

November 22, 2016

BY RESS

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

Dear Ms. Walli:

RE: Union Gas Limited (“Union”) - EB-2016-0186 Panhandle Reinforcement Project – Further Correspondence Request

This letter is further to Union Gas Limited’s (“Union”) letter dated October 28, 2016 to the Ontario Energy Board (the “Board”) where Union provided correspondence related to Ojibway to Dawn deliveries. As an update to Union’s October 28 letter, Union has attached to this letter further correspondence relating to Ojibway to Dawn deliveries. In particular, the correspondence relates to discussions between Union and Energy Transfer Partners, LP (“ETP”) that, as noted by Union in its opening statement at the hearing on November 22, 2016, resulted in an agreement with ETP whereby Union secured capacity on Panhandle Eastern and ETP, on behalf of its affiliate Rover Pipeline, LLC (“Rover”), secured C1 capacity from Ojibway to Dawn. The commitment letter in this regard is included in the attached (page 25 of Attachment 1) and discussed further below.

In addition to the foregoing commitment, Union would also like to note the correspondence dated November 17, 2016 from Rover¹ wherein Rover expressed certain concerns relating to statements made by Union at the Technical Conference held in this matter on October 4, 2016. The correspondence in question is attached hereto (page 4 of Attachment 1). Rover’s concerns related to statements made by Union, including that Union may have mislead the Board. Union takes very seriously its relationship with the Board and Union has at no time mislead the Board.

Upon receipt of Rover’s November 17 letter, Union immediately communicated with Rover/ETP to discuss Rover’s statements and the apparent misunderstandings. Through discussions held on November 17 and 18, 2016, Union provided the full context of its Technical Conference statements. In particular, Union advised ETP with respect to the transcript pages referenced by Rover as follows:

¹ Rover is represented by its affiliate ETP and while Rover provided correspondence representatives of ETP signed the correspondence and negotiated on Rover’s behalf.

1. With respect to transcript page 72, Union's reference was to the fact that Union and ETP did not have an agreement. Both parties continued to evaluate the means to come to agreement including terms of contracting. In fact, Union did not accept the July 28, 2016 proposal from ETP based on proposed contracting terms;
2. With respect to transcript page 117, Union was asked specifically if it was having discussions with Rover Pipeline. It was not clear to Union whether it would be Rover or ETP holding Ojibway to Dawn capacity on Union's system. Union, however, recognized that it would be one of the ETP affiliated companies or ETP itself;
3. With respect to transcript page 118, Union was objecting to answering a specific request in the Technical Conference by another party on procedural and relevance grounds. This was not intended to limit commercial discussions ongoing between Union and ETP/Rover.
4. With respect to transcript page 69, this exchange started at page 66 and referenced Exhibit B.APPrO.3a. Union confirmed with ETP the maximum firm annual import limits of 115 TJ/d. Union stated at page 69 that Union was not able to secure additional capacity. ETP understood that what was not clarified at the Technical Conference was that Panhandle Eastern was limiting its sales to match the Ojibway import capacity and as a result Union was not awarded additional capacity. Existing renewable contracts and the capacity contracted with Rover Pipelines took up the remaining Ojibway import capacity. Union acknowledged that total capacity on the Panhandle Eastern system could be available up to 185 TJ/d as is shown in the correspondence filed in this proceeding.

Other than those documents above, no other specific transcript references were raised by ETP in Union's discussions with ETP.

As set out in the email correspondence from Beth Hickey, Senior Vice President Interstate of ETP, dated November 22, 2016 (also attached hereto at page 37 of Attachment 1), ETP no longer has any concerns about the comments described in the November 17 Rover letter.

Union also notes that discussions with ETP were continuing in early November well in advance of the November 17 Rover letter. Rover's November 17 letter provided an opportunity for the parties to clarify their positions. However, it was not the driver of a negotiated result.

In particular, as indicated by Union in its opening statement, the agreement provides the benefit of post 2019 certainty for meeting Design Day demand on the Panhandle System through long-term commitments to firm transportation to Ojibway. The agreement also returns Union to previous levels of firm capacity, including the added benefit of having the Right of First Refusal on all capacity which allows Union to maintain firm Ojibway supply in the future. In particular, relative to the parties positions set out in the previously filed October 28 correspondence, the agreement specifically provides:

1. An 8 year term that is shorter than the 9 to 15 year commitments requested by ETP (see October 28 filed correspondence pages 35 and 51)²
2. All capacity originates at Panhandle Field Zone (including capacity currently originating at the Trunkline Field Zone in the Gulf of Mexico), thereby improving landed cost at Ojibway (see October 28 correspondence page 35)

In exchange for the foregoing benefits Energy Transfer Partners obtained commitments for long-term capacity to Dawn to facilitate 35 TJ/d of their contracts on the Rover Pipeline.

Should you have any questions on the above or would like to discuss in more detail, please contact me at 519-436-5473.

Yours truly,

Karen Hockin
Manager, Regulatory Initiatives

Encl.

c.c.: Zora Crnojacki, Board Staff
Mark Kitchen, Union Gas
Charles Keizer, Torys
All Intervenors (EB-2016-0186)

² Union would not accept capacity on Panhandle Eastern for a term of 10 years or greater.

Shorts, Chris

From: Shorts, Chris
Sent: September-27-16 1:18 PM
To: john.reid@energytransfer.com
Subject: Called

John I called to discuss the Ojibway to Dawn capacity issue and I know you are on the road. If you get a chance give me a call...

Thanks

Chris



Chris Shorts

Director, Business Development & Upstream Regulation

cshorts@uniongas.com

Office (519) 436-4668 Cell (519) 365-0536

fax (519) 436-5461

Shorts, Chris

From: Shorts, Chris
Sent: November-01-16 10:45 PM
To: john.reid@energytransfer.com
Subject: FW: Panhandle Reinforcement Project - Response to request for information (FRPO)
Attachments: UNION_ResponseToRequestforInfo_FRPO_20161028.pdf

John, as per our voice mails, here is the response we filed to the motion at the OEB...I will call you tomorrow to follow up...I apologize for the size of the file...

Chris

Good afternoon. Union filed responses to two information requests received in the October 20, 2016 motion filed on behalf of FRPO, and a copy is attached.

Union also filed interrogatory questions today regarding CAEPLA-PLC's evidence as filed October 21, 2016. CAEPLA-PLC responses are due November 14, 2016.

If you have any questions, please contact Chris Gagner or me.

Thanks

Karen

The OEB heard the Motion filed by FRPO yesterday. After hearing brief submissions from the parties in attendance, the Board panel issued a decision from the bench granting the Motion to FRPO and requiring Union to provide the information as requested. The Board panel said intervenors should be afforded the opportunity to test the evidence and alternatives specifically and that access to data not be a barrier to the process.

Shorts, Chris

From: Reid, John <John.Reid@energytransfer.com>
Sent: November-17-16 9:11 AM
To: Shorts, Chris
Cc: Redford, Jim; Hickey, Beth A.; Erwin, Kevin
Subject: Union Panhandle Reinforcement Project
Attachments: 11172016 - Letter to Union re Panhandle Reinforcement Project.pdf

Please find attached a letter regarding Union's Panhandle Reinforcement Project.

John Reid | Sr. Director – Business Development
 Energy Transfer | 1300 Main St. | Houston, TX 77002
 P: 713.989.7143 | C: 713.444.1483 | IM: johnreid126
 Email: john.reid@energytransfer.com

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.



ROVER PIPELINE
An ENERGY TRANSFER Company

November 17, 2016

Chris Shorts
Director, Business Development
and Upstream Regulation
Union Gas Limited
50 Keil Drive North
Chatham, ON N7M 5M1
Canada

VIA EMAIL

Re: Union Gas Limited's Panhandle Reinforcement Project (the "Project")

Dear Chris:

I am sending this letter as a follow-up to our phone conversation yesterday concerning Union's comments at the October 4, 2016 Technical Conference held with respect to the Project. To the point, the transcript of the Technical Conference reveals that Union made comments that mischaracterizes our discussions and negotiations for capacity on Union. As you know, we have been attempting to obtain C1 capacity on Union from Ojibway to Dawn for over 18 months. Indeed, we have submitted formal proposals in pursuit of that capacity. However, Union representatives have made comments on the record suggesting that, for example, Rover is "still wondering" about contracting for Union capacity [Transcript at p. 72]; or that Union has had conversations with "Energy Transfer, the Panhandle folks", but not with, "quote-unquote, Rover" [Transcript at p. 117] -- though Rover is part of Energy Transfer. We also see where Union refused on the record to discuss with us other service options to Dawn on the Ojibway line. [Transcript at p. 118] Further, contrary to Union's contention that it has not been provided any incremental capacity option by us [Transcript at p. 69], we have expressly made proposals from 57,000 to 95,000 Dth/d of capacity to Ojibway (for as short as 10 years) -- as evidenced by the documents Union recently produced in the subject proceeding.¹

We are concerned that Union has not been dealing in good faith with us and that Union is misleading the Ontario Energy Board ("OEB"). Accordingly, let me reiterate that we have been and continue to be seriously desirous of obtaining C1 capacity from Ojibway to Dawn for up to 75,000 Dth/d effective from the Rover in-service date (currently expected to be 11-1-2017) for a period of up to 15 years. Further, if a delivery commitment is required for the supply on the 75,000 Dth/d, Rover would be happy to pursue such, including by providing the avenue for

¹ These examples are not comprehensive of the inaccuracies we are finding in the Technical Conference Transcript.

**ROVER PIPELINE**

An ENERGY TRANSFER Company

Union to work with the Rover shippers to accommodate that. We stand ready, as we have for the last 18 months, to discuss this with you.

In addition, we request that Union make a filing with the OEB correcting its mischaracterizations of our efforts to obtain the subject capacity, and provide Rover with a copy of that filing. We realize that a hearing is scheduled for November 22-24, 2016; therefore, your immediate attention in this regard is required. In the event Union fails or refuses to formally correct the record by Monday, November 21, 2016, please be advised that we may pursue other avenues to inform the OEB of the mischaracterizations, including directly providing a copy of this letter.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a horizontal line and a small flourish.

John Reid

Sr. Director – Business Development
Rover Pipeline LLC

cc: Jim Redford

Shorts, Chris

From: Reid, John <John.Reid@energytransfer.com>
Sent: November-17-16 10:13 AM
To: Shorts, Chris
Subject: FW: Union Panhandle Reinforcement Project

We would be available now until 10am CST, and then from 11am CST onwards. I am tied up this afternoon, so this morning would be best.

From: Reid, John
Sent: Thursday, November 17, 2016 9:00 AM
Subject: RE: Union Panhandle Reinforcement Project

Chris,

Would you and Jim be available for a call with Beth and me this morning?

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Thursday, November 17, 2016 8:27 AM
To: Reid, John <John.Reid@energytransfer.com>
Subject: RE: Union Panhandle Reinforcement Project

I received the letter and left you a voice mail....Chris

From: Reid, John [mailto:John.Reid@energytransfer.com]
Sent: November-17-16 9:11 AM
To: Shorts, Chris
Cc: Redford, Jim; Hickey, Beth A.; Erwin, Kevin
Subject: Union Panhandle Reinforcement Project

Please find attached a letter regarding Union's Panhandle Reinforcement Project.

John Reid | Sr. Director – Business Development
 Energy Transfer | 1300 Main St. | Houston, TX 77002
 P: 713.989.7143 | C: 713.444.1483 | IM: johnreid126
 Email: john.reid@energytransfer.com

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.

Redford, Jim

From: Redford, Jim
Sent: November 18, 2016 7:07 AM
To: Baker, Steve
Cc: Simpson, David
Subject: FW: Union Panhandle Reinforcement Project
Attachments: 11172016 - Letter to Union re Panhandle Reinforcement Project.pdf

We received a letter from ETP yesterday that states that we have mischaracterized our discussions with them on the Ojibway path. We have been in touch with Regulatory and will be responding. We are reviewing the response to Rover today and are likely to file our response (and their letter) with the OEB.

John Reid called Chris to discuss their issues and to let him know that a letter was coming. Beth Hickey called me to do the same.

We do not believe that we have mischaracterized our discussions. To your point on this proceeding, we will take the opportunity at the hearing to clarify a complex set of negotiations and discussions with ETP.

Jim Redford
Vice President, Business Development,
Storage & Transmission
519-436-4577

From: Reid, John [<mailto:John.Reid@energytransfer.com>]
Sent: November 17, 2016 9:11 AM
To: Shorts, Chris
Cc: Redford, Jim; Hickey, Beth A.; Erwin, Kevin
Subject: Union Panhandle Reinforcement Project

Please find attached a letter regarding Union's Panhandle Reinforcement Project.

John Reid | Sr. Director – Business Development
Energy Transfer | 1300 Main St. | Houston, TX 77002
P: 713.989.7143 | C: 713.444.1483 | IM: johnreid126
Email: john.reid@energytransfer.com

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Shorts, Chris

From: Reid, John <John.Reid@energytransfer.com>
Sent: November-18-16 1:07 PM
To: Shorts, Chris; Hickey, Beth A.
Cc: Redford, Jim
Subject: RE: Call

3:00pm CST works for me.

From: Shorts, Chris [<mailto:CShorts@uniongas.com>]
Sent: Friday, November 18, 2016 11:51 AM
To: Reid, John <John.Reid@energytransfer.com>; Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Cc: Redford, Jim <JRedford@uniongas.com>
Subject: Call

John/Beth, Jim and I are meeting at 1 today and then have a couple of meetings but would like to set up a call with you at around 3 pm your time....does that work?

Thanks

Chris



Chris Shorts
 Director, Business Development & Upstream Regulation
cshorts@uniongas.com
 Office (519) 436-4668 Cell (519) 365-0536
 fax (519) 436-5461

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Redford, Jim

From: Baker, Steve
Sent: November 20, 2016 12:03 PM
To: Redford, Jim
Cc: Hopper, Darlene
Subject: Re: PANHANDLE DISCUSSIONS

Categories: Important

We should talk - not sure I follow this - they say they could obligate supply but we need to bid for supply from River shippers? How does/would that work? When we bid for supply at Dawn it is just supply - we don't know or care how a producer or shopper gets the gas there - so I don't understand what ETP is actually offering or how this would be workable

So if directed by the OEB, we would have to contract for 75/d of supply from a rover shipper and then ETP would obligate at Ojibway - not sure this is a good deal

Let's discuss

Sent from my iPhone

On Nov 20, 2016, at 10:15 AM, Redford, Jim <JRedford@uniongas.com> wrote:

We teleconferenced with ETP/Rover (Beth and John) late Friday afternoon to discuss their letter.

- Rover is not interested in supporting expansion facilities within Union's system and would be satisfied with the existing capacity available at prevailing C1 rates (about 36 TJ/d) at a 15 year term.
- ETP also offered us 23 TJ/d of capacity from Panhandle FZ to Ojibway on a term less than 10 years (possibly could do 5 year term). This would replace the capacity we did not have ROFR rights on (and would protect supply if the Emera deal did not extend past October 31, 2019).
- Rover could obligate deliveries through Ojibway if we were directed to pursue by the OEB. We would need to bid for Dawn supply from Rover shippers and Rover would then route gas first through Ojibway (up to 75 mmcf/d Rover contract). My sense is that we would not get a Dawn price but the next best option at Ojibway (Panhandle FZ), particularly if the producers know that we have the obligation in place.

We need to respond to the Rover letter tomorrow morning. Would like to discuss recommendation with you.

Jim Redford, P. Eng.
Vice President, Business Development,
Storage & Transmission
Union Gas Limited | A Spectra Energy Company
50 Keil Drive North | Chatham, ON N7M 5M1
Direct Tel: 519.436.4577 Cell: 519-365-0510

<image001.jpg>

Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-21-16 9:34 AM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim
Subject: Re: Call

Categories: Red Category

Hey guys,
 1-2 est works best for John and i today. Will that work for you?

Thanks
 Beth.

On Nov 18, 2016, at 6:06 PM, Shorts, Chris <CShorts@uniongas.com> wrote:

We really appreciate the conversation as it provided needed clarity...we look forward to talking Monday...
 Chris

From: Reid, John [mailto:John.Reid@energytransfer.com]
Sent: November-18-16 2:52 PM
To: Shorts, Chris; Hickey, Beth A.
Cc: Redford, Jim
Subject: RE: Call

I sent a meeting invite with a call in number.

Thanks

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Friday, November 18, 2016 1:39 PM
To: Reid, John <John.Reid@energytransfer.com>; Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Cc: Redford, Jim <JRedford@uniongas.com>
Subject: RE: Call

Thanks John, did you want me to call your office?

From: Reid, John [mailto:John.Reid@energytransfer.com]
Sent: November-18-16 1:07 PM
To: Shorts, Chris; Hickey, Beth A.
Cc: Redford, Jim
Subject: RE: Call

3:00pm CST works for me.

From: Shorts, Chris [mailto:CShorts@uniongas.com]
Sent: Friday, November 18, 2016 11:51 AM

To: Reid, John <John.Reid@energytransfer.com>; Hickey, Beth A. <Beth.Hickey@energytransfer.com>

Cc: Redford, Jim <JRedford@uniongas.com>

Subject: Call

John/Beth, Jim and I are meeting at 1 today and then have a couple of meetings but would like to set up a call with you at around 3 pm your time.....does that work?

Thanks

Chris

<image001.jpg>

Chris Shorts

Director, Business Development & Upstream Regulation

cshorts@uniongas.com

Office (519) 436-4668 Cell (519) 365-0536

fax (519) 436-5461

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Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-21-16 10:54 PM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim
Subject: Re: Agreement

Chris,
 I have one slight add to the letter as I can't get hold of our ferc attorney. Could you please add "and pursuant to the PEPL ferc gas tariff" after the line about each parties management approvals?

Thanks
 Beth.

On Nov 21, 2016, at 10:34 PM, Shorts, Chris <CShorts@uniongas.com> wrote:

Beth, as per our conversations, please see the attached for you to sign and return. We have the necessary internal approvals....

Thanks
 Chris

<image001.jpg>

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Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-21-16 3:51 PM
To: Shorts, Chris; Redford, Jim
Cc: Reid, John; Hickey, Beth A.
Subject: Discussion this afternoon

Hi guys,

I spoke to Luke in Dallas. We would have an agreement in principal and would agree to rescind our letter if you can get to a 10 yr term on your pepl portfolio.

Let me know your thoughts or if you want to get on another call.

Thanks,

Beth.

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.

Shorts, Chris

From: Shorts, Chris
Sent: November-21-16 4:22 PM
To: Hickey, Beth A.
Cc: Redford, Jim; Reid, John
Subject: Re: Discussion this afternoon

Beth we are tied up for a bit and will call you when we can have a chance to discuss

Sent from my iPhone

On Nov 21, 2016, at 3:50 PM, Hickey, Beth A. <Beth.Hickey@energytransfer.com> wrote:

Hi guys,

I spoke to Luke in Dallas. We would have an agreement in principal and would agree to rescind our letter if you can get to a 10 yr term on your pepl portfolio.

Let me know your thoughts or if you want to get on another call.

Thanks,

Beth.

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.

Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-21-16 5:47 PM
To: Shorts, Chris
Cc: Redford, Jim; Reid, John
Subject: Re: Discussion this afternoon

Hey guys. We are good to go per our latest conversation. 8 yr term on both sides. Please forward emails as discussed.

Thanks
 Beth.

On Nov 21, 2016, at 4:34 PM, Shorts, Chris <CShorts@uniongas.com> wrote:

Beth, can we have a call now? The same number we used?

From: Hickey, Beth A. [mailto: Beth.Hickey@energytransfer.com]
Sent: November-21-16 3:51 PM
To: Shorts, Chris; Redford, Jim
Cc: Reid, John; Hickey, Beth A.
Subject: Discussion this afternoon

Hi guys,

I spoke to Luke in Dallas. We would have an agreement in principal and would agree to rescind our letter if you can get to a 10 yr term on your pepl portfolio.

Let me know your thoughts or if you want to get on another call.

Thanks,

Beth.

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Redford, Jim

From: Baker, Steve
Sent: November 21, 2016 6:35 PM
To: Redford, Jim
Subject: Re: PANHANDLE CAPACITY

Categories: Important

Did you have the discussion with them on obligation to deliver? Give me shout on cell and we can discuss

Thx Jim

Sent from my iPhone

On Nov 21, 2016, at 6:23 PM, Redford, Jim <JRedford@uniongas.com> wrote:

We reached an agreement on 8 years capacity with Panhandle Eastern for 57,000 Dth/d from Panhandle Field Zone to Ojibway. At \$0.42/Dth rate, the contract values will be approximately C\$94 million (US\$73.5 million). 37 Dth/d will start November 1, 2017. The remaining 21 Dth/d will start November 1, 2019. All contracts will have ROFR Rights.

This secures capacity for our Panhandle System beyond 2019 and is complementary to the Proposed Panhandle Reinforcement Project. I am asking your approval to execute a letter of intent for this transportation capacity with Panhandle Eastern.

We have also agreed to an 8 year C1 Ojibway to Dawn transportation contract with renewal rights. I will ask Patti Pielt to prepare a contract for execution by Rover Pipeline. This will also be included in the Letter of Intent.

Jim Redford, P. Eng.
 Vice President, Business Development,
 Storage & Transmission
 Union Gas Limited | A Spectra Energy Company
 50 Keil Drive North | Chatham, ON N7M 5M1
 Direct Tel: 519.436.4577 Cell: 519-365-0510

<image001.jpg>

Shorts, Chris

From: Shorts, Chris
Sent: November-21-16 10:38 PM
To: Hickey, Beth A. (Beth.Hickey@energytransfer.com)
Cc: john.reid@energytransfer.com; Redford, Jim
Subject: Opening Statement

Beth, we are still working on the opening statement that has been broadened yet we have very limited time on the agenda. Jim and I and others are still drafting but we will send a copy likely tomorrow morning if that is OK...
 Chris



Chris Shorts
 Director, Business Development & Upstream Regulation
cshorts@uniongas.com
 Office (519) 436-4668 Cell (519) 365-0536
 fax (519) 436-5461

Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-22-16 12:03 AM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim
Subject: Fwd: Agreement

Some additional nits on our entities name

Panhandle Eastern Pipe Line Company, LP.

Rover Pipeline LLC.

And Energy Transfer Partners, LP.

From: "Shorts, Chris" <CShorts@uniongas.com>
Date: November 21, 2016 at 10:34:14 PM EST
To: "Hickey, Beth A. (Beth.Hickey@energytransfer.com)"
 <Beth.Hickey@energytransfer.com>, "john.reid@energytransfer.com"
 <john.reid@energytransfer.com>
Cc: "Redford, Jim" <JRedford@uniongas.com>
Subject: Agreement

Beth, as per our conversations, please see the attached for you to sign and return. We have the necessary internal approvals....

Thanks

Chris

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Sent: November-22-16 12:03 AM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim
Subject: Re: Agreement

That should work. I have also sent a separate email with a couple of corrections on our legal entity names.
 Thanks
 Beth.

On Nov 21, 2016, at 11:26 PM, Shorts, Chris <CShorts@uniongas.com> wrote:

Beth we can add that but I am not near a scanner so can I send it to you in the morning after I make the change and get Jim to sign.?

Sent from my iPhone

On Nov 21, 2016, at 10:54 PM, Hickey, Beth A. <Beth.Hickey@energytransfer.com> wrote:

Chris,
 I have one slight add to the letter as I can't get hold of our ferc attorney. Could you please add "and pursuant to the PEPL ferc gas tariff" after the line about each parties management approvals?

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Redford, Jim

From: Baker, Steve
Sent: November 22, 2016 8:13 AM
To: Redford, Jim
Subject: RE: PANHANDLE CAPACITY

Categories: Important

Thx Jim - Approved

Steve

From: Redford, Jim
Sent: November-21-16 6:23 PM
To: Baker, Steve
Subject: PANHANDLE CAPACITY
Importance: High

We reached an agreement on 8 years capacity with Panhandle Eastern for 57,000 Dth/d from Panhandle Field Zone to Ojibway. At \$0.42/Dth rate, the contract values will be approximately C\$94 million (US\$73.5 million). 37 Dth/d will start November 1, 2017. The remaining 21 Dth/d will start November 1, 2019. All contracts will have ROFR Rights.

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We have also agreed to an 8 year C1 Ojibway to Dawn transportation contract with renewal rights. I will ask Patti Pielt to prepare a contract for execution by Rover Pipeline. This will also be included in the Letter of Intent.

Jim Redford, P. Eng.
 Vice President, Business Development,
 Storage & Transmission
 Union Gas Limited | A Spectra Energy Company
 50 Keil Drive North | Chatham, ON N7M 5M1
 Direct Tel: 519.436.4577 Cell: 519-365-0510



Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-22-16 9:15 AM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim; Hickey, Beth A.
Subject: Re: Agreement
Attachments: ETP Union.pdf

Chris and Jim,
 See attached executed agreement.
 Thanks,
 Beth.

From: Shorts, Chris <CShorts@uniongas.com>
Sent: Tuesday, November 22, 2016 7:02:55 AM
To: Hickey, Beth A.
Cc: Reid, John; Redford, Jim
Subject: RE: Agreement

See attached revision...

From: Hickey, Beth A. [<mailto:Beth.Hickey@energytransfer.com>]
Sent: November-22-16 12:03 AM
To: Shorts, Chris
Cc: Reid, John; Redford, Jim
Subject: Fwd: Agreement

Some additional nits on our entities name

Panhandle Eastern Pipe Line Company, LP.
 Rover Pipeline LLC.
 And Energy Transfer Partners, LP.

From: "Shorts, Chris" <CShorts@uniongas.com>
Date: November 21, 2016 at 10:34:14 PM EST
To: "Hickey, Beth A. (Beth.Hickey@energytransfer.com)"
 <Beth.Hickey@energytransfer.com>, "john.reid@energytransfer.com"
 <john.reid@energytransfer.com>
Cc: "Redford, Jim" <JRedford@uniongas.com>
Subject: Agreement

Beth, as per our conversations, please see the attached for you to sign
 and return. We have the necessary internal approvals....
 Thanks
 Chris

<image001.jpg>

Chris Shorts
Director, Business Development & Upstream Regulation
cshorts@uniongas.com
Office (519) 436-4668 Cell (519) 365-0536
fax (519) 436-5461

This email communication and any files transmitted with it may contain confidential and or proprietary information provided for the use of the intended recipient only. Any review, retransmission or dissemination of this information other than the intended recipient is prohibited. If you receive this email in error, please contact the sender and delete the communication and any copies immediately. Thank you.

<image.pdf>

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.



uniongas

A Spectra Energy Company

Filed: 2016-11-22

EB-2016-0186

Attachment 1

Page 25 of 37

Beth Hickey
Senior Vice President Interstate
Energy Transfer Partners, LP

November 21, 2016

Beth,

Based on our recent telephone conversations, Union Gas Limited ("Union") and Energy Transfer Partners, LP ("ETP") agree to commit to the following terms subject to each parties respective management approval and pursuant to the PEPL FERC gas tariff.

Under the proposal below, Union and ETP would commit to the following:

Proposal Detail

To ensure Union can retain full Right of First Refusal (ROFR) on its entire Panhandle Eastern Pipe Line Company, LP ("PEPL") Firm Transportation portfolio, Union commits to contract the following from PEPL:

- Renew 25,000 Dth/d of current renewable firm transportation capacity from PEPL FZ to Ojibway effective November 1, 2017 for a term of 8 years at a max tariff rate
- Renew 10,000 Dth/d of current renewable firm transportation capacity from PEPL FZ to Ojibway effective November 1, 2017 for a term of 8 years at max tariff rate.
- Contract 22,000 Dth/d of new firm renewable transportation capacity from PEPL FZ to Ojibway effective November 1, 2019 for a term of 8 years at max tariff rate.

To ensure ETP and more specifically Rover Pipeline, LLC ("Rover") can secure the necessary firm transportation capacity on Union from Ojibway to Dawn, Rover commits to the following:

- Contract 35,000 GJ/d of new firm renewable transportation capacity from Ojibway to Dawn effective November 1, 2017 for a term of 8 years at posted C1 tolls,

Sincerely,

Jim Redford

Vice President, Business Development Storage and Transmission
Union Gas Limited

Acknowledged and Agreed to this 22 day of Nov, 2016

Energy Transfer Partners, LP

Shorts, Chris

From: Shorts, Chris
Sent: November-22-16 9:16 AM
To: Hickey, Beth A. (Beth.Hickey@energytransfer.com)
Cc: john.reid@energytransfer.com; Redford, Jim
Subject: Union Opening
Attachments: Opening Statement - Panhandle.docx

Beth, as I indicated, for your interest is the opening statement summarizing our case and updating the parties on the arrangement we have agreed to....Jim and I will be reading this into the record starting at 9:30 this morning.
Chris



Chris Shorts
Director, Business Development & Upstream Regulation
cshorts@uniongas.com
Office (519) 436-4668 Cell (519) 365-0536
fax (519) 436-5461

Opening Statement

Panhandle Reinforcement Project Oral Hearing

Good morning. Mr. Shorts and myself will be providing an overview of the project. We will be taking you through each of the five points on the screen.

Let me start with Need.

Beginning the winter of 2017/2018, there is no pipeline capacity available to attach firm in-franchise customers in the areas served by Union's Panhandle Transmission System. Union is already having to say "no" to incremental firm load growth requests from contract rate customers and, without the proposed facilities, will need to refuse service requests from general service customers, including residential customers.

Union has significant unfulfilled demand for firm service on the Panhandle System. In addition to existing unfulfilled demand, Union has received incremental requests for firm service since this Application was filed with the Board. The demand for firm service comes from all market segments and geographic areas across Union's Panhandle System. Union is in the process of contracting for the forecasted 2017 contract rate class demand and already has indications of further strong demand for 2018.

Reinforcing the Panhandle Transmission System is a necessary investment in order to attach any customers, even general service customers, and is fundamental to the economic well-being of this specific area of the Province and, more broadly, Ontario. The Proposed Project:

- 1. Provides competitive and affordable energy supply;**
- 2. Assists to retain industry and business, and attract new industry and business;**
- 3. Helps to encourage economic growth; and**
- 4. Will create employment opportunities.**

Without further capacity, economic development in the region will be negatively impacted, businesses will choose to locate to other jurisdictions where affordable natural gas is available and existing businesses will not proceed with expansions nor will new businesses be attracted to this area resulting in lost job opportunities and homeowners will need to pay for more expensive energy options.

Let me now address the second item: Why Union's current Panhandle System cannot accommodate that Need and how the Proposed Project satisfies that Need:

The Panhandle Transmission System consists of two pipelines – the NPS 16 pipeline which runs from Dawn to Ojibway and the NPS 20 pipeline which runs from Dawn to the Sandwich Compressor Station, then ultimately connects into the NPS 16 pipeline at the NPS 16/20 Junction.

The NPS 16 pipeline serves Chatham-Kent and the northern half of Essex County; while the NPS 20 pipeline serves the southern half of Essex County. The City of Windsor is served by both the NPS 16 pipeline and the NPS 20 pipeline. The flow from the NPS 20 pipeline is controlled at Sandwich to ensure that the primary feed into Windsor is the NPS 16 pipeline. This operation retains the greatest amount of

capacity on the NPS 20 pipeline to serve the Leamington / Kingsville market.

Approximately 90 % of the Design Day Panhandle System demand is served from the Dawn Hub where Union's storage and gas supply is located. Approximately 10% of the Design Day Panhandle System demand is served using Union's firm gas supply for sales service customers, which arrives at Ojibway via Panhandle Eastern.

With respect to Ojibway, the ability to import gas into Union's system is limited by the ability of the local market to consume that gas and the ability of the existing transmission system and Sandwich Compressor Station to move the remainder back towards Dawn. In the summer, the firm import capability is limited to 115 TJ/d and in the winter, the firm import capability is limited to 140 TJ/d.

At Ojibway, Union relies on 60 TJ/d of gas supply to meet Panhandle Transmission System demand on Design Day. Union has historically contracted for capacity to import gas at Ojibway, providing diversity to its gas supply portfolio. Since 2013, Union's firm Ojibway imports have had the effect of deferring reinforcement of the Panhandle Transmission System.

Growth in both the Windsor and Leamington/Kingsville markets requires additional flow on the NPS 20 pipeline that cannot be delivered by the existing facilities. To increase capacity, higher pressure gas must be carried further west on the NPS 20 pipeline toward the market area.

The proposed NPS 36 pipeline, which replaces a portion of the existing NPS 16 pipeline, will increase the pressure along the existing NPS 20

pipeline, in turn, raising the inlet pressure to the existing laterals that service the distribution markets, and increasing firm capacity of the Panhandle Transmission System.

I'll turn it over to Mr. Shorts to address the fourth item: What other alternatives were considered.

As part of its pre-filed evidence, Exhibit A, Tab 6, Union considered a number of alternatives, including other new facility designs; additional supply at Ojibway combined with new facilities; and LNG/CNG alternatives. All of these alternatives were less economic than the Proposed Project and/or were not practical solutions. For the most part, these alternatives rely on 60 TJ/d of firm supply arriving at Ojibway on a Design Day. Union is comfortable that this level of supply sourced through Panhandle Eastern provides the appropriate level of diversity to its gas supply portfolio while supporting the western end of the Panhandle System.

To that end, Union and Panhandle Eastern have continued discussions with respect to capacity and the required contracting terms. Union has consistently been interested in ensuring that 60 TJ/d in total firm transportation capacity is controlled by Union at Ojibway. As part of the 60 TJ/d today, Union relies on a delivered service from a third party of 21 TJ/d to provide firm supply to Ojibway. The contract for the delivered service expires on October 31, 2019 and does not have renewal rights. Union has noted that this 21 TJ/d of delivered supply may not be available after October 31, 2019. Without the delivered supply, it will create a situation where Design Day demand cannot be satisfied.

As an update, Union has very recently agreed to contract for 23 TJ/d of firm transportation to Ojibway on Panhandle Eastern starting November 1, 2019 to provide certainty post 2019. Union will also renew its 37 TJ/d of existing transportation contracts with Panhandle Eastern effective November 1, 2017. All of this capacity includes ROFR, Right of First Refusal, rights. This secures 60 TJ/d of long-term firm transportation to Ojibway to support the western end of the Panhandle System – and puts Union back in the position we have been in since 2012. This contracting arrangement is consistent with Union’s proposal in this proceeding.

As can be seen in the communications filed as part of this proceeding, Rover Pipeline has been interested in contracting for transportation capacity on Union’s system from Ojibway to Dawn since 2015. I can also report that Rover Pipeline will be contracting for the remaining 35 TJ/d of existing capacity on Union’s system from Ojibway to Dawn through a long-term renewable C1 transportation contract. Rover Pipeline will be using this capacity to provide its shippers with a delivered service to Dawn. This contract increases the committed capacity from Ojibway to Dawn on Union’s system to the full 115 TJ/d described earlier.

Let me now turn to: Why additional imports at Ojibway are not a viable option.

It has been suggested that more supply at Ojibway is a pipeline capacity solution. Union does not support that notion and does not believe it is prudent. As stated earlier, Union supports 60 TJ/d of Ojibway deliveries in the sales service gas supply portfolio.

Let me start by saying that, the lack of liquidity at Ojibway does not support purchasing supply at that point. There is limited flow at this trans-shipment point between two pipeline systems. There are a limited number of counterparties to do business with. And there is a lack of transparency at Ojibway as it is not a reported trading point.

The only way to obligate supply at Ojibway is for Union to control the supply, similar to how Union controls 90% of the supply for the Panhandle Transmission System that comes from Dawn. Union can control supply to Ojibway by contracting for firm transportation capacity on Panhandle Eastern or through a firm delivered service – such as a delivered supply service.

Union has discussed the issue of obligated flow through Ojibway with Rover Pipeline and while Rover Pipeline would consider such an arrangement for up to 35 TJ/d, Union would still be required to control the supply by purchasing from Rover shippers at Dawn. The agreements associated with an obligation arrangement would be complex.

This would, in effect, limit Union to purchasing supply from only Rover shippers in a much larger Dawn market. Our view is that Rover shippers will price supply to reflect Union's next best option, which for an obligation at Ojibway, would be supply delivered from the Mid-Continent, more specifically Panhandle Field Zone. This supply would be priced at a premium, significantly higher than Dawn supply as we have noted in our pre-filed evidence and in information responses.

In fact, Union has had experience in markets with very few supply options. Prior to building the Burlington Oakville Pipeline, Union relied on a delivered service from third parties. The price of that

service increased three-fold as Union's alternatives for supply became limited.

There is also some uncertainty that supply will be available from Rover shippers at Dawn to support any obligated deliveries at Ojibway. The Rover Pipeline Project remains targeted for an in-service date of November 1, 2017 to Vector/Dawn. However, it is unclear at this point what the utilization will be at November 1, 2017, assuming the Rover Pipeline is constructed on-time, particularly as producers ramp up production to fill their capacity, build midstream assets to connect to the Rover Pipeline and seek premium markets served by the Rover Pipeline, including the Gulf Coast. Union does not control the Rover supply to Dawn and therefore this would create significant price and availability risk.

With respect to the suggestion of securing 175 TJ/d of supply at Ojibway, Union cannot support this suggestion. 175 TJ/d represents 35% of Union's total sales service gas supply. A commitment of this size would significantly reduce diversity in Union's gas supply portfolio. Dawn purchases and the ability to contract other paths (such as delivered services or Michigan supply) would be reduced to less than 20 TJ/d in a portfolio that is nearly 500 TJ/d; eliminating flexibility currently built into Union's gas supply plan. 175 TJ/d would amount to a significant commitment to the Mid-Continent purchases at Panhandle Field Zone which are at a premium to Dawn and other sources.

For all of these reasons, Union does not support an increase in reliance on firm Ojibway supply, whether that be an additional 35 TJ/d or a total of 175 TJ/d, to satisfy the demands of the growing

Panhandle System market. The Proposed Project eliminates the uncertainty surrounding incremental obligated supply through Ojibway and locks in costs for our customers – in other words, the Proposed Project effectively manages price and availability risk while meeting the growing needs of our customers.

Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-22-16 9:19 AM
To: Shorts, Chris
Cc: Redford, Jim; Reid, John; Hickey, Beth A.
Subject: Re: Discussions

Chris,
 I agree with your statement in the attached email below.
 Nothing in this email shall deem to waive ETP's rights in this matter or future matters.

Thanks,
 Beth.

From: Shorts, Chris <CShorts@uniongas.com>
Sent: Monday, November 21, 2016 9:36:01 PM
To: Hickey, Beth A.
Cc: Redford, Jim; Reid, John
Subject: RE: Discussions

Beth, based on our discussions, can you please confirm that the following conveys your thoughts about your letter and reply accordingly.

That based on conversations with Union on Nov 17 and Nov 18, in which Rover understands the basis of statements made at the technical conference, Energy Transfer no longer has any concerns related to the comments included in the letter from Rover to Union dated Nov 17, 2016 and retracts those concerns included in said letter.

Thanks
 Chris

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.

Shorts, Chris

From: Shorts, Chris
Sent: November-22-16 10:10 AM
To: 'Hickey, Beth A.'
Cc: Redford, Jim; Reid, John
Subject: RE: Discussions

Thanks for getting back to me....Chris

From: Hickey, Beth A. [mailto:Beth.Hickey@energytransfer.com]
Sent: November-22-16 9:19 AM
To: Shorts, Chris
Cc: Redford, Jim; Reid, John; Hickey, Beth A.
Subject: Re: Discussions

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Thanks
 Chris

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.

Shorts, Chris

From: Hickey, Beth A. <Beth.Hickey@energytransfer.com>
Sent: November-22-16 5:46 PM
To: Shorts, Chris; Redford, Jim
Cc: Reid, John; Hickey, Beth A.
Subject: Fw: ETP follow up

Chris and Jim,

Thank you for the multiple discussions over the past few days that have helped John and myself better understand the context of your comments during the technical conference. As stated in our last call, Energy Transfer no longer has any concerns about the comments described in our letter dated Nov 17, 2016 and retracts our concerns included in that communication. In specific, we understand and agree that Union has been dealing with us in good faith and, in our opinion, has not been misleading the OEB.

Please do not hesitate to contact me should you wish to discuss further.

Regards,
Beth.

Private and confidential as detailed [here](#). If you cannot access hyperlink, please e-mail sender.