) Rate/GJ	Fuel and Commodity Charges					
		Union Supplied Fuel			Shipper Supplied Fuel		
		Fuel and Commodity Charge		Fuel Ratio		Commodity Charge Rate/GJ	
		Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %		AND
a) Firm Transportation							
Between:							
St. Clair & Dawn	\$2.791	\$0.006	\$0.008	0.210%	0.270%		
Ojibway & Dawn	\$2.791	\$0.013	\$0.009	0.454%	0.308%		
Bluewater & Dawn	\$2.791	\$0.006	\$0.008	0.210%	0.270%		
From:							
Parkway to Kirkwall	\$0.848	\$0.009	\$0.005	0.304%	0.160%		
Parkway to Dawn	\$0.848	\$0.009	\$0.005	0.304%	0.160%		
Kirkwall to Dawn	\$1.496	\$0.005	\$0.005	0.160%	0.160%		
Dawn to Kirkwall	\$3.058	\$0.009	\$0.023	0.323%	0.772%		
Dawn to Parkway	\$3.602	\$0.017	\$0.031	0.591%	1.053%		
Kirkwall to Parkway	\$0.545	\$0.012	\$0.013	0.427%	0.441%		
b) Firm Transportation between two points within Dawn							
Dawn to Dawn-Vector	\$0.030	n/a	n/a	0.345%	0.160%		
Dawn to Dawn-TCPL	\$0.140	n/a	n/a	0.160%	0.357%		
c) Interruptible Transportation between two points within Dawn*							
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.160%	0.160%		
d) Carbon Charge (applied to all quantities transported)							
Facility Carbon Charge		\$0.002	\$0.002			\$0.002	
e) Interruptible and Short Term (1 year or less) Firm Transportation:		\$75.00					

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**Authorized Overrun:**

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion. Authorized overrun for short-term firm transportation is available at negotiated rates.

	Union Supplied Fuel		Shipper Supplied Fuel			
	Fuel and Commodity Charge		Fuel Ratio		Commodity Charge	
	Apr.1-Oct.31	Nov.1-Mar.31	Apr.1-Oct.31	Nov.1-Mar.31		Rate/GJ
	<u>Rate/GJ</u>	<u>Rate/GJ</u>	<u>%</u>	<u>%</u>	<u>AND</u>	<u>Rate/GJ</u>
a) Firm Transportation						
Between:						
St.Clair & Dawn	\$0.098	\$0.100	0.210%	0.270%		\$0.092
Ojibway & Dawn	\$0.105	\$0.101	0.454%	0.308%		\$0.092
Bluewater & Dawn	\$0.098	\$0.100	0.210%	0.270%		\$0.092
From:						
Parkway to Kirkwall	\$0.146	\$0.141	0.930%	0.786%		\$0.118
Parkway to Dawn	\$0.146	\$0.141	0.930%	0.786%		\$0.118
Kirkwall to Dawn	\$0.072	\$0.072	0.786%	0.786%		\$0.049
Dawn to Kirkwall	\$0.128	\$0.141	0.949%	1.399%		\$0.101
Dawn to Parkway	\$0.154	\$0.168	1.217%	1.680%		\$0.118
Kirkwall to Parkway	\$0.049	\$0.049	1.054%	1.067%		\$0.018
b) Firm Transportation between two points within Dawn						
Dawn to Dawn-Vector	n/a	n/a	0.345%	0.160%		\$0.001
Dawn to Dawn-TCPL	n/a	n/a	0.160%	0.357%		\$0.005
c) Carbon Charge (applied to all quantities transported)						
Facility Carbon Charge	\$0.002	\$0.002				\$0.002

**Unauthorized Overrun:**

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Notes for Section (C) Rates:

- (1) A demand charge of \$0.071/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for all firm transportation service paths.

**(D) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(E) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

**(F) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

Effective April 1, 2019  
Implemented November 1, 2019  
O.E.B. Order # EB-2018-0305

Supersedes EB-2019-0193 Rate Schedule effective October 1, 2019.

Effective  
2019-04-01  
Rate M12  
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ENBRIDGE GAS INC.  
UNION SOUTH  
TRANSPORTATION RATES

**(A) Applicability**

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

Applicable Points

Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

Dawn as a delivery point: Dawn (Facilities).

**(B) Services**

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Parkway facilities.

**(C) Rates**

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charges (applied to daily contract demand) <u>Rate/GJ</u>	<u>Fuel and Commodity Charges</u>		
		<u>Union Supplied Fuel</u> Fuel and Commodity Charge <u>Rate/GJ</u>	<u>Shipper Supplied Fuel</u> Fuel Ratio % <u>AND</u> Commodity Charge <u>Rate/GJ</u>	
<b><u>Firm Transportation (1), (5)</u></b>				
Dawn to Parkway	\$3.602	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall	\$3.058			
Kirkwall to Parkway	\$0.545			
<b><u>M12-X Firm Transportation</u></b>				
Between Dawn, Kirkwall and Parkway	\$4.450	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".	
<b><u>Limited Firm/Interruptible Transportation (1)</u></b>				
Dawn to Parkway – Maximum	\$8.645	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".	
Dawn to Kirkwall – Maximum	\$8.645			
Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (2)	n/a	n/a	0.160%	
<b><u>Carbon Charge (applied to all quantities transported)</u></b>				
Facility Carbon Charge		\$0.002	\$0.002	

## (C) Rates (Cont'd)

Authorized Overrun (3)

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

Fuel and Commodity Charges

	Union Supplied Fuel		Shipper Supplied Fuel	
	Fuel and Commodity Charge Rate/GJ		Fuel Ratio %	AND Commodity Charge Rate/GJ
<u>Transportation Overrun</u>				
Dawn to Parkway	Monthly fuel and commodity rates shall be in accordance with schedule "C".		Monthly fuel ratios shall be in accordance with schedule "C".	\$0.118
Dawn to Kirkwall				\$0.101
Kirkwall to Parkway				\$0.018
Parkway (TCPL) Overrun (4)	n/a		0.728%	n/a
<u>M12-X Firm Transportation</u>				
Between Dawn, Kirkwall and Parkway	Monthly fuel and commodity rates shall be in accordance with schedule "C".		Monthly fuel ratios shall be in accordance with schedule "C".	\$0.146
<u>Carbon Charge (applied to all quantities transported)</u>				
Facility Carbon Charge	\$0.002			\$0.002

Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) or Parkway (EGT) to Parkway (Cons) or Lisgar.
- (3) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (4) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) or Parkway (EGT) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (5) A demand charge of \$0.071/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway.

**(D) Transportation Commodity**

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 31st to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

$$YCR = \sum_{1}^{4} [(0.001600 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001600 \times (QT1 + QT3)) + (DWF \times QT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.001600 \times (QT1 + QT3)) + (DSF \times (QT1 + QT3)) + F_{ST}] \times R \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001600 \times (QT1 + QT3)) + (DWF \times QT1) + F_{WT}] \times R \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements  
DWF = 0.0020 for Dawn winter fuel requirements

in which:

YC Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway Delivery Point.

F<sub>WT</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

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**(D) Transportation Commodity (Cont'd)**

F<sub>ST</sub> The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

**Notes**

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

**(E) Provision for Compressor Fuel**

For a Shipper that has elected to provide its own compressor fuel.

**Transportation Fuel**

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31<sup>st</sup>.

**Nominations**

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

**(F) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

**(G) Nominations**

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

**(H) Monthly Fuel Rates and Ratios**

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

**(I) Receipt and Delivery Points and Pressures**

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

Effective April 1, 2019  
Implemented November 1, 2019  
O.E.B. Order # EB-2018-0305

Supersedes EB-2019-0193 Rate Schedule effective October 1, 2019.