

**REF: Exhibit A, Tab 1, pages 17-18**

Preamble: “In the proposed Union North East Zone (Union NDA, Union NCDA and Union EDA), Union is converting long-haul transportation contracts on TransCanada from Empress to short-haul transportation contracts on TransCanada from Parkway. As early as November 1, 2015, but likely by April 1, 2016, approximately 40% of the transportation portfolio for these three delivery areas will be sourced from Dawn. As of November 1, 2016, approximately 85% of the transportation portfolio for these three delivery areas will be sourced from Dawn”.

1. Please provide Union’s current understanding of the timing of Kings North.
  - a. How does that understanding affect Union’s proposed timing for initiation of the changes to reference price?
  - b. What are the respective pros and cons of a January 1, 2017 implementation date?
    - i. Please provide specific mitigation efforts Union could contemplate to address the cons of such a start date.

**REF: Exhibit A, Tab 1, pages 20 and 21**

Preamble: “Union plans to update Union North bundled DP obligated DCQ receipt point quantities annually at November 1 to reflect the percentage of Union’s transportation portfolio at Dawn or Empress to serve Union North delivery zones.”

2. Please provide the lead time that Union will provide in advance of Nov. 1<sup>st</sup> in each year to allow DP customers time to refine their supply arrangement.
3. Please provide the lead time that Union will provide in advance of the initiation of changes currently scheduled for April 1, 2016.
  - a. Please indicate the minimum time that Union would provide an update if the initial date slips past April 1, 2016

**REF: Exhibit A, Tab 1, page 25**

Preamble: “The cost of fuel to transport the gas to and from storage on a forecast basis is included in the storage rate that is charged to Union North sales service and bundled DP customers.”

4. How are variances between the forecast and actual costs of fuel gas between the North and Dawn reconciled.
  - a. Please provide the numbers for 2014.

**REF: Exhibit A, Tab, 1, page 28**

Preamble: “Union is proposing to include the cost for upstream transportation compressor fuel to move gas from Empress or Parkway to the respective delivery area in transportation rates for both Union North sales service and bundled DP customers. Union North bundled DP customers will, therefore, no longer be required to provide fuel in kind at Empress or Dawn.”

5. What is the driver(s) behind this change in approach?

**REF: Exhibit A, Tab 1, page 37**

Preamble: “The North Purchase Gas Variance Account (“Account No. 179-105”), in combination with Account No. 179-100, captures cost variances related to commodity and upstream transportation for Union North customers.”

6. How does Union currently differentiate between the differences unit costs of transportation in 179-100 and cost variances in upstream transportation in 179-105.

**REF: Exhibit A, Tab 2, pages 1 and 2**

Preamble: “In lieu of providing their own fuel in-kind, Union will purchase gas on behalf of bundled DP customers to meet their upstream transportation fuel requirements.”

7. Has Union discussed this proposed approach with the direct purchase community?
  - a. Please provide all meeting minutes, presentations or other written communication between Union and those stakeholders regarding this approach and the overall proposed changes to the Union Gas bill in the South and North East Zone.
  - b. If no material is available, how does Union propose to assist Direct Purchase stakeholders to manage this change (e.g., bill change, comparison of commodity rates, etc.

**REF: Exhibit A, Tab 2, pages 11**

8. Please describe Union's STS contracts and how they have been used to meet peak day demands in the past.
9. Please describe how this will change in the 2015-2018 time frame ( i.e., capacity held to each zone, contribution to design day demands, resulting allocations, etc.).
  - a. Please summarize Union’s adjustments as a result of those changes.

**REF: Exhibit A, Tab 2, pages 12, lines 4 to 9**

Preamble: Union describes forecasted annual cost impacts.

10. Please provide a table that contains the respective cost changes detailed in the reference as compared to the forecasts presented to the Board for these zones in the combined Parkway West and Dawn-Parkway proceedings (EB-2012-0433 and EB-2013-0074).

**REF: Exhibit A, Tab 2, pages 17**

Preamble: “A portion of Union North storage rates are common to all customers in each Zone and a portion of storage rates are based on west to east TransCanada zonal differentials (i.e. zonal or distance-based).

11. What are the distinguishing features that Union uses to separate the common costs from those that are specific to an area or zone?

**REF: Exhibit A, Tab 2, pages 19**

Preamble: “Examples of common costs include costs associated with the Limited Balancing Agreement (“LBA”) and gas purchase working capital.”

12. Please describe the LBA.
  - a. How are the LBA costs deemed common?

**REF: Exhibit A, Tab 2, Appendix A, Schedule 1, Page 2 of 2**

Preamble: “To determine cost-based Union North storage and transportation rates, Union used the 2018 allocated costs for the Union North West and Union North East Zones by rate class, as described at Exhibit A, Tab 2, Section 2.4.”

13. Why did Union use the 2018 allocated costs as opposed to 2016 or 2017?
  - a. Please provide a table that provides the resulting costs if Union used 2016 or 2017 as compared to the 2018 result.

**REF: Exhibit A, Tab 2, Appendix A, Schedule 5, page 3**

14. Please explain the basis for allocation of the Storage Demand Costs by providing a breakdown of the components.
  - a. Please explain why the direct assignment costs for the Northwest are so much less than the Northeast.