

REF: Exhibit A, Tab 1, Page 16 and Appendix A, Schedule 6

Preamble: Lines 11-15 read: *“The deferral account balance is a debit from ratepayers of \$0.235 million plus interest of \$0.002 million, for a total of \$0.237 million. This balance represents an under-recovery of the Board approved deferral account balances in EB-2015-0010 (Union’s 2014 Deferral Account Disposition). Please see Tab 1, Appendix A, Schedule 6, p. 1 for a summary of the applicable deferral account balances by application.”*

A view of the schedule provides a breakdown of the allocations to Delivery and Gas Supply Commodity/Transportation. We would like to understand this request better.

- 1) Please provide the specific deferral accounts and there approved dispositions that are being aggregated and allocated into the respective categories and the principles or evidence that supports that approach.

REF: Exhibit A, Tab 1, Page 19 and LPMA Interrogatory #3 (submitted June 13, 2017)

Preamble: We would like to understand better the impact of the methodology on the establishment of the target NAC.

- 2) Supplemental to the questions asked in LPMA #3, please provide the monthly forecasted and actual heating degree days and actual monthly volumes in the form of Excel spreadsheets with working formulae that determine:
 - a) the targeted annual NAC
 - b) the resulting actual NAC
- 3) Please provide all studies Union has undertaken by its own staff or consultants that demonstrate that this estimation of normalized annual volumes is appropriate for the purposes of comparing actual volumes to target NAC's and determining volume variances that result in a true-up of recovery for normal weather in the year of determination.

REF: Exhibit A, Tab 1, Pages 27-28 and EB-2016-0296 Exhibit B.FRPO.3 Attachment 1

Preamble: We would like to understand better the reasons behind the substantial increase in UFG.

- 4) Please provide the IR response addressing UFG from EB-2016-0296.
- a) Please provide any additional internal reports generated for the Steering Committee or individual(s) responsible for UFG that address levels of UFG in 2016.
 - b) Please provide the impact of Storage Adjustments on the level of UFG.
 - c) How much cost was allocated to non-utility storage and how was it determined?
 - d) Is the \$20.969M total for UFG net of the cost allocated to non-utility storage?

REF: Exhibit A, Tab 1, Pages 44-46 and EB-2013-0365 Settlement Agreement and EB-2016-0245 Settlement Agreement pages 17-20

Preamble: We are interested in understanding better the application of principles from the EB-2013-0365 Settlement Agreement to the current situation and the deferral account 179-138.

Excerpt from the EB-2013-0365 read:

The ultimate objective of the modified proposal is to remedy an inequity. The guiding principle is to keep Union whole rather than to enhance or reduce its earnings during the operation of the Incentive Regulation Mechanism (“IRM”) to December 31, 2018. (emphasis added).

....

10. Union will include in its annual rate case filings a report on:

(a) Capacity that could become available, or could be made available, in the 2 years commencing with the test year, and could be used to further reduce the PDO in place at the time of the rate case filing on a more cost effective (i.e. lower revenue requirement) basis than the cost of the PDCI. Parties in the rate review process may explore any such options and advocate for further physical displacement of remaining PDOs to Dawn or other delivery points less costly to deliver to than Parkway.

(c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall (described in paragraph B.2) to acquire incremental resources, the costs of which are not already recovered in base rates, Y factors and/or existing deferral and variance accounts.

If the costs incurred to manage the Parkway delivery shortfall component of the PDO reduction in any year are less than the annual demand costs related to the shortfall in that year and actual fuel costs in that year for capacity equal to the shortfall capacity, then the entire amount of such cost savings will accrue to Union.

Conversely, if the actual costs in any year to manage the Parkway Delivery shortfall in that year exceed annual demand costs and actual fuel costs in that year for capacity equal to the shortfall amount, then Union will be entirely responsible for those excess costs. Parties further agree that ratepayers will be entitled to recover from Union that portion of the costs incurred by Union to manage the Parkway Delivery shortfall to the extent that the cost of the measures used by Union to manage the shortfall are already covered in base rates, Y factors and/or existing deferral or variance accounts.

- 5) For each of 2014/15, 2015/16, 2016/17 and 2017/18, please provide:
 - a) The forecasted amount of Dawn-Parkway capacity
 - b) The forecasted peak-day requirements
 - c) The amount of capacity recovered in base rates, Y factors and/or existing deferral or variance accounts (broken out by each category of recovery).
 - d) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall to acquire incremental resources, the costs of which are not already recovered in base rates Y factors and/or existing deferral and variance accounts.
 - e) For each of the requested winters, please provide the dates of interruptions of customers on the Dawn-Parkway system and the Heating Degree Days associated with each day of interruption.
- 6) For the last 3 calendar years, please provide the monthly revenues generated from Dawn-Parkway optimization and the amount of Dawn-Parkway utilized and the resulting average \$/GJ/day of for each month.
- 7) For each of the last 3 calendar years, please provide the total PDCI collected in rates and the amount of PDCI paid out to the parties who obligated volumes at Parkway.

REF: Exhibit A, Tab 1, Pages 65-66 and EB-2013-0202, Exhibit A, Tab 1, Pages 35-36

Preamble: We would like to understand how this proposed disposition meets the definition of material difference and the criteria for a Z-factor adjustment in the Board-approved IRM Settlement Agreement.

- 8) Please provide Union's understanding of the Board's definition of material difference.
- 9) Please provide Union's interpretation of the qualification of this request in meeting the criteria established in the Settlement Agreement.