

September 26, 2017

Ms. Kirsten Walli  
OEB Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0087 – Union Gas Limited – 2018 Rates Evidence**

Union Gas Limited ("Union") filed an application on September 20, 2017 with the Ontario Energy Board ("OEB") for an Order of the OEB approving or fixing rates for the distribution, transmission and storage of natural gas, effective January 1, 2018.

Please find attached evidence from Union in support of that application.

If the proposed 2018 Rate changes are approved by the OEB, the net annual bill increase for a typical Union South residential customer consuming 2,200 m<sup>3</sup> per year will be \$9.60 per year and the net annual bill increase for a typical Union North residential customer consuming 2,200 m<sup>3</sup> per year will range from \$10.75 to \$14.03 per year.

Union seeks the OEB's issuance of the final Rate Order by November 30, 2017 to ensure the implementation of 2018 Rates by January 1, 2018. In the event that the OEB does not issue a Rate Order by November 30, 2017 for implementation, Union seeks an Order of the OEB declaring interim approval of Union's rates as filed, as of January 1, 2018. Union proposes to deal with any retrospective impact of the OEB's Decision through a rate rider for general service rate classes and a one-time adjustment for all other rate classes, which will recover any changes in rates ultimately approved by the OEB's Order with effect from January 1, 2018.

Yours truly,

*[Original signed by]*

Adam Stiers  
Manager, Regulatory Initiatives

c.c.: EB-2016-0245 Intervenor  
Crawford Smith, Torys

Tab 1

**PREFILED EVIDENCE**

The purpose of this evidence is to describe proposed changes to Union’s regulated transportation, storage and distribution rates effective January 1, 2018 determined in accordance with the OEB-approved 2014-2018 Incentive Regulation (“IR”) application and evidence (EB-2013-0202), Settlement Agreement and supporting evidence (collectively “the Agreement”), approved on October 7, 2013. The Agreement sets out a multi-year incentive ratemaking mechanism (“IRM”) for calendar years 2014 to 2018.

The 2018 rate setting process described below follows the same approach used to set 2017 Rates in EB-2016-0245. Distribution revenue and rates associated with Union’s Cap-and-Trade program have been excluded from this evidence and will be filed with the 2018 Cap-and-Trade Compliance Plan application and evidence (EB-2017-0255).

This evidence is organized as follows:

Tab 1 – Price Cap Index

Tab 2 – Parkway Delivery Obligation Reporting

Tab 3 – Gas Supply Memorandum

**PRICE CAP INDEX**

The Agreement includes a price cap index (“PCI”), where rates are a function of the following factors:

- an inflation factor (“I Factor”);
- a productivity factor (“X Factor”);
- certain non-routine adjustments (“Z Factors”);
- certain predetermined pass-throughs (“Y Factors”); and,
- an adjustment for normalized average consumption (“NAC”) to reflect changes in consumption in the general service rate classes.

This evidence is organized similarly as follows:

1. I Factor and X Factor Adjustments
2. Z Factor Adjustments
  - 2.1. Tax Savings
3. Y Factor Adjustments
  - 3.1. Cost of Gas and Upstream Transportation Costs
  - 3.2. Demand Side Management Budget Changes
  - 3.3. Lost Revenue Adjustment Mechanism for Contract Rate Classes
  - 3.4. Unaccounted for Gas Volume Variances
  - 3.5. Major Capital Additions
4. Normalized Average Consumption Adjustment

- 1        5. Union North Cost Allocation and Rate Design Implementation
- 2        6. Customer Bill Impacts
- 3        7. Rate Schedule Changes
- 4            7.1. Update to Cap-and-Trade Unit Rate Presentation
- 5            7.2. Update to Rate M12 Schedule "C"
- 6            7.3. Update to Rate M13 Terms of Service
- 7        8. New Deferral Account Requests
- 8        9. Deferral Account Closure Requests
- 9            9.1. Energy East Pipeline Consultation Costs Deferral Account
- 10       10. Implementation
- 11       11. Distribution Interruptions

1 A summary of Union's 2018 proposed revenue changes is provided in Table 1 below.

Table 1  
Proposed Changes in Revenue  
Effective January 1, 2018

| Line<br>No. | Particulars                           | (\$000's)            |
|-------------|---------------------------------------|----------------------|
|             | <u>Summary Change in Revenue (1):</u> |                      |
| 1           | 2018 Proposed in EB-2017-0087         | 1,272,665            |
| 2           | 2017 Approved in EB-2017-0278         | <u>1,211,406</u>     |
| 3           | Net Change (line 1 - line 2)          | <u><u>61,259</u></u> |
|             | <u>Detail Change in Revenue:</u>      |                      |
| 4           | 2018 Price Cap Index (0.51%)          | 4,639                |
| 5           | 2018 DSM Budget Change                | 4,702                |
| 6           | 2018 Capital Pass-throughs            | 52,855               |
| 7           | 2018 Parkway Delivery Obligation      | (1,130)              |
| 8           | 2018 Gas Supply Plan                  | <u>193</u>           |
| 9           | Total (line 4 through line 8)         | <u><u>61,259</u></u> |

2

Notes:

3 (1) Revenue excludes Cap-and-Trade revenues.

4

4 A description of supporting schedules is provided in the Overview of Working Papers

5 document following Tab 1.

1 **1. I FACTOR AND X FACTOR ADJUSTMENTS**

2 The I Factor used in Union's PCI mechanism is the actual year-over-year percentage change  
3 in the annualized average of four quarters of Statistics Canada's Gross Domestic Product  
4 Implicit Price Index Final Domestic Demand ("GDP IPI FDD"). The I Factor is adjusted  
5 annually on this basis with no restatement for adjustments by Statistics Canada. For 2018  
6 Rates, the I Factor is 1.27%. It is based on the actual change in the GDP IPI FDD from 2016  
7 Q2 to 2017 Q2. The calculation is provided at Rate Order, Working Papers, Schedule 1.  
8 The approved annual X Factor for the IR term is expressed as a percentage of inflation.  
9 Specifically, for each year of the IR term productivity is 60% of GDP IPI FDD, inclusive of a  
10 stretch factor. This results in an annual rate escalation factor, before the impact of Y Factor  
11 and Z Factor adjustments and earnings sharing, of 40% of GDP IPI FDD. For 2018 Rates, the  
12 X Factor is 0.76% and the PCI is 0.51%.

13  
14 **2. Z FACTOR ADJUSTMENTS**

15 **2.1. TAX SAVINGS**

16 Consistent with the Agreement, Union will maintain an equal and symmetrical sharing of tax  
17 changes over the IR term, sharing the impact of tax changes 50:50 as applied to the tax level  
18 reflected in rates. Beginning January 1, 2017, changes were made to the tax treatment of  
19 cumulative eligible capital ("CEC") as described in Union's 2017 Rates application and  
20 evidence. The financial impact to 2018 Rates is approximately \$2,000, subject to 50:50 sharing.  
21 Due to materiality, Union has not reflected this amount in 2018 Rates.

1 **3. Y FACTOR ADJUSTMENTS**

2 The Agreement provided for a number of Y Factors which are not adjusted as part of the price  
3 cap formula and are passed-through to customers in rates. The 2018 Y Factors are described  
4 below:  
5

6 3.1. COST OF GAS AND UPSTREAM TRANSPORTATION COSTS (AS DEFINED IN EB-2011-0210)

7 Union's current upstream gas costs are as filed in Union's October 1, 2017 Quarterly Rate  
8 Adjustment Mechanism ("QRAM") application and evidence (EB-2017-0278). Changes in  
9 upstream gas costs will continue to be determined using the OEB-approved QRAM  
10 methodology. Rate Order, Working Papers, Schedule 15 provides the allocation of upstream  
11 transportation costs by rate class included in the current approved revenue.  
12

13 3.2. DEMAND SIDE MANAGEMENT ("DSM") BUDGET CHANGES

14 Consistent with the OEB's revised Decision in the 2015-2020 DSM Plan proceeding (EB-  
15 2015-0029) dated February 24, 2016, Union has included an approved DSM budget of \$63.3  
16 million in 2018 Rates. The difference between the 2018 DSM budget and actual 2018 DSM  
17 budget will be captured in the Demand Side Management Variance Account ("DSMVA").  
18 The allocation of the 2018 DSM budget to rate classes can be found at Rate Order, Working  
19 Papers, Schedule 11.



1    3.3. LOST REVENUE ADJUSTMENT MECHANISM (“LRAM”) FOR CONTRACT RATE CLASSES

2    Union will continue to adjust volumes and calculate rates to capture the LRAM volume  
3    impacts. As the audit processes associated with the 2015 and 2016 DSM Program results are  
4    not yet complete, Union is not able to true-up the 2015 pre-audit volume adjustment made in  
5    2017 Rates and proposes to adjust 2018 volumes by 2016 pre-audit results. Union will true-  
6    up the 2015 pre-audit volume adjustment made in 2017 Rates in the annual rates adjustment  
7    application and evidence following receipt of final 2015 DSM Program results. The variance  
8    related to the difference between the 2015 and 2016 pre-audit and post-audit results will be  
9    captured in the LRAM Deferral Account until the LRAM volume impacts are trued up in an  
10   annual rate adjustment as described above.

11  
12   Consistent with 2017 Rates, the 2016 pre-audit LRAM results by rate class are determined  
13   based on the rate class of a customer at December 31, 2016.<sup>1</sup> In order to align the 2016 pre-  
14   audit LRAM results with the 2013 OEB-approved volumes, Union transferred a portion of  
15   2016 LRAM pre-audit volumes for customers in Rate M7 (7,187 10<sup>3</sup>m<sup>3</sup>) to rate classes M4  
16   and M5A based on the rate class of customers in 2013 OEB-approved volumes. Rate Order,  
17   Working Papers, Schedule 17 provides the LRAM volume adjustments by rate class.

18  
19   3.4. UNACCOUNTED FOR GAS (“UFG”) VOLUME VARIANCES

20   Union has not made an adjustment to 2018 Rates associated with UFG volume variances.

21   Consistent with the Agreement, UFG cost changes resulting from a difference between the UFG

---

<sup>1</sup> EB-2016-0245, Tab 1, p.6.

1 volume included in rates and the actual UFG volume will be recorded in the UFG Volume  
2 Variance Account.<sup>2</sup>

3  
4 3.5. MAJOR CAPITAL ADDITIONS

5 Consistent with the Agreement, Union has treated approved major capital projects as Y Factor  
6 adjustments to 2018 Rates.

7  
8 Union has included the OEB-approved 2018 costs for each of the following capital pass-  
9 throughs, in 2018 Rates:

- 10 1. Parkway West Project – EB-2012-0433;  
11 2. Brantford-Kirkwall/Parkway D Project – EB-2013-0074;  
12 3. Dawn Parkway 2016 System Expansion Project – EB-2014-0261;  
13 4. Burlington Oakville Pipeline Project – EB-2014-0182;  
14 5. 2017 Dawn Parkway Project – EB-2015-0200; and,  
15 6. Panhandle Reinforcement Project – EB-2016-0186.

16  
17 Please see Rate Order, Working Papers, Schedule 10 for the 2018 rate adjustments by rate class.

18  
19 Panhandle Reinforcement Project

20 The Panhandle Reinforcement Project (“Panhandle Project”) was approved by the OEB on  
21 February 23, 2017 in the OEB’s Decision and Order related to Union’s Leave-to-Construct

---

<sup>2</sup> Rate Order, Appendix F, p.19.

1 application and evidence (EB-2016-0186). In its Decision and Order, the OEB approved the  
2 capital pass-through treatment of the Panhandle Project subject to two conditions, “*First, the*  
3 *OEB is only pre-approving the recovery of the Project costs up to the current estimate of \$264*  
4 *M. Second, the Project costs will only be incorporated into rates in 2018, assuming the Project is*  
5 *completed and in service.*”<sup>3</sup> In accordance with the OEB Decision, Union has included the cost  
6 consequences of the Panhandle Project in 2018 Rates based on the estimated total capital cost of  
7 \$264.5 million and the forecasted in-service date of November 1, 2017.

8  
9 In the OEB Decision and Order, Union’s proposal to use a 20-year depreciation period and a  
10 revised cost allocation methodology was not approved by the OEB. Accordingly, Union has  
11 prepared the total revenue requirement and allocation of the total revenue requirement to rate  
12 classes based on OEB-approved depreciation rates and cost allocation methodologies.

13  
14 The OEB Decision and Order included a directive for Union to update the Panhandle Project’s  
15 2018 delivery revenue forecast in its 2018 Rates application and evidence for OEB approval.<sup>4</sup>  
16 Accordingly, Union has increased the 2018 incremental Panhandle Project revenue from \$1.572  
17 million to \$3.104 million to reflect the incremental transmission and distribution margin  
18 attributable to the Panhandle Project based on current approved rates. The update to the  
19 incremental Panhandle Project revenue results in a net revenue requirement of \$14.574 million as  
20 provided at Rate Order, Appendix G.

---

<sup>3</sup> EB-2016-0186, Decision and Order, p.22.

<sup>4</sup> EB-2016-0186, Decision and Order, pp.22-23.

1 Union proposes to reduce the allocation of Panhandle Project costs by the incremental revenue  
2 allocated to rate classes in proportion to the Panhandle System and St. Clair System design day  
3 demands. The proposed treatment of incremental Panhandle Project revenue is consistent with  
4 the OEB-approved cost allocation methodology of Panhandle System costs. The allocation of the  
5 net revenue requirement to rate classes as included in 2018 Rates is provided at Rate Order,  
6 Appendix G.

7  
8 The OEB Decision and Order also directed Union to use the approved deferral account  
9 (Panhandle Reinforcement Project Costs Deferral Account) to track 2017 net delivery revenue  
10 requirement of the Panhandle Project, based on a forecast of \$4.768 million. The OEB  
11 referenced the amount of \$4.768 million from EB-2016-0186, Exhibit A, Tab 8, Schedule 1  
12 which was prepared based on Union's proposed 20 year depreciation period. Consistent with the  
13 OEB Decision, the forecast of \$0.100 million from EB-2016-0186, Exhibit A, Appendix B,  
14 Schedule 1 was the appropriate forecast at the time, as it was prepared based on OEB-approved  
15 depreciation rates. However, the forecasted 2017 net delivery revenue requirement of the  
16 Panhandle Project was adjusted, as noted above, to align with the OEB's Decision and Order  
17 which directed Union to update the Panhandle Project's delivery revenue to reflect the  
18 incremental transmission and distribution margin attributable to the Panhandle Project.

19

1 The OEB Decision and Order commented that Union may propose disposition of the 2017  
2 deferral account balance in its 2018 IRM application and evidence.<sup>5</sup> Consistent with the 2017  
3 deferral account balances of other capital pass-through projects, Union will bring forward the  
4 2017 balance for disposition as part of its 2017 Non-Commodity Deferral Account Disposition  
5 proceeding in 2018.

6  
7 Union has included a revised draft Accounting Order for the Panhandle Project at Rate Order,  
8 Appendix F, p.38 for OEB approval.

9  
10 **4. NORMALIZED AVERAGE CONSUMPTION ADJUSTMENT**

11 Consistent with the Agreement, Union adjusts general service rates annually during the 2014-  
12 2018 IR term for changes in NAC. NAC incorporates all volume changes, including changes  
13 due to average use and DSM activities (LRAM) for general service rate classes.

14  
15 Consistent with the 2017 methodology, Union adjusted the general service storage and  
16 delivery rates for the 2016 actual NAC, using the OEB-approved weather normal  
17 methodology blend of 50:50 (30-year average and 20-year declining trend).<sup>6</sup> For 2018, the  
18 NAC adjustment is the variance between 2015 actual NAC and 2016 actual NAC, as seen in  
19 Rate Order, Working Papers, Schedule 12.

---

<sup>5</sup> EB-2016-0186, Decision and Order, p.23.

<sup>6</sup> EB-2016-0245, Tab 1, p.8.

1 **5. UNION NORTH COST ALLOCATION AND RATE DESIGN IMPLEMENTATION**

2 In 2018 Rates, Union has implemented changes to Union North storage and transportation  
3 (“S&T”) rates in accordance with the Dawn Reference Price (EB-2015-0181) Settlement  
4 Proposal (the “DRP Settlement”) approved by the OEB on January 7, 2016.

5  
6 Union updated the 2018 Union North storage and transportation rates to reflect the Gas Supply  
7 Plan for the 2018 calendar year as filed in EB-2015-0181 and agreed to in the DRP Settlement.  
8 The changes to storage and transportation rates are based on a detailed cost allocation for each of  
9 the new Union North West and Union North East Zones.

10  
11 The allocation for cost-based storage and transportation costs by zone is provided at Rate Order,  
12 Working Papers, Schedule 23. The 2018 Gas Supply Plan has been updated to reflect the  
13 reference price and tolls per the October 2017 QRAM (EB-2017-0278).

14  
15 **6. CUSTOMER BILL IMPACTS**

16 The net annual bill impact for a typical Union South residential customer consuming 2,200 m<sup>3</sup>  
17 per year will be an increase of \$9.60 per year and the net annual bill impact for a typical  
18 Union North residential customer consuming 2,200 m<sup>3</sup> per year will be an increase ranging  
19 from \$10.75 - \$14.03 per year.

20  
21 Bill impacts do not reflect January 1, 2018 changes to Union’s gas commodity and fuel rates  
22 that will be implemented with Union’s January 2018 QRAM application and evidence or

Union's Cap-and-Trade rates that will be implemented with Union's 2018 Cap-and-Trade Compliance Plan application and evidence (EB-2017-0255).

Union provides additional detail related to customer impacts in the following schedules:

- Rate Order, Working Papers, Schedule 6 provides average 2018 unit price changes for all in-franchise rate classes.
- Rate Order, Working Papers, Schedule 7 provides a summary of the approved 2017 revenue changes for all rate classes.
- Rate Order, Working Papers, Schedule 8 provides customer bill impacts for general service rate classes: M1, M2, Rate 01 and Rate 10.
- Rate Order, Working Papers, Schedule 9 provides the bill impact for all in-franchise rate classes for both sales service and direct purchase customers.

## **7. RATE SCHEDULE CHANGES**

Blackline versions of Union's rate schedules are provided at Rate Order, Appendix B.

### **7.1. UPDATE TO CAP-AND-TRADE UNIT RATE PRESENTATION**

In accordance with the 2017 Cap-and-Trade Compliance Plan Decision (EB-2016-0296), Union has updated the presentation of its rate schedules to separate the customer-related and facility-related Cap-and-Trade charges that were previously embedded within delivery rates. Consistent with the presentation of the rate schedules, Union also removed the Cap-and-Trade charges from the calculation of delivery rates and supporting Working Papers as part of this application and

1 evidence. These changes do not impact the total delivery charges or presentation of Cap-and-  
2 Trade charges on customers' bills.

3  
4 Union has updated the wholesale service Rate M9, Rate M10 and Rate T3 rate schedules to  
5 exclude the customer-related Cap-and-Trade unit rate. Union has not been billing wholesale  
6 customers customer-related Cap-and-Trade charges because they are not covered by Union's  
7 compliance obligation. Accordingly, it is not necessary for Union to provide the option for the  
8 customer-related Cap-and-Trade unit rates on these rate schedules.

9  
10 7.2. Update to Rate M12 Schedule "C"

11 Union is proposing to update the Rate M12 Schedule "C" to include the fuel ratio and fuel rate  
12 for westerly transportation from Kirkwall to Dawn available under the M12-X service, effective  
13 January 1, 2018. Union introduced the M12-X service as part of the C1 Kirkwall to Dawn and  
14 M12-X proceeding (EB-2010-0296), which enabled shippers to receive and deliver gas between  
15 any two M12 points (Dawn, Parkway or Kirkwall) on any day and in any direction. The 2018  
16 M12-X Kirkwall to Dawn fuel ratio is set at 0.158% (or \$0.006/GJ), which is consistent with the  
17 Rate C1 Kirkwall to Dawn transportation fuel ratio. Union has also updated the authorized  
18 overrun Kirkwall to Dawn fuel ratio to be 0.778% under both Rate C1 and Rate M12.

19  
20 Union is also proposing to remove the VT3 Westerly Parkway to Kirkwall and Parkway to Dawn  
21 fuel ratio and fuel rate from the Rate M12 Schedule "C", effective January 1, 2018. Union is  
22 proposing to remove this charge as Union no longer offers this service under Rate M12. Union



only offers transportation from Parkway to Kirkwall and Dawn under Rate C1 or as part of the M12-X service. The last Rate M12 contract for Parkway to Dawn service expired in 2014.

### 7.3. Update to Rate M13 Terms of Service

Union is proposing to remove the reference to the General Terms and Conditions Schedule “A” from the Rate M13 rate schedule, section (C) Terms of Service, effective January 1, 2018. Union is proposing to remove the reference as Union no longer has Rate M13 customers with contracts supported by the General Terms and Conditions Schedule “A”.

## **8. NEW DEFERRAL ACCOUNT REQUESTS**

There are no new deferral account requests.

## **9. DEFERRAL ACCOUNT CLOSURE REQUESTS**

### 9.1. Energy East Pipeline Consultation Costs (“EEPCC”) Deferral Account No. 179-139

The EEPCC Deferral Account was established in 2014 as part of Union’s 2015 Rates proceeding (EB-2014-0271) as a result of the November 12, 2013 letter from the Minister of Energy requesting that the OEB examine and report on TransCanada Pipelines Limited’s proposed Energy East Pipeline project. Consistent with section 30 of the Ontario Energy Board Act, 1998 (the “Act”), a portion of the costs incurred in complying with the Minister’s request were to be funded from all entities which are subject to the OEB’s cost assessment under section 26 of the Act. On July 11, 2014, the OEB allowed Union to create a deferral account for its allocation of the Energy East consultation costs. No further consultation costs

are expected. Therefore, Union requests approval to close the EEPCC Deferral Account effective January 1, 2018.

#### **10. IMPLEMENTATION**

Union proposes to implement new rates effective January 1, 2018 as described in the Rate Setting Process of the EB-2013-0202 Settlement Agreement at Section 13.1. Union therefore requests issuance of the final Rate Order by November 30, 2017. This timing allows 2018 Rates to be implemented prospectively and aligns with the January 1, 2018 QRAM process.

In the event that the OEB does not issue a Rate Order by November 30, 2017 for implementation, Union seeks an Order of the OEB declaring interim approval of Union's rates as filed, as of January 1, 2018. Union proposes to deal with any retrospective impact of the OEB's Decision through a rate rider for general service rate classes and a one-time adjustment for all other rate classes, which will recover any changes in rates ultimately approved by the OEB's Order with effect from January 1, 2018.

#### **11. DISTRIBUTION INTERRUPTIONS**

In Union's 2016 Rates Settlement Agreement (EB-2015-0116), Union agreed to provide information on distribution interruptions as part of its annual rate application and evidence. Please see Exhibit A, Tab 1, Appendix 1 for Union's 2017 Distribution Interruptions.

## 2017 Distribution Interruption

---

| Location | Advanced<br>Notice of<br>Interruption<br>to<br>Customers<br>(h:mm) | Interruption<br>Start Date | Interruption<br>End Date | Interrupted<br>Customers | Interruption<br>Day | Number of<br>Non-<br>Compliant<br>Customers | Overrun<br>Volume<br>(m <sup>3</sup> ) |
|----------|--|----------------------------|--------------------------|--------------------------|---------------------|---|--|
| Sudbury  | 4:31   | 24/03/17                   | 30/03/17                 | 1                        | 1                   | 1   | 3380                                   |

**EB-2017-0087**  
**Rate Order for 2018 Rates**  
**Index of Appendices**

|            |  |
|------------|--|
| Appendix A | Summary of Changes to Sales Rates  |
| Appendix B | Rate Schedules   |
| Appendix C | Summary of Average Rate and Price Adjustment Changes For<br>Rates 25, M4, M5A, M7, T1 and T2 Interruptible Contracts |
| Appendix D | Services Customer Notices  |
| Appendix E | Miscellaneous Non-Energy Charges   |
| Appendix F | Accounting Orders  |
| Appendix G | Revenue Requirement Calculations   |

## Appendix A

UNION GAS LIMITED  
Union North  
Summary of Changes to Sales Rates  
Rate 01A - Small Volume General Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )                      | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
| 1        | Monthly Charge - All Zones                               | \$21.00  |                       | \$21.00  |
|          | Monthly Delivery Charge - All Zones                      |  |                       |  |
| 2        | First 100 m <sup>3</sup>                                 | 9.1028   | 0.2825                | 9.3853   |
| 3        | Next 200 m <sup>3</sup>                                  | 8.8698   | 0.2759                | 9.1457   |
| 4        | Next 200 m <sup>3</sup>                                  | 8.5021   | 0.2644                | 8.7665   |
| 5        | Next 500 m <sup>3</sup>                                  | 8.1646   | 0.2539                | 8.4185   |
| 6        | Over 1,000 m <sup>3</sup>                                | 7.8858   | 0.2452                | 8.1310   |
| 7        | Delivery - Price Adjustment (All Volumes)                | 1.2219 (2)   |                       | 1.2219 (2)   |
|          | Cap-and-Trade Charges                                    |  |                       |  |
| 8        | Cap-and-Trade Customer-Related Charge                    | 3.3181   |                       | 3.3181   |
| 9        | Cap-and-Trade Facility-Related Charge                    | 0.0509   |                       | 0.0509   |
|          | Gas Transportation Service                               |  |                       |  |
| 10       | Union North West Zone                                    | 6.8585   | 0.0009                | 6.8594   |
| 11       | Union North East Zone                                    | 3.0002   | 0.0283                | 3.0285   |
| 12       | Transportation - Price Adjustment (Union North West)     | 0.6565 (3)   |                       | 0.6565 (3)   |
| 13       | Transportation - Price Adjustment (Union North East)     | 0.6881 (3)   |                       | 0.6881 (3)   |
|          | Storage Service  |  |                       |  |
| 14       | Union North West Zone                                    | 2.0547   | 0.2080                | 2.2627   |
| 15       | Union North East Zone                                    | 6.6690   | 0.3320                | 7.0010   |
| 16       | Storage - Price Adjustment (All Zones)                   | -  |                       | -  |
|          | Commodity Cost of Gas and Fuel                           |  |                       |  |
| 17       | Union North West Zone                                    | 10.3795  | (0.0009)              | 10.3786  |
| 18       | Union North East Zone                                    | 14.0136  | (0.0009)              | 14.0127  |
| 19       | Commodity and Fuel - Price Adjustment (Union North West) | 1.1618 (4)   |                       | 1.1618 (4)   |
| 20       | Commodity and Fuel - Price Adjustment (Union North East) | 0.9915 (4)   |                       | 0.9915 (4)   |
| 21       | System Expansion Surcharge (if applicable)               | 23.0000  |                       | 23.0000  |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.
- (2) Includes a temporary charge of 1.2219 cents/m<sup>3</sup> expiring March 31, 2018.
- (3) Prospective Recovery of gas supply deferral accounts, and a temporary charge of 0.7678 cents/m<sup>3</sup> expiring March 31, 2018.
- (4) Prospective Recovery of gas supply deferral accounts.

UNION GAS LIMITED  
Union North  
Summary of Changes to Sales Rates  
Rate 10 - Large Volume General Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )                      | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
| 1        | Monthly Charge - All Zones                               | \$70.00  |                       | \$70.00  |
|          | Monthly Delivery Charge - All Zones                      |  |                       |  |
| 2        | First 1,000 m <sup>3</sup>                               | 7.6310   | 0.2799                | 7.9109   |
| 3        | Next 9,000 m <sup>3</sup>                                | 6.1985   | 0.2273                | 6.4258   |
| 4        | Next 20,000 m <sup>3</sup>                               | 5.5269   | 0.2293                | 5.7562   |
| 5        | Next 70,000 m <sup>3</sup>                               | 4.9901   | 0.2070                | 5.1971   |
| 6        | Over 100,000 m <sup>3</sup>                              | 2.9564   | 0.1226                | 3.0790   |
| 7        | Delivery - Price Adjustment (All Volumes)                | 1.0857 (2)   |                       | 1.0857 (2)   |
|          | Cap-and-Trade Charges                                    |  |                       |  |
| 8        | Cap-and-Trade Customer-Related Charge                    | 3.3181   |                       | 3.3181   |
| 9        | Cap-and-Trade Facility-Related Charge                    | 0.0378   |                       | 0.0378   |
|          | Gas Transportation Service                               |  |                       |  |
| 10       | Union North West Zone                                    | 6.0054   | 0.0002                | 6.0056   |
| 11       | Union North East Zone                                    | 2.7620   | 0.0148                | 2.7768   |
| 12       | Transportation - Price Adjustment (Union North West)     | 0.7330 (3)   |                       | 0.7330 (3)   |
| 13       | Transportation - Price Adjustment (Union North East)     | 0.7646 (3)   |                       | 0.7646 (3)   |
|          | Storage Service  |  |                       |  |
| 14       | Union North West Zone                                    | 1.5437   | 0.1629                | 1.7066   |
| 15       | Union North East Zone                                    | 4.7078   | 0.2723                | 4.9801   |
| 16       | Storage - Price Adjustment (All Zones)                   | -  |                       | -  |
|          | Commodity Cost of Gas and Fuel                           |  |                       |  |
| 17       | Union North West Zone                                    | 10.3795  | (0.0009)              | 10.3786  |
| 18       | Union North East Zone                                    | 14.0136  | (0.0009)              | 14.0127  |
| 19       | Commodity and Fuel - Price Adjustment (Union North West) | 1.1618 (4)   |                       | 1.1618 (4)   |
| 20       | Commodity and Fuel - Price Adjustment (Union North East) | 0.9915 (4)   |                       | 0.9915 (4)   |
| 21       | System Expansion Surcharge (if applicable)               | 23.0000  |                       | 23.0000  |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.
- (2) Includes a temporary charge of 1.0857 cents/m<sup>3</sup> expiring March 31, 2018.
- (3) Prospective Recovery of gas supply deferral accounts, and a temporary charge of 0.8439 cents/m<sup>3</sup> expiring March 31, 2018.
- (4) Prospective Recovery of gas supply deferral accounts.

UNION GAS LIMITED  
Union North  
Summary of Changes to Sales Rates  
Rate 20 - Medium Volume Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )                      | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
| 1        | Monthly Charge   | \$884.46   | (\$24.50)             | \$859.96   |
|          | Delivery Demand Charge                                   |  |                       |  |
| 2        | First 70,000 m <sup>3</sup>                              | 28.6326  | 0.0112                | 28.6438  |
| 3        | All over 70,000 m <sup>3</sup>                           | 16.8374  | 0.0066                | 16.8440  |
|          | Delivery Commodity Charge                                |  |                       |  |
| 4        | First 852,000 m <sup>3</sup>                             | 0.5413   | (0.0007)              | 0.5406   |
| 5        | All over 852,000 m <sup>3</sup>                          | 0.3870   | (0.0005)              | 0.3865   |
|          | Cap-and-Trade Charges                                    |  |                       |  |
| 6        | Cap-and-Trade Customer-Related Charge                    | 3.3181   |                       | 3.3181   |
| 7        | Cap-and-Trade Facility-Related Charge                    | 0.0082   |                       | 0.0082   |
|          | Monthly Gas Supply Demand Charge                         |  |                       |  |
| 8        | Union North West Zone                                    | 56.4242  | 0.8442                | 57.2684  |
| 9        | Union North East Zone                                    | 50.1792  | 0.7262                | 50.9054  |
| 10       | Gas Supply Demand - Price Adjustment (All Zones)         | -  |                       | -  |
|          | Commodity Transportation 1                               |  |                       |  |
| 11       | Union North West Zone                                    | 3.6200   | 0.0024                | 3.6224   |
| 12       | Union North East Zone                                    | 2.6498   | (0.0048)              | 2.6450   |
| 13       | Transportation 1 - Price Adjustment (Union North West)   | (0.0966) (2)   |                       | (0.0966) (2)   |
| 14       | Transportation 1 - Price Adjustment (Union North East)   | (0.0650) (2)   |                       | (0.0650) (2)   |
|          | Commodity Transportation 2                               |  |                       |  |
| 15       | Union North West Zone                                    | -  |                       | -  |
| 16       | Union North East Zone                                    | -  |                       | -  |
|          | Commodity Cost of Gas and Fuel                           |  |                       |  |
| 17       | Union North West Zone                                    | 10.1022  | (0.0009)              | 10.1013  |
| 18       | Union North East Zone                                    | 13.6374  | (0.0009)              | 13.6365  |
| 19       | Commodity and Fuel - Price Adjustment (Union North West) | 1.1618 (2)   |                       | 1.1618 (2)   |
| 20       | Commodity and Fuel - Price Adjustment (Union North East) | 0.9915 (2)   |                       | 0.9915 (2)   |
|          | Bundled Storage Service (\$/GJ)                          |  |                       |  |
| 21       | Monthly Demand Charge                                    | 20.238   | 0.330                 | 20.568   |
| 22       | Commodity Charge   | 0.204  | 0.004                 | 0.208  |
| 23       | Storage Demand - Price Adjustment                        | -  |                       | -  |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Prospective Recovery of gas supply deferral accounts.



UNION GAS LIMITED  
Union North  
Summary of Changes to Sales Rates  
Rate 100 - Large Volume High Load Factor Firm Service

| Line No. | Particulars (cents/m <sup>3</sup> )                       | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
| 1        | Monthly Charge  | \$1,372.75   | (\$32.20)             | \$1,340.55   |
| 2        | Delivery Demand Charge<br>All Zones                       | 15.1083  | (0.0244)              | 15.0839  |
| 3        | Delivery Commodity Charge<br>All Zones                    | 0.2201   | (0.0001)              | 0.2200   |
| 4        | Cap-and-Trade Charges                                     |  |                       |  |
| 5        | Cap-and-Trade Customer-Related Charge                     | 3.3181   |                       | 3.3181   |
| 5        | Cap-and-Trade Facility-Related Charge                     | 0.0004   |                       | 0.0004   |
| 6        | Monthly Gas Supply Demand Charge<br>Union North West Zone | 114.2215   | (1.3148)              | 112.9067   |
| 7        | Union North East Zone                                     | 161.5404   | (0.7186)              | 160.8218   |
| 8        | Gas Supply Demand - Price Adjustment (All Zones)          | -  |                       | -  |
| 9        | Commodity Transportation 1<br>Union North West Zone       | 6.4075   | (0.0711)              | 6.3364   |
| 10       | Union North East Zone                                     | 9.2385   | (0.0372)              | 9.2013   |
| 11       | Transportation 1 - Price Adjustment (Union North West)    | -  |                       | -  |
| 12       | Transportation 1 - Price Adjustment (Union North East)    | -  |                       | -  |
| 13       | Commodity Transportation 2<br>Union North West Zone       | -  |                       | -  |
| 14       | Union North East Zone                                     | -  |                       | -  |
| 15       | Commodity Cost of Gas and Fuel<br>Union North West Zone   | 10.1022  | (0.0009)              | 10.1013  |
| 16       | Union North East Zone                                     | 13.6374  | (0.0009)              | 13.6365  |
| 17       | Commodity and Fuel - Price Adjustment (Union North West)  | 1.1618 (2)   |                       | 1.1618 (2)   |
| 18       | Commodity and Fuel - Price Adjustment (Union North East)  | 0.9915 (2)   |                       | 0.9915 (2)   |
| 19       | Bundled Storage Service (\$/GJ)<br>Monthly Demand Charge  | 20.238   | 0.330                 | 20.568   |
| 20       | Commodity Charge  | 0.204  | 0.004                 | 0.208  |
| 21       | Storage Demand - Price Adjustment                         | -  |                       | -  |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Prospective Recovery of gas supply deferral accounts.

UNION GAS LIMITED  
Union North  
Summary of Changes to Sales Rates

| Line<br>No. | Particulars (cents/m <sup>3</sup> )                                   | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|-------------|---|--|-----------------------|--|
| 1           | <u>Rate 25 - Large Volume Interruptible Service</u><br>Monthly Charge | \$306.75   | (\$17.39)             | \$289.36   |
| 2           | Delivery Charge - All Zones (2)<br>Maximum                            | 5.0569   | 0.1969                | 5.2538   |
| 3           | Cap-and-Trade Charges   |  |                       |  |
| 4           | Cap-and-Trade Customer-Related Charge                                 | 3.3181   |                       | 3.3181   |
| 4           | Cap-and-Trade Facility-Related Charge                                 | 0.0017   |                       | 0.0017   |
| 5           | Gas Supply Charges - All Zones<br>Minimum                             | 1.4848   |                       | 1.4848   |
| 6           | Maximum   | 675.9484   |                       | 675.9484   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Refer to Appendix C.

UNION GAS LIMITED  
Union South  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )  | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
|          | <u>Utility Sales</u>   |  |                       |  |
| 1        | Commodity and Fuel   | 13.7312  | (0.0009)              | 13.7303  |
| 2        | Commodity and Fuel - Price Adjustment  | 3.4547 (2)   |                       | 3.4547 (2)   |
| 3        | Transportation   | -  |                       | -  |
| 4        | Total Gas Supply Commodity Charge  | <u>17.1859</u>   | <u>(0.0009)</u>       | <u>17.1850</u>   |
|          | <u>M4 Firm Commercial/Industrial</u>   |  |                       |  |
| 5        | Minimum annual gas supply commodity charge   | 0.1902   | (0.0009)              | 0.1893   |
|          | <u>M4 / M5A Interruptible Commercial/Industrial</u>                                      |  |                       |  |
| 6        | Minimum annual gas supply commodity charge   | 0.1902   | (0.0009)              | 0.1893   |
|          | <u>Storage and Transportation Supplemental Services - Rate T1, Rate T2 &amp; Rate T3</u> | <u>\$/GJ</u>   |                       | <u>\$/GJ</u>   |
|          | Monthly demand charges: (\$/GJ)  |  |                       |  |
| 7        | Firm gas supply service  | 60.300   |                       | 60.300   |
| 8        | Firm backstop gas  | 1.530  |                       | 1.530  |
|          | Commodity charges:   |  |                       |  |
| 9        | Gas supply   | 3.549  |                       | 3.549  |
| 10       | Backstop gas   | 3.961  | 0.044                 | 4.005  |
| 11       | Reasonable Efforts Backstop Gas  | 4.914  | 0.119                 | 5.033  |
| 12       | Supplemental Inventory   | Note (3)   |                       | Note (3)   |
| 13       | Supplemental Gas Sales Service (cents/m <sup>3</sup> )                                   | 16.6785  | 0.1743                | 16.8528  |
| 14       | Failure to Deliver   | 2.717  | 0.118                 | 2.835  |
| 15       | Discretionary Gas Supply Service (DGSS)  | Note (4)   |                       | Note (4)   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.
- (2) Prospective Recovery of gas supply deferral accounts, and a temporary charge of 0.2371 cents/m<sup>3</sup> expiring March 31, 2018.
- (3) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (4) Reflects the "back to back" price plus gas supply administration charge.

UNION GAS LIMITED  
Union South  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )                | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
|          | <u>Rate M1 - Small Volume General Service Rate</u> |  |                       |  |
| 1        | Monthly Charge                                     | \$21.00  |                       | \$21.00  |
| 2        | First 100 m <sup>3</sup>                           | 4.6653   | 0.4454                | 5.1107   |
| 3        | Next 150 m <sup>3</sup>                            | 4.4242   | 0.4215                | 4.8457   |
| 4        | All over 250 m <sup>3</sup>                        | 3.8012   | 0.3599                | 4.1611   |
| 5        | Delivery - Price Adjustment (All Volumes)          | 0.5143 (2)   |                       | 0.5143 (2)   |
|          | Cap-and-Trade Charges                              |  |                       |  |
| 6        | Cap-and-Trade Customer-Related Charge              | 3.3181   |                       | 3.3181   |
| 7        | Cap-and-Trade Facility-Related Charge              | 0.0297   |                       | 0.0297   |
| 8        | Storage Service                                    | 0.7153   | 0.0175                | 0.7328   |
| 9        | Storage - Price Adjustment                         | -  |                       | -  |
| 10       | System Expansion Surcharge (if applicable)         | 23.0000  |                       | 23.0000  |
|          | <u>Rate M2 - Large Volume General Service Rate</u> |  |                       |  |
| 11       | Monthly Charge                                     | \$70.00  |                       | \$70.00  |
| 12       | First 1,000 m <sup>3</sup>                         | 4.6486   | 0.4333                | 5.0819   |
| 13       | Next 6,000 m <sup>3</sup>                          | 4.5609   | 0.4248                | 4.9857   |
| 14       | Next 13,000 m <sup>3</sup>                         | 4.3740   | 0.4301                | 4.8041   |
| 15       | All over 20,000 m <sup>3</sup>                     | 4.0546   | 0.3975                | 4.4521   |
| 16       | Delivery - Price Adjustment (All Volumes)          | 0.3363 (3)   |                       | 0.3363 (3)   |
|          | Cap-and-Trade Charges                              |  |                       |  |
| 17       | Cap-and-Trade Customer-Related Charge              | 3.3181   |                       | 3.3181   |
| 18       | Cap-and-Trade Facility-Related Charge              | 0.0209   |                       | 0.0209   |
| 19       | Storage Service                                    | 0.6252   | 0.0229                | 0.6481   |
| 20       | Storage - Price Adjustment                         | -  |                       | -  |
| 21       | System Expansion Surcharge (if applicable)         | 23.0000  |                       | 23.0000  |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.
- (2) Includes a temporary charge of 0.5143 cents/m<sup>3</sup> expiring March 31, 2018.
- (3) Includes a temporary charge of 0.3363 cents/m<sup>3</sup> expiring March 31, 2018.

UNION GAS LIMITED  
Union South  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )                    | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
|          | <u>Rate M4 - Firm comm/ind contract rate</u>           |  |                       |  |
|          | Monthly demand charge:                                 |  |                       |  |
| 1        | First 8,450 m <sup>3</sup>                             | 56.9923  | 5.2607                | 62.2530  |
| 2        | Next 19,700 m <sup>3</sup>                             | 25.5539  | 2.3588                | 27.9127  |
| 3        | All over 28,150 m <sup>3</sup>                         | 21.4688  | 1.9817                | 23.4505  |
|          | Monthly delivery commodity charge:                     |  |                       |  |
| 4        | First block  | 1.3523   | 0.2268                | 1.5791   |
| 5        | All remaining use                                      | 0.5306   | 0.0782                | 0.6088   |
| 6        | Delivery - Price Adjustment (All Volumes)              | -  |                       | -  |
|          | Cap-and-Trade Charges                                  |  |                       |  |
| 7        | Cap-and-Trade Customer-Related Charge                  | 3.3181   |                       | 3.3181   |
| 8        | Cap-and-Trade Facility-Related Charge                  | 0.0280   |                       | 0.0280   |
| 9        | Minimum annual firm delivery commodity charge          | 1.5705   | 0.2259                | 1.7964   |
|          | <u>Interruptible contracts (2)</u>                     |  |                       |  |
| 10       | Monthly Charge   | \$654.15   | (\$10.10)             | \$644.05   |
|          | Daily delivery commodity charge:                       |  |                       |  |
| 11       | 2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>          | 2.9653   | 0.0742                | 3.0395   |
| 12       | 17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>         | 2.8354   | 0.0742                | 2.9096   |
| 13       | 30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>         | 2.7671   | 0.0742                | 2.8413   |
| 14       | 50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>         | 2.7192   | 0.0742                | 2.7934   |
| 15       | Delivery - Price Adjustment (All Volumes)              | -  |                       | -  |
|          | Cap-and-Trade Charges                                  |  |                       |  |
| 16       | Cap-and-Trade Customer-Related Charge                  | 3.3181   |                       | 3.3181   |
| 17       | Cap-and-Trade Facility-Related Charge                  | 0.0249   |                       | 0.0249   |
| 18       | Minimum annual interruptible delivery commodity charge | 3.1804   | 0.0733                | 3.2537   |
|          | <u>Rate M5A - interruptible comm/ind contract</u>      |  |                       |  |
|          | <u>Firm contracts (2)</u>                              |  |                       |  |
| 19       | Monthly demand charge                                  | 31.7959  | 3.0122                | 34.8081  |
| 20       | Monthly delivery commodity charge                      | 2.3066   | 0.0504                | 2.3570   |
| 22       | Delivery - Price Adjustment (All Volumes)              | -  |                       | -  |
|          | Cap-and-Trade Charges                                  |  |                       |  |
| 23       | Cap-and-Trade Customer-Related Charge                  | 3.3181   |                       | 3.3181   |
| 24       | Cap-and-Trade Facility-Related Charge                  | 0.0249   |                       | 0.0249   |
|          | <u>Interruptible contracts (2)</u>                     |  |                       |  |
| 25       | Monthly Charge   | \$654.15   | (\$10.10)             | \$644.05   |
|          | Daily delivery commodity charge:                       |  |                       |  |
| 26       | 2,400 m <sup>3</sup> to 17,000 m <sup>3</sup>          | 2.9653   | 0.0742                | 3.0395   |
| 27       | 17,000 m <sup>3</sup> to 30,000 m <sup>3</sup>         | 2.8354   | 0.0742                | 2.9096   |
| 28       | 30,000 m <sup>3</sup> to 50,000 m <sup>3</sup>         | 2.7671   | 0.0742                | 2.8413   |
| 29       | 50,000 m <sup>3</sup> to 60,000 m <sup>3</sup>         | 2.7192   | 0.0742                | 2.7934   |
| 30       | Delivery - Price Adjustment (All Volumes)              | -  |                       | -  |
|          | Cap-and-Trade Charges                                  |  |                       |  |
| 31       | Cap-and-Trade Customer-Related Charge                  | 3.3181   |                       | 3.3181   |
| 32       | Cap-and-Trade Facility-Related Charge                  | 0.0249   |                       | 0.0249   |
| 33       | Minimum annual interruptible delivery commodity charge | 3.1804   | 0.0733                | 3.2537   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED  
Union South  
Summary of Changes to Sales Rates

| Line No. | Particulars (cents/m <sup>3</sup> )            | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|--|--|-----------------------|--|
|          | <u>Rate M7 - Special large volume contract</u> |  |                       |  |
|          | <u>Firm</u>                                    |  |                       |  |
| 1        | Monthly demand charge                          | 30.8246  | 4.0964                | 34.9210  |
| 2        | Monthly delivery commodity charge              | 0.3873   | (0.0250)              | 0.3623   |
| 3        | Delivery - Price Adjustment                    | -  |                       | -  |
|          | <u>Interruptible (2)</u>                       |  |                       |  |
| 4        | Monthly delivery commodity charge:<br>Maximum  | 5.5675   | 0.9384                | 6.5059   |
| 5        | Delivery - Price Adjustment                    | -  |                       | -  |
|          | <u>Seasonal (2)</u>                            |  |                       |  |
| 6        | Monthly delivery commodity charge:<br>Maximum  | 5.3234   | 0.9384                | 6.2618   |
| 7        | Delivery - Price Adjustment                    | -  |                       | -  |
|          | <u>Cap-and-Trade Charges</u>                   |  |                       |  |
| 8        | Cap-and-Trade Customer-Related Charge          | 3.3181   |                       | 3.3181   |
| 9        | Cap-and-Trade Facility-Related Charge          | 0.0288   |                       | 0.0288   |
|          | <u>Rate M9 - Large wholesale service</u>       |  |                       |  |
| 10       | Monthly demand charge                          | 22.3154  | 1.2243                | 23.5397  |
| 11       | Monthly delivery commodity charge              | 0.2177   | (0.0389)              | 0.1788   |
| 12       | Delivery - Price Adjustment                    | -  |                       | -  |
|          | <u>Cap-and-Trade Charges</u>                   |  |                       |  |
| 13       | Cap-and-Trade Facility-Related Charge          | 0.0248   |                       | 0.0248   |
|          | <u>Rate M10 - Small wholesale service</u>      |  |                       |  |
| 14       | Monthly delivery commodity charge              | 6.7289   | 0.4448                | 7.1737   |
|          | <u>Cap-and-Trade Charges</u>                   |  |                       |  |
| 15       | Cap-and-Trade Facility-Related Charge          | 0.0258   |                       | 0.0258   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Price changes to individual interruptible and seasonal contract rates are provided in Appendix C.

UNION GAS LIMITED  
Union South  
Summary of Changes to Contract Carriage Rates

| Line<br>No. | Particulars (cents/m <sup>3</sup> )                     | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|-------------|---|--|-----------------------|--|
|             | <u>Contract Carriage Service</u>                        |  |                       |  |
|             | <u>Rate T1 - Storage and Transportation</u>             |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|             | Monthly demand charges:                                 |  |                       |  |
| 1           | Firm space  | 0.011  |                       | 0.011  |
|             | Firm Injection/Withdrawal Right                         |  |                       |  |
| 2           | Union provides deliverability inventory                 | 1.459  | (0.002)               | 1.457  |
| 3           | Customer provides deliverability inventory              | 1.186  | (0.002)               | 1.184  |
| 4           | Firm incremental injection                              | 1.186  | (0.002)               | 1.184  |
| 5           | Interruptible withdrawal                                | 1.186  | (0.002)               | 1.184  |
|             | Commodity charges:                                      |  |                       |  |
| 6           | Withdrawal  | 0.022  |                       | 0.022  |
| 7           | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 8           | Injection   | 0.022  |                       | 0.022  |
| 9           | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 10          | Storage fuel ratio - customer provides fuel             | 0.406%   | 0.002%                | 0.408%   |
|             | <u>Transportation (cents / m<sup>3</sup>)</u>           |  |                       |  |
| 11          | Monthly demand charge first 28,150 m <sup>3</sup>       | 35.4376  | 5.7260                | 41.1636  |
| 12          | Monthly demand charge next 112,720 m <sup>3</sup>       | 24.4833  | 3.9560                | 28.4393  |
|             | Firm commodity charges:                                 |  |                       |  |
| 13          | Union provides compressor fuel - All volumes            | 0.1782   | (0.0198)              | 0.1584   |
| 14          | Customer provides compressor fuel - All volumes         | 0.1360   | (0.0222)              | 0.1138   |
|             | Interruptible commodity charges: (2)                    |  |                       |  |
| 15          | Maximum - Union provides compressor fuel                | 5.5675   | 0.9384                | 6.5059   |
| 16          | Maximum - customer provides compressor fuel             | 5.5253   | 0.9360                | 6.4613   |
|             | Cap-and-Trade Charges                                   |  |                       |  |
| 17          | Cap-and-Trade Customer-Related Charge                   | 3.3181   |                       | 3.3181   |
| 18          | Cap-and-Trade Facility-Related Charge                   | 0.0167   |                       | 0.0167   |
| 19          | Transportation fuel ratio - customer provides fuel      | 0.305%   | 0.018%                | 0.323%   |
|             | <u>Authorized overrun services</u>                      |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|             | Commodity charges                                       |  |                       |  |
| 20          | Injection / Withdrawals                                 | 0.086  | 0.100%                | 0.087  |
| 21          | Customer provides compressor fuel                       | 0.056  |                       | 0.056  |
| 22          | Transportation commodity charge (cents/m <sup>3</sup> ) | 1.3433   | 0.1684                | 1.5117   |
| 23          | Customer provides compressor fuel                       | 1.3011   | 0.1660                | 1.4671   |
| 24          | <u>Monthly Charge</u>                                   | \$1,905.94   | (\$10.12)             | \$1,895.82   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Price changes to individual interruptible contract rates are provided in Appendix C.

UNION GAS LIMITED  
Union South  
Summary of Changes to Contract Carriage Rates

| Line No. | Particulars (cents/m <sup>3</sup> )                     | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>Contract Carriage Service</u>                        |  |                       |  |
|          | <u>Rate T2 - Storage and Transportation</u>             |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Monthly demand charges:                                 |  |                       |  |
| 1        | Firm space  | 0.011  |                       | 0.011  |
|          | Firm Injection/Withdrawal Right                         |  |                       |  |
| 2        | Union provides deliverability inventory                 | 1.459  | (0.002)               | 1.457  |
| 3        | Customer provides deliverability inventory              | 1.186  | (0.002)               | 1.184  |
| 4        | Firm incremental injection                              | 1.186  | (0.002)               | 1.184  |
| 5        | Interruptible withdrawal                                | 1.186  | (0.002)               | 1.184  |
|          | Commodity charges:                                      |  |                       |  |
| 6        | Withdrawal  | 0.022  |                       | 0.022  |
| 7        | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 8        | Injection   | 0.022  |                       | 0.022  |
| 9        | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 10       | Storage fuel ratio - customer provides fuel             | 0.406%   | 0.002%                | 0.408%   |
|          | <u>Transportation (cents / m<sup>3</sup>)</u>           |  |                       |  |
| 11       | Monthly demand charge first 140,870 m <sup>3</sup>      | 26.4455  | 6.2340                | 32.6795  |
| 12       | Monthly demand charge all over 140,870 m <sup>3</sup>   | 13.9884  | 3.2975                | 17.2859  |
|          | Firm commodity charges:                                 |  |                       |  |
| 13       | Union provides compressor fuel - All volumes            | 0.0797   | (0.0107)              | 0.0690   |
| 14       | Customer provides compressor fuel - All volumes         | 0.0406   | (0.0124)              | 0.0282   |
|          | Interruptible commodity charges: (2)                    |  |                       |  |
| 15       | Maximum - Union provides compressor fuel                | 5.5675   | 0.9384                | 6.5059   |
| 16       | Maximum - customer provides compressor fuel             | 5.5284   | 0.9367                | 6.4651   |
|          | Cap-and-Trade Charges                                   |  |                       |  |
| 17       | Cap-and-Trade Customer-Related Charge                   | 3.3181   |                       | 3.3181   |
| 18       | Cap-and-Trade Facility-Related Charge                   | 0.0115   |                       | 0.0115   |
| 19       | Transportation fuel ratio - customer provides fuel      | 0.283%   | 0.012%                | 0.295%   |
|          | <u>Authorized overrun services</u>                      |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Commodity charges                                       |  |                       |  |
| 20       | Injection / Withdrawals                                 | 0.086  | 0.001                 | 0.087  |
| 21       | Customer provides compressor fuel                       | 0.056  |                       | 0.056  |
| 22       | Transportation commodity charge (cents/m <sup>3</sup> ) | 0.9491   | 0.1943                | 1.1434   |
| 23       | Customer provides compressor fuel                       | 0.9100   | 0.1926                | 1.1026   |
| 24       | <u>Monthly Charge</u>                                   | \$5,513.81   | (\$76.65)             | \$5,437.16   |

Notes:

- (1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.  
(2) Price changes to individual interruptible contract rates are provided in Appendix C.



UNION GAS LIMITED  
Union South  
Summary of Changes to Contract Carriage Rates

| Line No. | Particulars (cents/m <sup>3</sup> )                     | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>Rate T3 - Storage and Transportation</u>             |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Monthly demand charges:                                 |  |                       |  |
| 1        | Firm space  | 0.011  |                       | 0.011  |
|          | Firm Injection/Withdrawal Right                         |  |                       |  |
| 2        | Union provides deliverability inventory                 | 1.459  | (0.002)               | 1.457  |
| 3        | Customer provides deliverability inventory              | 1.186  | (0.002)               | 1.184  |
| 4        | Firm incremental injection                              | 1.186  | (0.002)               | 1.184  |
| 5        | Interruptible withdrawal                                | 1.186  | (0.002)               | 1.184  |
|          | Commodity charges:                                      |  |                       |  |
| 6        | Withdrawal  | 0.022  |                       | 0.022  |
| 7        | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 8        | Injection   | 0.022  |                       | 0.022  |
| 9        | Customer provides compressor fuel                       | 0.008  |                       | 0.008  |
| 10       | Storage fuel ratio - Customer provides fuel             | 0.406%   | 0.002%                | 0.408%   |
|          | <u>Transportation (cents / m<sup>3</sup>)</u>           |  |                       |  |
| 11       | Monthly demand charge                                   | 16.7213  | 1.2674                | 17.9887  |
| 12       | Union provides compressor fuel - All volumes            | 0.1629   | (0.0342)              | 0.1287   |
| 13       | Customer provides compressor fuel - All volumes         | 0.1104   | (0.0387)              | 0.0717   |
|          | Cap-and-Trade Charges                                   |  |                       |  |
| 14       | Cap-and-Trade Facility-Related Charge                   | 0.0235   |                       | 0.0235   |
| 15       | Transportation fuel ratio - Customer provides fuel      | 0.380%   | 0.032%                | 0.412%   |
|          | <u>Authorized overrun services</u>                      |  |                       |  |
|          | <u>Storage (\$ / GJ)</u>                                |  |                       |  |
|          | Commodity charges                                       |  |                       |  |
| 16       | Injection / Withdrawals                                 | 0.086  | 0.001                 | 0.087  |
| 17       | Customer provides compressor fuel                       | 0.056  |                       | 0.056  |
| 18       | Transportation commodity charge (cents/m <sup>3</sup> ) | 0.7126   | 0.0075                | 0.7201   |
| 19       | Customer provides compressor fuel                       | 0.6601   | 0.0030                | 0.6631   |
|          | <u>Monthly Charge</u>                                   |  |                       |  |
| 20       | City of Kitchener                                       | \$19,968.19  | (\$129.41)            | \$19,838.78  |
| 21       | Natural Resource Gas                                    | \$3,065.32   | (\$19.87)             | \$3,045.46   |
| 22       | Six Nations   | \$1,021.77   | (\$6.62)              | \$1,015.15   |

Notes:

(1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.

UNION GAS LIMITED  
Union South  
Summary of Changes to Unbundled Rates

| Line<br>No. | Particulars (cents/m <sup>3</sup> )          | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Approved<br>January 1, 2018<br>Rate<br>(c) |
|-------------|--|--|-----------------------|--|
|             | <u>U2 Unbundled Service</u>                  |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                     |  |                       |  |
|             | Monthly demand charges:                      |  |                       |  |
|             | Standard Storage Service (SSS)               |  |                       |  |
| 1           | Combined Firm Space & Deliverability         | 0.023  |                       | 0.023  |
|             | Standard Peaking Service (SPS)               |  |                       |  |
| 2           | Combined Firm Space & Deliverability         | 0.114  |                       | 0.114  |
| 3           | Incremental firm injection right             | 1.030  | (0.002)               | 1.028  |
| 4           | Incremental firm withdrawal right            | 1.030  | (0.002)               | 1.028  |
|             | Commodity charges:                           |  |                       |  |
| 5           | Injection customer provides compressor fuel  | 0.026  |                       | 0.026  |
| 6           | Withdrawal customer provides compressor fuel | 0.026  |                       | 0.026  |
| 7           | Storage fuel ratio - Customer provides fuel  | 0.406%   | 0.002%                | 0.408%   |
|             | <u>Authorized overrun services</u>           |  |                       |  |
|             | <u>Storage (\$ / GJ)</u>                     |  |                       |  |
|             | Commodity charges:                           |  |                       |  |
| 8           | Injection customer provides compressor fuel  | 0.060  |                       | 0.060  |
| 9           | Withdrawal customer provides compressor fuel | 0.060  |                       | 0.060  |

Notes:

(1) Approved rates presentation adjusted to separate the Cap-and-Trade charges which were previously embedded in delivery and transportation rates.

UNION GAS LIMITED  
Summary of Changes to Storage and Transportation Rates

| Line No. | Particulars (\$/GJ)   | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Proposed<br>January 1, 2018<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>M12 Transportation Service</u>                           |  |                       |  |
|          | <u>Firm transportation</u>                                  |  |                       |  |
|          | Monthly demand charges:                                     |  |                       |  |
| 1        | Dawn to Kirkwall  | 2.865  | 0.289                 | 3.154  |
| 2        | Dawn to Parkway   | 3.402  | 0.314                 | 3.716  |
| 3        | Kirkwall to Parkway   | 0.537  | 0.024                 | 0.561  |
| 4        | F24-T   | 0.070  |                       | 0.070  |
|          | <u>M12-X Firm Transportation</u>                            |  |                       |  |
| 5        | Between Dawn, Kirkwall and Parkway                          | 4.239  | 0.351                 | 4.590  |
|          | Commodity charges:  |  |                       |  |
| 6        | Easterly  | Note (2)   |                       | Note (2)   |
| 7        | Westerly  | Note (2)   |                       | Note (2)   |
| 8        | Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar             | Note (2)   |                       | Note (2)   |
|          | <u>Cap-and-Trade Facility-Related Charges:</u>              |  |                       |  |
| 9        | Dawn to Kirkwall / Parkway (Cons) / Lisgar                  | 0.006  |                       | 0.006  |
| 10       | Dawn to Parkway (TCPL / EGT)                                | 0.009  |                       | 0.009  |
| 11       | Kirkwall to Parkway (Cons) / Lisgar                         | 0.002  |                       | 0.002  |
| 12       | Kirkwall to Parkway (TCPL / EGT)                            | 0.005  |                       | 0.005  |
| 13       | Parkway to Dawn / Kirkwall                                  | 0.003  |                       | 0.003  |
| 14       | Kirkwall to Dawn  | 0.002  |                       | 0.002  |
| 15       | Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar             | 0.002  |                       | 0.002  |
|          | <u>Limited Firm/Interruptible</u>                           |  |                       |  |
|          | Monthly demand charges:                                     |  |                       |  |
| 16       | Maximum   | 8.165  | 0.753                 | 8.918  |
|          | Commodity charges :   |  |                       |  |
| 17       | Others  | Note (2)   |                       | Note (2)   |
|          | <u>Authorized Overrun</u>                                   |  |                       |  |
|          | Transportation commodity charges:                           |  |                       |  |
|          | Easterly:   |  |                       |  |
| 18       | Dawn to Kirkwall - Union supplied fuel                      | Note (2)   |                       | Note (2)   |
| 19       | Dawn to Parkway - Union supplied fuel                       | Note (2)   |                       | Note (2)   |
| 20       | Kirkwall to Parkway - Union supplied fuel                   | Note (2)   |                       | Note (2)   |
| 21       | Dawn to Kirkwall - Shipper supplied fuel                    | 0.094 (2)  | 0.010                 | 0.104 (2)  |
| 22       | Dawn to Parkway - Shipper supplied fuel                     | 0.112 (2)  | 0.010                 | 0.122 (2)  |
| 23       | Kirkwall to Parkway - Shipper supplied fuel                 | 0.018 (2)  |                       | 0.018 (2)  |
|          | <u>M12-X Firm Transportation</u>                            |  |                       |  |
| 24       | Between Dawn, Kirkwall and Parkway - Union supplied fuel    | Note (2)   |                       | Note (2)   |
| 25       | Between Dawn, Kirkwall and Parkway - Shipper supplied fuel: | 0.139 (2)  | 0.012                 | 0.151 (2)  |
|          | <u>M13 Transportation of Locally Produced Gas</u>           |  |                       |  |
| 26       | Monthly fixed charge per customer station                   | \$952.72   | 4.860                 | \$957.58   |
| 27       | Transmission commodity charge to Dawn                       | 0.035  |                       | 0.035  |
| 28       | Commodity charge - Union supplied fuel                      | 0.006  |                       | 0.006  |
| 29       | Commodity charge - Shipper supplied fuel                    | Note (3)   |                       | Note (3)   |
| 30       | Cap-and-Trade Facility-Related Charge                       | 0.002  |                       | 0.002  |
| 31       | Authorized Overrun - Union supplied fuel                    | 0.074  | 0.070                 | 0.144  |
| 32       | Authorized Overrun - Shipper supplied fuel                  | 0.069 (3)  | 0.070                 | 0.139 (3)  |

Notes:

- (1) Approved rates presentation adjusted to separate the cap-and-trade charges which were previously embedded in transportation rates.  
(2) Monthly fuel rates and fuel and commodity ratios per Schedule "C".  
(3) Plus shipper supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Storage and Transportation Rates

| Line No. | Particulars (\$/GJ)   | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Proposed<br>January 1, 2018<br>Rate<br>(c) |
|----------|---|--|-----------------------|--|
|          | <u>M16 Storage Transportation Service</u>                             |  |                       |  |
| 1        | Monthly fixed charge per customer station                             | \$1,515.67   | 7.730                 | \$1,523.40   |
|          | Monthly demand charges:   |  |                       |  |
| 2        | East of Dawn  | 0.770  | 0.004                 | 0.774  |
| 3        | West of Dawn  | 1.045  | 2.110                 | 3.155  |
| 4        | Transmission commodity charge to Dawn                                 | 0.035  |                       | 0.035  |
|          | Transportation Fuel Charges to Dawn:                                  |  |                       |  |
| 5        | East of Dawn - Union supplied fuel                                    | 0.006  |                       | 0.006  |
| 6        | West of Dawn - Union supplied fuel                                    | 0.006  |                       | 0.006  |
| 7        | East of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
| 8        | West of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
|          | Transportation Fuel Charges to Pools:                                 |  |                       |  |
| 9        | East of Dawn - Union supplied fuel                                    | 0.007  | (0.001)               | 0.006  |
| 10       | West of Dawn - Union supplied fuel                                    | 0.016  |                       | 0.016  |
| 11       | East of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
| 12       | West of Dawn - Shipper supplied fuel                                  | Note (2)   |                       | Note (2)   |
|          | Cap-and-Trade Facility-Related Charges to Dawn:                       |  |                       |  |
| 13       | East of Dawn - All Shippers   | 0.002  |                       | 0.002  |
| 14       | West of Dawn - All Shippers   | 0.002  |                       | 0.002  |
|          | Cap-and-Trade Facility-Related Charges to Pool:                       |  |                       |  |
| 15       | East of Dawn - All Shippers   | 0.002  |                       | 0.002  |
| 16       | West of Dawn - All Shippers   | 0.005  |                       | 0.005  |
|          | <u>Authorized Overrun</u>   |  |                       |  |
|          | Transportation Fuel Charges to Dawn:                                  |  |                       |  |
| 17       | East of Dawn - Union supplied fuel                                    | 0.065  | 0.001                 | 0.066  |
| 18       | West of Dawn - Union supplied fuel                                    | 0.074  | 0.070                 | 0.144  |
| 19       | East of Dawn - Shipper supplied fuel                                  | 0.060 (2)  |                       | 0.060 (2)  |
| 20       | West of Dawn - Shipper supplied fuel                                  | 0.069 (2)  | 0.070                 | 0.139 (2)  |
|          | Transportation Fuel Charges to Pools:                                 |  |                       |  |
| 21       | East of Dawn - Union supplied fuel                                    | 0.032  |                       | 0.032  |
| 22       | West of Dawn - Union supplied fuel                                    | 0.050  | 0.070                 | 0.120  |
| 23       | East of Dawn - Shipper supplied fuel                                  | 0.025 (2)  |                       | 0.025 (2)  |
| 24       | West of Dawn - Shipper supplied fuel                                  | 0.034 (2)  | 0.070                 | 0.104 (2)  |
|          | <u>C1 - Cross Franchise Transportation Service</u>                    |  |                       |  |
|          | <u>Transportation service</u>   |  |                       |  |
|          | Monthly demand charges:   |  |                       |  |
| 25       | St. Clair / Bluewater & Dawn  | 1.045  | 2.110                 | 3.155  |
| 26       | Ojibway & Dawn  | 1.045  | 2.110                 | 3.155  |
| 27       | Parkway to Dawn   | 0.837  | 0.037                 | 0.874  |
| 28       | Parkway to Kirkwall   | 0.837  | 0.037                 | 0.874  |
| 29       | Kirkwall to Dawn  | 1.475  | 0.067                 | 1.542  |
| 30       | Dawn to Kirkwall  | 2.865  | 0.289                 | 3.154  |
| 31       | Dawn to Parkway   | 3.402  | 0.314                 | 3.716  |
| 32       | Kirkwall to Parkway   | 0.537  | 0.024                 | 0.561  |
| 33       | Dawn to Dawn-Vector   | 0.029  | 0.001                 | 0.030  |
| 34       | Dawn to Dawn-TCPL   | 0.138  | 0.001                 | 0.139  |
|          | Commodity charges:  |  |                       |  |
| 35       | St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31) | 0.009  |                       | 0.009  |
| 36       | St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31) | 0.007  |                       | 0.007  |
| 37       | Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)               | 0.011  |                       | 0.011  |
| 38       | Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)               | 0.016  |                       | 0.016  |
| 39       | Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)   | 0.006  |                       | 0.006  |
| 40       | Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)   | 0.010  | 0.001                 | 0.011  |
| 41       | Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)             | 0.006  |                       | 0.006  |
| 42       | Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)             | 0.006  |                       | 0.006  |
| 43       | Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)             | 0.027  |                       | 0.027  |
| 44       | Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)             | 0.011  |                       | 0.011  |
| 45       | Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)              | 0.036  | 0.001                 | 0.037  |
| 46       | Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)               | 0.020  | 0.001                 | 0.021  |
| 47       | Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)          | 0.015  |                       | 0.015  |
| 48       | Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)           | 0.015  |                       | 0.015  |

Notes:

- (1) Approved rates presentation adjusted to separate the cap-and-trade charges which were previously embedded in transportation rates.  
(2) Plus shipper supplied fuel per rate schedule.

UNION GAS LIMITED  
Summary of Changes to Storage and Transportation Rates

| Line No.   | Particulars (\$/GJ)   | EB-2017-0278<br>Approved<br>October 1, 2017<br>Rate (1)<br>(a) | Rate<br>Change<br>(b) | EB-2017-0087<br>Proposed<br>January 1, 2018<br>Rate<br>(c) |
|--|---|--|-----------------------|--|
| <u>C1 - Cross Franchise Transportation Service</u> |   |  |                       |  |
| <u>Transportation service cont'd</u>               |   |  |                       |  |
| 1  | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)       | Note (2)   |                       | Note (2)   |
| 2  | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)       | Note (2)   |                       | Note (2)   |
| 3  | Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)                     | Note (2)   |                       | Note (2)   |
| 4  | Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)                     | Note (2)   |                       | Note (2)   |
| 5  | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)         | Note (2)   |                       | Note (2)   |
| 6  | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)         | Note (2)   |                       | Note (2)   |
| 7  | Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)                   | Note (2)   |                       | Note (2)   |
| 8  | Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)                   | Note (2)   |                       | Note (2)   |
| 9  | Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)                   | Note (2)   |                       | Note (2)   |
| 10   | Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)                   | Note (2)   |                       | Note (2)   |
| 11   | Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)                    | Note (2)   |                       | Note (2)   |
| 12   | Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)                     | Note (2)   |                       | Note (2)   |
| 13   | Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)                | Note (2)   |                       | Note (2)   |
| 14   | Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)                 | Note (2)   |                       | Note (2)   |
| 15   | Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)                | Note (2)   |                       | Note (2)   |
| 16   | Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)                | Note (2)   |                       | Note (2)   |
| 17   | Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)                  | Note (2)   |                       | Note (2)   |
| 18   | Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)                  | Note (2)   |                       | Note (2)   |
| 19   | Dawn(Tecumseh), Dawn(Facilities or TCPL), Dawn (Vector) and Dawn (TSLE)       | Note (2)   |                       | Note (2)   |
| 20   | Interruptible and Short Term (1 year or less) Firm Transportation:<br>Maximum | 75.00  |                       | 75.00  |
| <u>Cap-and-Trade Facility-Related Charges:</u>     |   |  |                       |  |
| 21   | St. Clair / Bluewater & Dawn  | 0.004  |                       | 0.004  |
| 22   | Ojibway & Dawn  | 0.004  |                       | 0.004  |
| 23   | Parkway to Dawn   | 0.003  |                       | 0.003  |
| 24   | Parkway to Kirkwall   | 0.003  |                       | 0.003  |
| 25   | Kirkwall to Dawn  | 0.002  |                       | 0.002  |
| 26   | Dawn to Kirkwall / Parkway (Cons) / Lisgar                                    | 0.006  |                       | 0.006  |
| 27   | Dawn to Parkway (TCPL)  | 0.009  |                       | 0.009  |
| 28   | Kirkwall to Parkway (Cons) / Lisgar   | 0.002  |                       | 0.002  |
| 29   | Kirkwall to Parkway (TCPL)  | 0.005  |                       | 0.005  |
| 30   | Dawn to Dawn-Vector   | 0.003  |                       | 0.003  |
| 31   | Dawn to Dawn-TCPL   | 0.004  |                       | 0.004  |
| <u>Authorized Overrun</u>                          |   |  |                       |  |
| Firm transportation commodity charges:             |   |  |                       |  |
| 32   | St. Clair / Bluewater & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)         | 0.044  | 0.069                 | 0.113  |
| 33   | St. Clair / Bluewater & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)         | 0.042  | 0.069                 | 0.111  |
| 34   | Ojibway & Dawn - Union supplied fuel (Nov. 1 - Mar. 31)                       | 0.045  | 0.070                 | 0.115  |
| 35   | Ojibway & Dawn - Union supplied fuel (Apr. 1 - Oct. 31)                       | 0.050  | 0.070                 | 0.120  |
| 36   | Parkway to Kirkwall / Dawn - Union supplied fuel (Nov. 1 - Mar. 31)           | 0.139  | 0.011                 | 0.150  |
| 37   | Parkway to Kirkwall / Dawn - Union supplied fuel (Apr. 1 - Oct. 31)           | 0.144  | 0.011                 | 0.155  |
| 38   | Kirkwall to Dawn - Union supplied fuel (Nov. 1 - Mar. 31)                     | 0.054  | 0.024                 | 0.078  |
| 39   | Kirkwall to Dawn - Union supplied fuel (Apr. 1 - Oct. 31)                     | 0.054  | 0.024                 | 0.078  |
| 40   | Dawn to Kirkwall - Union supplied fuel (Nov. 1 - Mar. 31)                     | 0.143  | 0.010                 | 0.153  |
| 41   | Dawn to Kirkwall - Union supplied fuel (Apr. 1 - Oct. 31)                     | 0.127  | 0.010                 | 0.137  |
| 42   | Dawn to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)                      | 0.170  | 0.011                 | 0.181  |
| 43   | Dawn to Parkway - Union supplied fuel (Apr. 1 - Oct.31)                       | 0.154  | 0.011                 | 0.165  |
| 44   | Kirkwall to Parkway - Union supplied fuel (Nov. 1 - Mar. 31)                  | 0.055  | 0.001                 | 0.056  |
| 45   | Kirkwall to Parkway - Union supplied fuel (Apr. 1 - Oct.31)                   | 0.054  | 0.001                 | 0.055  |
| 46   | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)       | 0.034 (2)  | 0.070                 | 0.104 (2)  |
| 47   | St. Clair / Bluewater & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)       | 0.034 (2)  | 0.070                 | 0.104 (2)  |
| 48   | Ojibway & Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)                     | 0.034 (2)  | 0.070                 | 0.104 (2)  |
| 49   | Ojibway & Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)                     | 0.034 (2)  | 0.070                 | 0.104 (2)  |
| 50   | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)         | 0.112 (2)  | 0.010                 | 0.122 (2)  |
| 51   | Parkway to Kirkwall / Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)         | 0.112 (2)  | 0.010                 | 0.122 (2)  |
| 52   | Kirkwall to Dawn - Shipper supplied fuel (Nov. 1 - Mar. 31)                   | 0.049 (2)  | 0.002                 | 0.051 (2)  |
| 53   | Kirkwall to Dawn - Shipper supplied fuel (Apr. 1 - Oct. 31)                   | 0.049 (2)  | 0.002                 | 0.051 (2)  |
| 54   | Dawn to Kirkwall - Shipper supplied fuel (Nov. 1 - Mar. 31)                   | 0.094 (2)  | 0.010                 | 0.104 (2)  |
| 55   | Dawn to Kirkwall - Shipper supplied fuel (Apr. 1 - Oct. 31)                   | 0.094 (2)  | 0.010                 | 0.104 (2)  |
| 56   | Dawn to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)                    | 0.112 (2)  | 0.010                 | 0.122 (2)  |
| 57   | Dawn to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)                     | 0.112 (2)  | 0.010                 | 0.122 (2)  |
| 58   | Kirkwall to Parkway - Shipper supplied fuel (Nov. 1 - Mar. 31)                | 0.018 (2)  |                       | 0.018 (2)  |
| 59   | Kirkwall to Parkway - Shipper supplied fuel (Apr. 1 - Oct.31)                 | 0.018 (2)  |                       | 0.018 (2)  |
| 60   | Dawn to Dawn-Vector - Shipper supplied fuel (Nov. 1 - Mar. 31)                | 0.001 (2)  |                       | 0.001 (2)  |
| 61   | Dawn to Dawn-Vector - Shipper supplied fuel (Apr. 1 - Oct. 31)                | 0.001 (2)  |                       | 0.001 (2)  |
| 62   | Dawn to Dawn-TCPL - Shipper supplied fuel (Nov. 1 - Mar. 31)                  | 0.005 (2)  |                       | 0.005 (2)  |
| 63   | Dawn to Dawn-TCPL - Shipper supplied fuel (Apr. 1 - Oct. 31)                  | 0.005 (2)  |                       | 0.005 (2)  |

Notes:

- (1) Approved rates presentation adjusted to separate the cap-and-trade charges which were previously embedded in transportation rates.  
(2) Plus shipper supplied fuel per rate schedule.

**Appendix B**



Effective  
2018-01-01  
**Rate 01A**  
Page 1 of 2

RATE 01A - SMALL VOLUME GENERAL FIRM SERVICE

**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end user whose total gas requirements at that location are equal to or less than 50,000 m<sup>3</sup> per year.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

(a) **Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

(b) **Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TransCanada under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

(c) **Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

**MONTHLY RATES AND CHARGES**

| <u>APPLICABLE TO ALL SERVICES</u>                             | <u>Union<br/>North West</u> | <u>Union<br/>North East</u> |
|---|-----------------------------|-----------------------------|
| <u>MONTHLY CHARGE</u>   | \$21.00                     | \$21.00                     |
| <u>DELIVERY CHARGE</u>  | <u>¢ per m<sup>3</sup></u>  | <u>¢ per m<sup>3</sup></u>  |
| First 100 m <sup>3</sup> per month @                          | 9.3853                      | 9.3853                      |
| Next 200 m <sup>3</sup> per month @                           | 9.1457                      | 9.1457                      |
| Next 200 m <sup>3</sup> per month @                           | 8.7665                      | 8.7665                      |
| Next 500 m <sup>3</sup> per month @                           | 8.4185                      | 8.4185                      |
| Over 1,000 m <sup>3</sup> per month @                         | 8.1310                      | 8.1310                      |
| Delivery-Price Adjustment (All Volumes) (1)                   | 1.2219                      | 1.2219                      |
| <u>CAP-AND-TRADE CHARGES (in addition to Delivery Charge)</u> |                             |                             |
| Cap-and-Trade Customer-Related Charge (if applicable)         | 3.3181                      | 3.3181                      |
| Cap-and-Trade Facility-Related Charge                         | 0.0509                      | 0.0509                      |

Notes:

(1) Includes a temporary charge of 1.2219 cents/m<sup>3</sup> expiring March 31, 2018.



Effective  
2018-01-01  
**Rate 01A**  
Page 2 of 2

## ADDITIONAL CHARGES FOR SALES SERVICE

### GAS SUPPLY CHARGES

#### Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

#### SYSTEM EXPANSION SURCHARGE ("SES") (if applicable)

The system expansion surcharge is applied to all volumes consumed for a defined term and is applicable to customers within the following approved community expansion project areas:

| <u>Community Expansion Project</u> | <u>SES Rate (¢ per m<sup>3</sup>)</u> | <u>SES Term Expiry</u> |
|------------------------------------|---------------------------------------|------------------------|
| Prince Township                    | 23.0000                               | December 31, 2039      |

### MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

### MINIMUM MONTHLY BILL

The Minimum Monthly Bill shall be the Monthly Charge.

### DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

### SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union, must enter into a Service Agreement with Union.

### TERMS AND CONDITIONS OF SERVICE

1. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
2. Customers must enter into a Service Agreement with Union prior to the commencement of service.
3. 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.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.



### RATE 10 - LARGE VOLUME GENERAL FIRM SERVICE

#### ELIGIBILITY

Any customer in Union's North West and North East Zones who is an end-user whose total firm gas requirements at one or more Company-owned meters at one location exceed 50,000 m<sup>3</sup> per year.

#### SERVICES AVAILABLE

The following services are available under this rate schedule:

##### (a) Sales Service

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

##### (b) Transportation Service

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer and transported by TransCanada under a firm transportation service tariff or equivalent National Energy Board Order. For this service, the Monthly, and Delivery Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

##### (c) Bundled Transportation Service

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, and Delivery Charges, as well as the Storage and Transportation Charges of the Gas Supply Charge shall apply.

#### MONTHLY RATES AND CHARGES

| <u>APPLICABLE TO ALL SERVICES</u>                             | <u>Union<br/>North West</u> | <u>Union<br/>North East</u> |
|---|-----------------------------|-----------------------------|
| <u>MONTHLY CHARGE</u>   | \$70.00                     | \$70.00                     |
| <u>DELIVERY CHARGE</u>  | <u>¢ per m<sup>3</sup></u>  | <u>¢ per m<sup>3</sup></u>  |
| First 1,000 m <sup>3</sup> per month @                        | 7.9109                      | 7.9109                      |
| Next 9,000 m <sup>3</sup> per month @                         | 6.4258                      | 6.4258                      |
| Next 20,000 m <sup>3</sup> per month @                        | 5.7562                      | 5.7562                      |
| Next 70,000 m <sup>3</sup> per month @                        | 5.1971                      | 5.1971                      |
| Over 100,000 m <sup>3</sup> per month @                       | 3.0790                      | 3.0790                      |
| Delivery-Price Adjustment (All Volumes) (1)                   | 1.0857                      | 1.0857                      |
| <u>CAP-AND-TRADE CHARGES (in addition to Delivery Charge)</u> |                             |                             |
| Cap-and-Trade Customer-Related Charge (if applicable)         | 3.3181                      | 3.3181                      |
| Cap-and-Trade Facility-Related Charge                         | 0.0378                      | 0.0378                      |

#### Notes:

(1) Includes a temporary charge of 1.0857 cents/m<sup>3</sup> expiring March 31, 2018.



Effective  
2018-01-01  
**Rate 10**  
Page 2 of 2

#### ADDITIONAL CHARGES FOR SALES SERVICE

##### GAS SUPPLY CHARGES

###### Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

###### SYSTEM EXPANSION SURCHARGE ("SES") (if applicable)

The system expansion surcharge is applied to all volumes consumed for a defined term and is applicable to customers within the following approved community expansion project areas:

Community Expansion Project  
Prince Township

SES Rate (¢ per m<sup>3</sup>)  
23.0000

SES Term Expiry  
December 31, 2039

##### MONTHLY BILL

The monthly bill will equal the sum of the monthly charges plus the rates multiplied by the applicable gas quantities delivered plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply.

##### MINIMUM MONTHLY BILL

The Minimum Monthly Bill shall be the Monthly Charge.

##### DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

##### SERVICE AGREEMENT

Customers providing their own gas supply in whole or in part, for transportation by Union and customers purchasing gas from Union with maximum daily requirements in excess of 3,000 m<sup>3</sup> per day must enter into a Service Agreement with Union.

##### TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. 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.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

RATE 20 - MEDIUM VOLUME FIRM SERVICE**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily requirements for firm or combined firm and interruptible service is 14,000 m<sup>3</sup> or more.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

**(a) Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

**(b) Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

**(c) Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

**(d) Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

Note: Union has a short-term intermittent gas supply service under Rate 30 of which customers may avail themselves, if they qualify for use of the service.

## MONTHLY RATES AND CHARGES

### APPLICABLE TO ALL SERVICES – ALL ZONES (1)

|   |          |  |
|---|----------|--|
| <u>MONTHLY CHARGE</u>   | \$859.96 |  |
| <u>DELIVERY CHARGES</u> (cents per month per m <sup>3</sup> )                             |          |  |
| Monthly Demand Charge for first 70,000 m <sup>3</sup> of Contracted Daily Demand          | 28.6438  |  |
| Monthly Demand Charge for all units over 70,000 m <sup>3</sup> of Contracted Daily Demand | 16.8440  |  |
| Commodity Charge for first 852,000 m <sup>3</sup> of gas volumes delivered                | 0.5406   |  |
| Commodity Charge for all units over 852,000 m <sup>3</sup> of gas volumes delivered       | 0.3865   |  |
| <u>CAP-AND-TRADE CHARGES</u> (in addition to Delivery Charges)                            |          |  |
| Cap-and-Trade Customer-Related Charge (if applicable)                                     | 3.3181   |  |
| Cap-and-Trade Facility-Related Charge   | 0.0082   |  |

#### Notes:

- (1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

### ADDITIONAL CHARGES FOR SALES SERVICE

#### Gas Supply Charge

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

#### Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.4.

Charge 2 applies for all additional gas volumes delivered in the billing month.

## HEAT CONTENT ADJUSTMENT

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



Effective  
2018-01-01  
**Rate 20**  
Page 3 of 4

#### COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transition period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

|  | <u>Union<br/>North West</u>    | <u>Union<br/>North East</u>    |
|--|--------------------------------|--------------------------------|
| <u>MONTHLY CHARGE</u>  | \$859.96                       | \$859.96                       |
| <u>DELIVERY CHARGES</u>  | <u>cents per m<sup>3</sup></u> | <u>cents per m<sup>3</sup></u> |
| Commodity Charge for each unit<br>of gas volumes delivered     | 2.4240                         | 2.4240                         |
| <u>CAP-AND-TRADE CHARGES (in addition to Delivery Charges)</u> |                                |                                |
| Cap-and-Trade Customer-Related Charge (if applicable)          | 3.3181                         | 3.3181                         |
| Cap-and-Trade Facility-Related Charge                          | 0.0082                         | 0.0082                         |

#### GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

#### ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

##### MONTHLY TRANSPORTATION ACCOUNT CHARGE

|   |          |
|---|----------|
| For customers that currently have installed or will require installing telemetering equipment | \$226.76 |
|---|----------|

##### BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

|  |          |
|--|----------|
| Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) | \$20.568 |
|--|----------|

|  |   |
|--|---|
| Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) | - |
|--|---|

|  |         |
|--|---------|
| Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) | \$0.208 |
|--|---------|

|   |         |
|---|---------|
| Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) | \$0.884 |
|---|---------|

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

##### DIVERSION TRANSACTION CHARGE

|  |         |
|--|---------|
| Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: | \$10.00 |
|--|---------|



Effective  
2018-01-01  
**Rate 20**  
Page 4 of 4

## THE BILL

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

## MINIMUM BILL

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.

## DELAYED PAYMENT

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

## SERVICE AGREEMENT

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

## TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. 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.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

## RATE 25 - LARGE VOLUME INTERRUPTIBLE SERVICE

### ELIGIBILITY

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose total maximum daily interruptible requirement is 3,000 m<sup>3</sup> or more or the interruptible portion of a maximum daily requirement for combined firm and interruptible service is 14,000 m<sup>3</sup> or more and whose operations, in the judgement of Union, can readily accept interruption and restoration of gas service.

### SERVICES AVAILABLE

The following services are available under this rate schedule:

#### (a) Sales Service

For interruptible supply of natural gas by Union and associated transportation services necessary to ensure its delivery in accordance with customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

#### (b) Transportation Service

For delivery of natural gas owned by the customer on Union's distribution system from the Point of Receipt from TransCanada's system to the Point of Consumption on the customer's or end-user's premises, providing that, in the judgement of Union, acting reasonably, the customer-owned gas does not displace service from Union under a Rate 20 or Rate 100 contract specific to that location. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

### MONTHLY RATES AND CHARGES

#### APPLICABLE TO ALL SERVICES – ALL ZONES (1)

|  |                                |  |
|--|--------------------------------|--|
| <u>MONTHLY CHARGE</u>  | \$289.36                       |  |
| <u>DELIVERY CHARGES</u>  | <u>cents per m<sup>3</sup></u> |  |
| A Delivery Price for all volumes delivered to the customer to be negotiated between Union and the customer and the average price during the period in which these rates remain in effect shall not exceed: | 5.2538                         |  |
| <u>CAP-AND-TRADE CHARGES (in addition to Delivery Charges)</u>   |                                |  |
| Cap-and-Trade Customer-Related Charge (if applicable)  | 3.3181                         |  |
| Cap-and-Trade Facility-Related Charge  | 0.0017                         |  |
| <u>UNAUTHORIZED OVERRUN NON - COMPLIANCE RATE</u>  | <u>cents per m<sup>3</sup></u> |  |
| Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect.   | 233.7000                       |  |

#### Notes:

- (1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.



Effective  
2018-01-01  
Rate 25  
Page 2 of 3

#### ADDITIONAL CHARGES FOR SALES SERVICE

##### Gas Supply Charge

As per applicable rate provided in Schedule "A".

##### Interruptible Service

Applicable all year at a price agreed upon between Union and the customer and the average price during the period in which these rates remain in effect.

#### **HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.

#### ADDITIONAL CHARGES FOR TRANSPORTATION – ALL ZONES

##### MONTHLY TRANSPORTATION ACCOUNT CHARGE:

For customers that currently have installed or will require installing telemetering equipment.

\$226.76

#### **THE BILL**

The bill will equal the sum of the monthly charges for all services selected plus the rates multiplied by the applicable gas volumes delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation will apply.

#### **MINIMUM BILL**

The minimum bill shall be the Monthly Charge and the Transportation Account Charge, if applicable.

#### **DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

#### **SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.





Effective  
2018-01-01  
Rate 25  
Page 3 of 3

#### TERMS AND CONDITIONS OF SERVICE

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the volumes or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the monthly billing data of individual end-users to generate a single bill which is less than the sum of the monthly bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total volumes of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. 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.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

**RATE 30 - INTERMITTENT GAS SUPPLY SERVICE AND SHORT TERM STORAGE / BALANCING SERVICE****ELIGIBILITY**

Any customer in Union's North West and North East Zones already connected to Union's gas distribution system who is an end-user or is authorized to serve an end-user.

**SERVICE AVAILABLE**

For intermittent, short-term gas supply which will be a substitute for energy forms other than Company owned gas sold under other rate schedules. This may include situations where customer-owned gas supplies are inadequate and short-term backstopping service is requested or during a situation of curtailment on the basis of price when the purchase price of Spot gas is outside the interruptible service price range. The gas supply service available hereunder is offered only in conjunction with service to the customer under an applicable firm or interruptible service rate schedule of Union. The service is for intermittent gas supply and short term storage / balancing service and will be billed in combination with Monthly, Delivery, and other applicable charges for such services under the applicable rate schedule. Gas supply under this rate will be provided when, at the sole discretion of Union, adequate supplies are available.

**GAS SUPPLY CHARGE**

The gas supply charge shall be \$5.00 per 10<sup>3</sup>m<sup>3</sup> plus the greater of the incremental cost of gas for Union and the customer's gas supply charge.

**SHORT TERM STORAGE / BALANCING SERVICE**

Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) the minimum amount of storage service to which a customer is willing to commit,
- ii) whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) utilization of facilities, and
- iv) competition.

A commodity charge to be negotiated between Union and the customer not to exceed \$6.000/GJ.

**THE BILL**

The bill for gas supply and/or short term supplemental services under this rate shall be rendered in conjunction with the billing for delivery and other services under the customer's applicable rate for such services.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union for this service and must agree therein to curtail or interrupt use of gas under this rate schedule whenever requested to do so by Union.

**TERMS AND CONDITIONS OF SERVICE**

1. Failure of the customer to interrupt or curtail use of gas on this rate as requested by Union shall be subject to the Unauthorized Overrun Gas Penalty as provided in Union's Terms and Conditions. Anytime the customer has such failure, Union reserves the right to cancel service under this rate.
2. The Terms and Conditions of the applicable rate schedule for delivery of the gas sold hereunder shall also apply.
3. 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.

RATE 100 – LARGE VOLUME HIGH LOAD FACTOR FIRM SERVICE**ELIGIBILITY**

Any customer in Union's North West and North East Zones who is an end-user or who is authorized to serve an end-user of gas through one or more Company-owned meters at one location, and whose maximum daily requirement for firm service is 100,000 m<sup>3</sup> or more, and whose annual requirement for firm service is equal to or greater than its maximum daily requirement multiplied by 256.

**SERVICES AVAILABLE**

The following services are available under this rate schedule:

**(a) Sales Service**

For continuous supply of natural gas by Union and associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service, the Monthly, Delivery and Gas Supply Charges shall apply.

**(b) Transportation Service**

For continuous delivery on Union's distribution system from the Point of Receipt on TransCanada's system to the Point of Consumption on the customer's premises of natural gas owned by the customer. The customer is responsible for obtaining the requisite regulatory approvals for the supply and transmission of such gas to Union's distribution system. For this service, the Monthly, Delivery, Transportation Account and Diversion Transaction Charges shall apply. Unless otherwise authorized by Union, customers who initiate a movement to Transportation Service from a Sales Service or Bundled Transportation Service must accept an assignment from Union of transportation capacity on upstream pipeline systems. Customers may reduce their assignment of transportation capacity in compliance with Union's Turnback Policy.

Transportation Service customers in the Union North East Zone may contract with Union for transportation service from Dawn to the customer's delivery area. The charges for the transportation service will consist of the Rate C1 Dawn-Parkway firm transportation rate and applicable fuel charges, in accordance with Union's Rate C1 rate schedule, and all applicable third party (i.e. TransCanada) transportation charges on upstream pipelines from Parkway to the customer's delivery area.

**(c) Bundled Transportation Service**

For continuous delivery by Union of gas owned by the customer and for the associated transportation and storage services necessary to ensure deliverability in accordance with the customer's needs. For this service the Monthly, Delivery, Gas Supply Demand and Commodity Transportation Charges shall apply.

**(d) Storage Service**

For load balancing purposes for customers using Transportation Service on this rate schedule. If at the sole discretion of Union, adequate supplies exist, bundled and unbundled storage and delivery/redelivery services will be provided.

The charge for Bundled Storage Service will consist of the charges for Transportation Service plus the charges for Bundled Storage Service.

NOTE: Union has a short-term intermittent gas supply service under Rate 30 which customers may avail themselves of, if they qualify for use of the service.

**MONTHLY RATES AND CHARGES**APPLICABLE TO ALL SERVICES – ALL ZONES (1)

|   |            |
|---|------------|
| <u>MONTHLY CHARGE</u>   | \$1,340.55 |
| <u>DELIVERY CHARGES</u> (cents per Month per m <sup>3</sup> of Daily Contract Demand) |            |
| Monthly Demand Charge for each unit of Contracted Daily Demand                        | 15.0839    |
| Commodity Charge for each unit of gas volumes delivered (cents/m <sup>3</sup> )       | 0.2200     |
| <u>CAP-AND-TRADE CHARGES</u> (in addition to Delivery Charges)                        |            |
| Cap-and-Trade Customer-Related Charge (if applicable)                                 | 3.3181     |
| Cap-and-Trade Facility-Related Charge   | 0.0004     |

Notes:

- (1) Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates, charges and terms and conditions applicable thereto, different from the rates, charges and terms and conditions specified herein if changed rates, charges and terms and conditions are considered by either party to be necessary, desirable and in the public interest.

ADDITIONAL CHARGES FOR SALES SERVICEGas Supply Charges

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

Commodity Transportation

Charge 1 applies for all gas volumes delivered in the billing month up to the volume represented by the Contract Demand multiplied by the number of days in the billing month multiplied by 0.3.

Charge 2 applies for all additional gas volumes delivered in the billing month.

**HEAT CONTENT ADJUSTMENT**

The gas supply commodity charges hereunder will be adjusted upwards or downwards as described below if the average total heating value of the gas per cubic metre (m<sup>3</sup>) determined in accordance with Union's Terms and Conditions in any month falls above or below 37.89 MJ per m<sup>3</sup>, respectively.

The adjustment shall be determined by multiplying the amount otherwise payable by a fraction, where the numerator is the monthly weighted average total heating value per cubic meter and the denominator 37.89.



## COMMISSIONING AND DECOMMISSIONING RATE

The contract may provide that the Monthly Demand Charges specified above shall not apply on all or part of the daily contracted demand used by the customer either during the testing, commissioning and phasing in of gas using equipment or, alternatively, in the decommissioning and phasing out of gas using equipment being displaced by other gas using equipment, for a period not to exceed one year ("the transitional period"). To be eligible the new or displaced gas using equipment must be separately meterable. In such event, the contract will provide the following rates that such volume during the transitional period will be charged.

|  | Union<br><u>North West</u> | Union<br><u>North East</u> |
|--|----------------------------|----------------------------|
| <u>MONTHLY CHARGE</u>  | \$1,340.55                 | \$1,340.55                 |
| <u>DELIVERY CHARGES (cents per m<sup>3</sup>)</u>              |                            |                            |
| Commodity Charge for each unit of gas volumes delivered        | 0.9284                     | 0.9284                     |
| <u>CAP-AND-TRADE CHARGES (in addition to Delivery Charges)</u> |                            |                            |
| Cap-and-Trade Customer-Related Charge (if applicable)          | 3.3181                     | 3.3181                     |
| Cap-and-Trade Facility-Related Charge                          | 0.0004                     | 0.0004                     |

## GAS SUPPLY CHARGES

The gas supply charge is comprised of charges for transportation and for commodity and fuel.

The applicable rates are provided in Schedule "A".

## ADDITIONAL CHARGES FOR TRANSPORTATION AND STORAGE SERVICES – ALL ZONES

### MONTHLY TRANSPORTATION ACCOUNT CHARGE

|   |          |
|---|----------|
| For customers that currently have installed or will require installing telemetering equipment | \$226.76 |
|---|----------|

### BUNDLED (T-SERVICE) STORAGE SERVICE CHARGES

|  |          |
|--|----------|
| Monthly Demand Charge for each unit of Contracted Daily Storage Withdrawal Entitlement (\$/GJ/Month) | \$20.568 |
|--|----------|

|  |   |
|--|---|
| Monthly Storage Demand- Price Adjustment for each unit of Contracted Daily Storage Withdrawal Entitlement: (\$/GJ/Month) | - |
|--|---|

|  |         |
|--|---------|
| Commodity Charge for each unit of gas withdrawn from storage (\$/GJ) | \$0.208 |
|--|---------|

|   |         |
|---|---------|
| Authorized Overrun Commodity Charge on each additional unit of gas Union authorizes for withdrawal from storage (\$/GJ) | \$0.884 |
|---|---------|

The Authorized Overrun Commodity Charge is payable on all quantities on any Day in excess of the customer's contractual rights, for which authorization has been received. Overrun will be authorized by Union at its sole discretion.

### DIVERSION TRANSACTION CHARGE

|  |         |
|--|---------|
| Charge to a customer Receiving Delivery of diverted gas each time such customer requests a diversion and Union provides the service: | \$10.00 |
|--|---------|

**THE BILL**

The bill will equal the sum of the charges for all services selected plus the rates multiplied by the applicable gas quantities delivered or withdrawn for each service chosen plus all applicable taxes. If the customer transports its own gas, the Gas Supply Charge under Sales Service will not apply. If the customer selects Union's Sales Service which includes the Gas Supply Charge, no additional charges for Transportation and Storage Services will apply.

**MINIMUM BILL**

The minimum bill shall be the Monthly Charge, the Transportation Account Charge and the Demand Charges, as applicable.

**DELAYED PAYMENT**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**SERVICE AGREEMENT**

All customers must enter into a Service Agreement with Union before receiving service under this rate schedule.

**TERMS AND CONDITIONS OF SERVICE**

1. Service shall be for a minimum term of one year.
2. If multiple end-users are receiving service from a customer under this rate, for billing purposes, the Monthly Charge, the Delivery Charge, the Transportation Account Charge and any other charge that is specific to the location of each end-user shall be used to develop a monthly bill for each end-user at each location. Upon request, possibly for a fee, Union will combine the individual bills on a single invoice or statement for administrative convenience. However, Union will not combine the quantities or demands of several end-use locations so that eligibility to a different rate class will result. Further, Union will not combine the billing data of individual end-users to generate a single bill which is less than the sum of the bills of the individual end-users involved at each location.
3. Customers must enter into a Service Agreement with Union prior to the commencement of service.
4. For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.
5. 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.



Effective  
2018-01-01  
Schedule "A"  
Page 1 of 2

Union Gas Limited  
Union North  
Gas Supply Charges

(A) Availability

Available to customers in Union's North West and North East Delivery Zones.

(B) Applicability:

To all sales customers served under Rate 01A, Rate 10, Rate 20, Rate 100 and Rate 25.

(C) Rates

Utility Sales

Rate 01A (cents / m<sup>3</sup>)

|                                       | <u>Union<br/>North West</u> | <u>Union<br/>North East</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| Storage                               | 2.2627                      | 7.0010                      |
| Storage - Price Adjustment            | -                           | -                           |
| Commodity and Fuel (1)                | 10.3786                     | 14.0127                     |
| Commodity and Fuel - Price Adjustment | 1.1618                      | 0.9915                      |
| Transportation                        | 6.8594                      | 3.0285                      |
| Transportation - Price Adjustment     | 0.6565                      | 0.6881                      |
| Total Gas Supply Charge               | <u>21.319</u>               | <u>25.7218</u>              |

Rate 10 (cents / m<sup>3</sup>)

|                                       |                |                |
|---------------------------------------|----------------|----------------|
| Storage                               | 1.7066         | 4.9801         |
| Storage - Price Adjustment            | -              | -              |
| Commodity and Fuel (1)                | 10.3786        | 14.0127        |
| Commodity and Fuel - Price Adjustment | 1.1618         | 0.9915         |
| Transportation                        | 6.0056         | 2.7768         |
| Transportation - Price Adjustment     | 0.7330         | 0.7646         |
| Total Gas Supply Charge               | <u>19.9856</u> | <u>23.5257</u> |

Notes:

(1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1893 cents/m<sup>3</sup>.



Effective  
2018-01-01  
Schedule "A"  
Page 2 of 2

Union Gas Limited  
Union North  
Gas Supply Charges

Utility Sales

| <u>Rate 20 (cents / m<sup>3</sup>)</u> | <u>Union<br/>North West</u> | <u>Union<br/>North East</u> |
|--|-----------------------------|-----------------------------|
| Commodity and Fuel (1)                 | 10.1013                     | 13.6365                     |
| Commodity and Fuel - Price Adjustment  | 1.1618                      | 0.9915                      |
| Commodity Transportation - Charge 1    | 3.6224                      | 2.6450                      |
| Transportation 1 - Price Adjustment    | (0.0966)                    | (0.0650)                    |
| Commodity Transportation - Charge 2    | -                           | -                           |
| Monthly Gas Supply Demand              | 57.2684                     | 50.9054                     |
| Gas Supply Demand - Price Adjustment   | -                           | -                           |
| Commissioning and Decommissioning Rate | 6.5862                      | 5.4112                      |

Rate 100 (cents / m<sup>3</sup>)

|  |          |          |
|--|----------|----------|
| Commodity and Fuel (1)                 | 10.1013  | 13.6365  |
| Commodity and Fuel - Price Adjustment  | 1.1618   | 0.9915   |
| Commodity Transportation - Charge 1    | 6.3364   | 9.2013   |
| Commodity Transportation - Charge 2    | -        | -        |
| Monthly Gas Supply Demand              | 112.9067 | 160.8218 |
| Commissioning and Decommissioning Rate | 8.0185   | 11.4967  |

Rate 25 (cents / m<sup>3</sup>)

|                       |          |          |
|-----------------------|----------|----------|
| Gas Supply Charge:    |          |          |
| Interruptible Service | 1.4848   | 1.4848   |
| Minimum               | 675.9484 | 675.9484 |
| Maximum               |          |          |

Natural Gas Liquefaction Service (\$ / GJ) (2)

|                       |  |          |
|-----------------------|--|----------|
| Gas Supply Charge:    |  |          |
| Interruptible Service |  |          |
| Minimum               |  | 0.3919   |
| Maximum               |  | 178.3976 |

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1893 cents/m<sup>3</sup>.  
(2) Billing in energy (\$/GJ) will only apply to the Natural Gas Liquefaction Service.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.



### SMALL VOLUME GENERAL SERVICE RATE

#### (A) Availability

Available to customers in Union's Southern Delivery Zone.

#### (B) Applicability

To general service customers whose total consumption is equal to or less than 50,000 m<sup>3</sup> per year.

#### (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.

a) Monthly Charge \$21.00

b) Delivery Charge

|          |                    |        |                      |
|----------|--------------------|--------|----------------------|
| First    | 100 m <sup>3</sup> | 5.1107 | ¢ per m <sup>3</sup> |
| Next     | 150 m <sup>3</sup> | 4.8457 | ¢ per m <sup>3</sup> |
| All Over | 250 m <sup>3</sup> | 4.1611 | ¢ per m <sup>3</sup> |

Delivery - Price Adjustment (All Volumes) (1) 0.5143 ¢ per m<sup>3</sup>

Cap-and-Trade Charges (in addition to Delivery Charge)

Cap-and-Trade Customer-Related Charge (if applicable) 3.3181 ¢ per m<sup>3</sup>

Cap-and-Trade Facility-Related Charge 0.0297 ¢ per m<sup>3</sup>

c) Storage Charge (if applicable) 0.7328 ¢ per m<sup>3</sup>

Storage - Price Adjustment (All Volumes) - ¢ per m<sup>3</sup>

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

e) System Expansion Surcharge ("SES") (if applicable)

The system expansion surcharge is applied to all volumes consumed for a defined term and is applicable to customers within the following approved community expansion project areas:

| <u>Community Expansion Project</u>                     | <u>SES Rate (¢ per m<sup>3</sup>)</u> | <u>SES Term Expiry</u> |
|--|---------------------------------------|------------------------|
| Kettle and Stony Point First Nation and Lambton Shores | 23.0000                               | December 31, 2029      |
| Milverton, Rostock and Wartburg                        | 23.0000                               | December 31, 2032      |
| Delaware Nation of Moraviantown First Nation           | 23.0000                               | December 31, 2057      |

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes:

(1) Includes a temporary charge of 0.5143 cents/m<sup>3</sup> expiring March 31, 2018.

#### (D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way.



Effective  
2018-01-01  
Rate M1  
Page 2 of 2

**(E) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay for the identified delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

|   |        |                      |  |
|---|--------|----------------------|--|
| Overrun Delivery Charge                                       | 5.8435 | ¢ per m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Delivery Charge)</u> |        |                      |  |
| Cap-and-Trade Customer-Related Charge (if applicable)         | 3.3181 | ¢ per m <sup>3</sup> |  |
| Cap-and-Trade Facility-Related Charge                         | 0.0297 | ¢ per m <sup>3</sup> |  |

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

| <u>Zone</u> | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |    | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |
|-------------|---|----|---|
| 1           | 100.148   | 7  | 97.582  |
| 2           | 99.494  | 8  | 97.065  |
| 3           | 98.874  | 9  | 96.721  |
| 4           | 98.564  | 10 | 100.561   |
| 5           | 98.185  | 11 | 99.321  |
| 6           | 97.754  | 12 | 98.883  |

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

### LARGE VOLUME GENERAL SERVICE RATE

#### (A) Availability

Available to customers in Union's Southern Delivery Zone.

#### (B) Applicability

To general service customers whose total consumption is greater than 50,000 m<sup>3</sup> per year.

#### (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.

a) Monthly Charge \$70.00

b) Delivery Charge

|          |                       |        |                      |
|----------|-----------------------|--------|----------------------|
| First    | 1 000 m <sup>3</sup>  | 5.0819 | ¢ per m <sup>3</sup> |
| Next     | 6 000 m <sup>3</sup>  | 4.9857 | ¢ per m <sup>3</sup> |
| Next     | 13 000 m <sup>3</sup> | 4.8041 | ¢ per m <sup>3</sup> |
| All Over | 20 000 m <sup>3</sup> | 4.4521 | ¢ per m <sup>3</sup> |

Delivery – Price Adjustment (All Volumes) (1) 0.3363 ¢ per m<sup>3</sup>

Cap-and-Trade Charges (in addition to Delivery Charge)

Cap-and-Trade Customer-Related Charge (if applicable) 3.3181 ¢ per m<sup>3</sup>

Cap-and-Trade Facility-Related Charge 0.0209 ¢ per m<sup>3</sup>

c) Storage Charge (if applicable) 0.6481 ¢ per m<sup>3</sup>

Storage - Price Adjustment (All Volumes) - ¢ per m<sup>3</sup>

Applicable to all bundled customers (sales and bundled transportation service).

d) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

e) System Expansion Surcharge ("SES") (if applicable)

The system expansion surcharge is applied to all volumes consumed for a defined term and is applicable to customers within the following approved community expansion project areas:

| <u>Community Expansion Project</u>                     | <u>SES Rate (¢ per m<sup>3</sup>)</u> | <u>SES Term Expiry</u> |
|--|---------------------------------------|------------------------|
| Kettle and Stony Point First Nation and Lambton Shores | 23.0000                               | December 31, 2029      |
| Milverton, Rostock and Wartburg                        | 23.0000                               | December 31, 2032      |
| Delaware Nation of Moraviantown First Nation           | 23.0000                               | December 31, 2057      |

During any month in which a customer terminates service or begins service, the fixed charge for the month will be prorated to such customer.

Notes:

(1) Includes a temporary charge of 0.3363 cents/m<sup>3</sup> expiring March 31, 2018.

#### (D) Supplemental Service to Commercial and Industrial Customers Under Group Meters

Combination of readings from several meters may be authorized by the Company and the Company will not reasonably withhold authorization in cases where meters are located on contiguous pieces of property of the same owner not divided by a public right-of-way.



**(E) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(F) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(G) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. The customer may pay for the identified delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup>.

|   |        |                      |  |
|---|--------|----------------------|--|
| Overrun Delivery Charge                                       | 5.7300 | ¢ per m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Delivery Charge)</u> |        |                      |  |
| Cap-and-Trade Customer-Related Charge (if applicable)         | 3.3181 | ¢ per m <sup>3</sup> |  |
| Cap-and-Trade Facility-Related Charge                         | 0.0209 | ¢ per m <sup>3</sup> |  |

**(H) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union. Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

**(I) Company Policy Relating to Terms of Service**

- Customers who temporarily discontinue service during any twelve consecutive months without payment of the monthly fixed charge for the months in which the gas is temporarily disconnected shall pay for disconnection and reconnection.
- When gas is delivered at an absolute pressure in excess of 101.325 kilopascals, then for purposes of measurement, hereunder, such volume of gas shall be corrected to an absolute pressure of 101.325 kilopascals. Atmospheric pressure is assumed to be the levels shown below in kilopascals (absolute) regardless of the actual atmospheric pressure at which the gas is measured and delivered.

| <u>Zone</u> | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |    | <u>Assumed<br/>Atmospheric<br/>Pressure<br/>kPa</u> |
|-------------|---|----|---|
| 1           | 100.148   | 7  | 97.582  |
| 2           | 99.494  | 8  | 97.065  |
| 3           | 98.874  | 9  | 96.721  |
| 4           | 98.564  | 10 | 100.561   |
| 5           | 98.185  | 11 | 99.321  |
| 6           | 97.754  | 12 | 98.883  |

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.



Effective  
2018-01-01  
Rate M4  
Page 1 of 3

FIRM INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 2 400 m<sup>3</sup> and 60 000 m<sup>3</sup>.

**(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.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge

|          |  |         |                      |
|----------|--|---------|----------------------|
| First    | 8 450 m <sup>3</sup> of daily contracted demand  | 62.2530 | ¢ per m <sup>3</sup> |
| Next     | 19 700 m <sup>3</sup> of daily contracted demand | 27.9127 | ¢ per m <sup>3</sup> |
| All Over | 28 150 m <sup>3</sup> of daily contracted demand | 23.4505 | ¢ per m <sup>3</sup> |

(ii) A Monthly Delivery Commodity Charge

|   |        |                      |
|---|--------|----------------------|
| First 422 250 m <sup>3</sup> delivered per month            | 1.5791 | ¢ per m <sup>3</sup> |
| Next volume equal to 15 days use of daily contracted demand | 1.5791 | ¢ per m <sup>3</sup> |
| For remainder of volumes delivered in the month             | 0.6088 | ¢ per m <sup>3</sup> |

|   |   |                      |
|---|---|----------------------|
| Delivery - Price Adjustment (All Volumes) | - | ¢ per m <sup>3</sup> |
|---|---|----------------------|

Cap-and-Trade Charges (in addition to Delivery Commodity Charge)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
| Cap-and-Trade Facility-Related Charge                 | 0.0280 | ¢ per m <sup>3</sup> |

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

2. Overrun Charge

Authorized overrun gas is available provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 103% of contracted daily demand. Authorized overrun will be available April 1 through October 31 at the identified authorized overrun delivery charge and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all volumes purchased.

Unauthorized overrun gas taken in any month shall be paid for at the identified unauthorized overrun delivery charge for the delivery and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

|                                      |        |                      |
|--------------------------------------|--------|----------------------|
| Authorized Overrun Delivery Charge   | 3.6258 | ¢ per m <sup>3</sup> |
| Unauthorized Overrun Delivery Charge | 5.8435 | ¢ per m <sup>3</sup> |

Cap-and-Trade Charges (in addition to Delivery Charge)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
| Authorized Cap-and-Trade Facility-Related Charge      | 0.0280 | ¢ per m <sup>3</sup> |
| Unauthorized Cap-and-Trade Facility-Related Charge    | 0.0297 | ¢ per m <sup>3</sup> |

### 3. Firm Minimum Annual Charge

In each contract year, the customer shall purchase from Union or pay for a minimum volume of gas or transportation services equivalent to 146 days use of firm contracted demand. Overrun gas volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume the customer shall pay an amount equal to the deficiency from the minimum volume times the identified firm minimum annual delivery charge and, if applicable a gas supply commodity charge provided in Schedule "A".

|                                     |        |                      |
|-------------------------------------|--------|----------------------|
| Firm Minimum Annual Delivery Charge | 1.7964 | ¢ per m <sup>3</sup> |
|-------------------------------------|--------|----------------------|

In the event that the contract period exceeds one year the annual minimum volume will be prorated for any part year.

### 4. Interruptible Service

Union may agree, in its sole discretion, to combine a firm service with an interruptible service provided that the amount of interruptible volume to be delivered and agreed upon by Union and the customer shall be no less than 350,000 m<sup>3</sup> per year.

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

#### a) (i) Monthly Delivery Commodity Charge

##### Daily Contracted Demand Level (CD)

|  |        |                      |
|--|--------|----------------------|
| 2 400 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>  | 3.0395 | ¢ per m <sup>3</sup> |
| 17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup> | 2.9096 | ¢ per m <sup>3</sup> |
| 30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup> | 2.8413 | ¢ per m <sup>3</sup> |
| 50 000 m <sup>3</sup> ≤ CD ≤ 60 000 m <sup>3</sup> | 2.7934 | ¢ per m <sup>3</sup> |

|   |   |                      |
|---|---|----------------------|
| Delivery - Price Adjustment (All Volumes) | - | ¢ per m <sup>3</sup> |
|---|---|----------------------|

##### Cap-and-Trade Charges (in addition to Delivery Commodity Charge)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
| Cap-and-Trade Facility-Related Charge                 | 0.0249 | ¢ per m <sup>3</sup> |

#### (ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 4(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

|  |         |                      |
|--|---------|----------------------|
| For 75 days use of contracted demand   | 0.0530  | ¢ per m <sup>3</sup> |
| For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of | 0.00212 | ¢ per m <sup>3</sup> |

#### (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

|                     |          |           |
|---------------------|----------|-----------|
| (iv) Monthly Charge | \$644.05 | per month |
|---------------------|----------|-----------|



- b) In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 350 000 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times the identified interruptible minimum annual delivery charge, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

|  |        |                      |
|--|--------|----------------------|
| Interruptible Minimum Annual Delivery Charge | 3.2537 | ¢ per m <sup>3</sup> |
|--|--------|----------------------|

- c) Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the identified unauthorized overrun delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

|                                      |        |                      |
|--------------------------------------|--------|----------------------|
| Unauthorized Overrun Delivery Charge | 5.8435 | ¢ per m <sup>3</sup> |
|--------------------------------------|--------|----------------------|

Cap-and-Trade Charges (in addition to Delivery Charge)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
|---|--------|----------------------|

|                                       |        |                      |
|---------------------------------------|--------|----------------------|
| Cap-and-Trade Facility-Related Charge | 0.0297 | ¢ per m <sup>3</sup> |
|---------------------------------------|--------|----------------------|

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 233.7000 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems for all volumes. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

## INTERRUPTIBLE INDUSTRIAL AND COMMERCIAL CONTRACT RATE

### (A) Availability

Available to customers in Union's Southern Delivery Zone.

### (B) Applicability

To a customer who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a daily contracted demand between 2 400 m<sup>3</sup> and 60 000 m<sup>3</sup> inclusive.

### (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.

#### 1. Interruptible Service

The price of all gas delivered by Union pursuant to any contract, contract amendment, or contract renewal shall be determined on the basis of the following schedules:

#### (i) Monthly Delivery Commodity Charge

##### Daily Contracted Demand Level (CD)

|  |        |                      |
|--|--------|----------------------|
| 2 400 m <sup>3</sup> ≤ CD < 17 000 m <sup>3</sup>  | 3.0395 | ¢ per m <sup>3</sup> |
| 17 000 m <sup>3</sup> ≤ CD < 30 000 m <sup>3</sup> | 2.9096 | ¢ per m <sup>3</sup> |
| 30 000 m <sup>3</sup> ≤ CD < 50 000 m <sup>3</sup> | 2.8413 | ¢ per m <sup>3</sup> |
| 50 000 m <sup>3</sup> ≤ CD ≤ 60 000 m <sup>3</sup> | 2.7934 | ¢ per m <sup>3</sup> |

|   |   |                      |
|---|---|----------------------|
| Delivery - Price Adjustment (All Volumes) | - | ¢ per m <sup>3</sup> |
|---|---|----------------------|

##### Cap-and-Trade Charges (in addition to Delivery Commodity Charge)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
| Cap-and-Trade Facility-Related Charge                 | 0.0249 | ¢ per m <sup>3</sup> |

#### (ii) Days Use of Interruptible Contract Demand

The price determined under Paragraph 1(a) of "Rates" will be reduced by the amount based on the number of Days Use of Contracted Demand as scheduled below:

|  |        |                      |
|--|--------|----------------------|
| For 75 days use of contracted demand   | 0.0530 | ¢ per m <sup>3</sup> |
| For each additional days use of contracted demand up to a maximum of 275 days, an additional discount of | 0.0021 | ¢ per m <sup>3</sup> |

#### (iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel. The applicable rates are provided in Schedule "A".

|                     |          |           |
|---------------------|----------|-----------|
| (iv) Monthly Charge | \$644.05 | per month |
|---------------------|----------|-----------|

2. In each contract year, the customer shall take delivery from Union, or in any event pay for, if available and not accepted by the customer, a minimum volume of gas or transportation services as specified in the contract between the parties and which will not be less than 350 000 m<sup>3</sup> per annum. Overrun volumes will not contribute to the minimum volume. In the event that the customer shall not take such minimum volume, the customer shall pay an amount equal to the deficiency from the minimum volume times the identified interruptible minimum annual delivery charge, and if applicable, a gas supply charge provided in Schedule "A".

In the event that the contract period exceeds one year, the annual minimum volume will be prorated for any part year.

|  |        |                      |
|--|--------|----------------------|
| Interruptible Minimum Annual Delivery Charge | 3.2537 | ¢ per m <sup>3</sup> |
|--|--------|----------------------|



3. Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization. Overrun means gas taken on any day in excess of 105% of contracted daily demand.

Unauthorized overrun gas taken in any month shall be paid for at the identified unauthorized overrun delivery charge and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all gas supply volumes purchased.

|                                      |        |                      |  |
|--------------------------------------|--------|----------------------|--|
| Unauthorized Overrun Delivery Charge | 5.8435 | ¢ per m <sup>3</sup> |  |
|--------------------------------------|--------|----------------------|--|

Cap-and-Trade Charges (in addition to Delivery Charge)

|   |        |                      |  |
|---|--------|----------------------|--|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |  |
|---|--------|----------------------|--|

|                                       |        |                      |  |
|---------------------------------------|--------|----------------------|--|
| Cap-and-Trade Facility-Related Charge | 0.0297 | ¢ per m <sup>3</sup> |  |
|---------------------------------------|--------|----------------------|--|

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 233.7000 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

4. Non-Interruptible Service

Union may agree, in its sole discretion, to combine an interruptible service with a firm service in which case the amount of firm daily demand to be delivered shall be agreed upon by Union and the customer.

a) The monthly demand charge for firm daily deliveries will be 34.8081 ¢ per m<sup>3</sup>.

b) The commodity charge for firm service shall be the rate for firm service at Union's firm rates net of a monthly demand charge of 34.8081 ¢ per m<sup>3</sup> of daily contracted demand. The commodity charge includes cap-and-trade facility-related charges related to the firm service.

c) The interruptible commodity charge will be established under Clause 1 of this schedule.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

SPECIAL LARGE VOLUME INDUSTRIAL AND COMMERCIAL CONTRACT RATE

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Customer

- a) who enters into a contract for the purchase or transportation of gas for a minimum term of one year that specifies a combined maximum daily requirement for firm, interruptible and seasonal service of at least 60 000 m<sup>3</sup>; and
- b) who has site specific energy measuring equipment that will be used in determining energy balances.

**(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.

1. Bills will be rendered monthly and shall be the total of:

(i) A Monthly Demand Charge

A negotiated Monthly Demand Charge for each m<sup>3</sup> of daily contracted firm demand up to 34.9210 ¢ per m<sup>3</sup>

(ii) A Monthly Delivery Commodity Charge

- (1) A Monthly Firm Delivery Commodity Charge for all firm volumes of  
and a Delivery - Price Adjustment of

0.3623 ¢ per m<sup>3</sup>  
- ¢ per m<sup>3</sup>

- (2) A Monthly Interruptible Delivery Commodity Charge for all interruptible volumes to be negotiated between Union and the customer not to exceed an annual average of  
and a Delivery - Price Adjustment of

6.5059 ¢ per m<sup>3</sup>  
- ¢ per m<sup>3</sup>

- (3) A Monthly Seasonal Delivery Commodity Charge for all seasonal volumes to be negotiated between Union and the customer not to exceed an annual average of  
and a Delivery - Price Adjustment of

3.2537 ¢ per m<sup>3</sup>  
- ¢ per m<sup>3</sup>

Cap-and-Trade Charges (in addition to Delivery Commodity Charge)

Cap-and-Trade Customer-Related Charge (if applicable)

3.3181 ¢ per m<sup>3</sup>

Cap-and-Trade Facility-Related Charge

0.0288 ¢ per m<sup>3</sup>

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

(iv) Overrun Gas

Overrun gas is available without penalty provided that it is authorized by Union in advance. Union will not unreasonably withhold authorization.

Unauthorized overrun gas taken in any month shall be paid for at the M1 rate in effect at the time the overrun occurs, plus, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup> for all the gas supply volumes purchased.

Cap-and-Trade Charges (in addition to Delivery Charge)

Cap-and-Trade Customer-Related Charge (if applicable)

3.3181 ¢ per m<sup>3</sup>

Cap-and-Trade Facility-Related Charge

0.0297 ¢ per m<sup>3</sup>

Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 233.7000 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

2. In negotiating the Monthly Interruptible and Seasonal Commodity Charges, the matters to be considered include:
  - (a) The volume of gas for which the customer is willing to contract,
  - (b) The load factor of the customer's anticipated gas consumption, the pattern of annual use, and the minimum annual quantity of gas which the customer is willing to contract to take or in any event pay for,
  - (c) Interruptible or curtailment provisions, and
  - (d) Competition.
3. In each contract year, the customer shall take delivery from Union, or in any event, pay for if available and not accepted by the customer, a minimum volume of gas as specified in the contract between the parties. Overrun gas volumes will not contribute to the minimum volume.
4. The contract may provide that the Monthly Demand Charge specified in Rate Section 1 above shall not apply on all or part of the daily contracted firm demand used by the customer during the testing, commissioning, phasing in, decommissioning and phasing out of gas-using equipment for a period not to exceed one year (the "transition period"). In such event, the contract will provide for a Monthly Delivery Commodity Charge to be applied on such volume during the transition at the identified commissioning and decommissioning rate and the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, if applicable.

|  |        |                      |
|--|--------|----------------------|
| Commissioning and Decommissioning Rate | 4.6628 | ¢ per m <sup>3</sup> |
|--|--------|----------------------|

Cap-and-Trade Charges (in addition to Commissioning and Decommissioning Rate)

|   |        |                      |
|---|--------|----------------------|
| Cap-and-Trade Customer-Related Charge (if applicable) | 3.3181 | ¢ per m <sup>3</sup> |
|---|--------|----------------------|

|                                       |        |                      |
|---------------------------------------|--------|----------------------|
| Cap-and-Trade Facility-Related Charge | 0.0288 | ¢ per m <sup>3</sup> |
|---------------------------------------|--------|----------------------|

5. Either the utility or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Bundled Direct Purchase Delivery and Short Term Supplemental Services**

Where a customer elects transportation service and/or a short term supplemental service under this rate schedule, the customer must enter into a Contract under rate schedule R1.

LARGE WHOLESALE SERVICE RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a distributor who enters into a contract to purchase and/or receive delivery of a firm supply of gas for distribution to its customers and who agrees to take or pay for an annual quantity of at least two million cubic metres.

**(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.

(i) A Monthly Demand Charge of established daily demand determined in accordance with the service contract, such demand charge to be computed on a calendar month basis and a pro-rata charge to be made for the fraction of a calendar month which will occur if the day of first regular delivery does not fall on the first day of a month. 23.5397 ¢ per m<sup>3</sup>

(ii) A Delivery Commodity Charge for gas delivered of 0.1788 ¢ per m<sup>3</sup>  
and a Delivery - Price Adjustment of - ¢ per m<sup>3</sup>

Cap-and-Trade Charges (in addition to Delivery Commodity Charge)  
Cap-and-Trade Facility-Related Charge

0.0248 ¢ per m<sup>3</sup>

(iii) Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.  
The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.



**(F) Overrun Charge**

Authorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has been received, the customer will be charged at the identified authorized overrun delivery charge. Overrun will be authorized by Union at its sole discretion.

Unauthorized:

For all quantities on any day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged at the identified unauthorized overrun delivery charge.

|   |                              |  |
|---|------------------------------|--|
| Authorized Overrun Delivery Charge                            | 0.9527 ¢ per m <sup>3</sup>  |  |
| Unauthorized Overrun Delivery Charge                          | 36.0000 ¢ per m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Delivery Charge)</u> |                              |  |
| Cap-and-Trade Facility-Related Charge                         | 0.0248 ¢ per m <sup>3</sup>  |  |

**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

SMALL WHOLESALE SERVICE RATE**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a non-contract distributor who purchases and/or receives delivery of a firm supply of gas for distribution only to its own customers.

**(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.

1. A Delivery Commodity Charge of 7.1737 ¢ per m<sup>3</sup> |

Cap-and-Trade Charges (in addition to Delivery Commodity Charge)

Cap-and-Trade Facility-Related Charge 0.0258 ¢ per m<sup>3</sup> |

2. Gas Supply Charge (if applicable)

The gas supply charge is comprised of charges for transportation and for commodity and fuel.

The applicable rates are provided in Schedule "A".

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

**(E) Direct Purchase**

Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union, and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**(F) Overrun Charge**

In the event that a direct purchase customer fails to deliver its contracted volumes to Union, and Union has the capability to continue to supply the customer, Union will do so. This gas shall be paid for at the identified unauthorized overrun delivery charge and, if applicable, the total gas supply charge for utility sales provided in Schedule "A" per m<sup>3</sup>, plus 7¢ per m<sup>3</sup> for all gas supply volumes purchased.

Unauthorized Overrun Delivery Charge 5.8435 ¢ per m<sup>3</sup> |

Cap-and-Trade Charges (in addition to Delivery Charge)

Cap-and-Trade Facility-Related Charge 0.0297 ¢ per m<sup>3</sup> |

**(G) Bundled Direct Purchase Delivery**

Where a customer elects transportation service under this rate schedule, the customer must enter into a Bundled T Gas Contract with Union for delivery of gas to Union.

Bundled T Gas Contract Rates and Gas Purchase Contract Rates are described in rate schedule R1.

BUNDLED DIRECT PURCHASE CONTRACT RATE
**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer who enters into a Receipt Contract or Gas Purchase Contract for delivery and/or sale of gas to Union.

**(C) Rates**

|  | <u>Demand<br/>Charge<br/>Rate/GJ/month</u> | <u>Commodity<br/>Charges/Credits<br/>Rate/GJ</u> |
|--|--|--|
| a) Transportation by Union<br>For gas delivered to Union at any point other than the Ontario Point(s) of Receipt, Union will charge a customer all approved tolls and charges, incurred by Union to transport the gas to the |  |  |
| b) Firm Backstop Gas<br>Applied to the contracted Firm Backstop Gas Supply Service   | \$1.530                                    |  |
| Backstop Gas Commodity Charge<br>On all quantities supplied by Union to the Ontario Point(s) of Receipt  |  | \$4.005  |
| c) Reasonable Efforts Backstop Gas<br>Paid on all quantities of gas supplied by Union to the customer's Point(s) of Consumption  |  | \$5.033  |
| d) Banked Gas Purchase<br><br>T-service  |  | Note (1)   |
| e) Failure to Deliver<br>Applied to all quantities not delivered to Union in the event the customer's supply fails   |  | \$2.835  |
| f) Short Term Storage / Balancing Service (2)<br><br>Maximum   |  | \$6.000  |
| g) Discretionary Gas Supply Service ("DGSS")   |  | Note (3)   |
| h) Parkway Delivery Commitment Incentive ("PDCI")  |  | \$(0.159)  |



Effective  
2018-01-01  
**Rate R1**  
Page 2 of 2

Notes:

(1) The charge for banked gas purchases shall be the higher of the daily spot cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.

(2) Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
- ii) short-term firm deliverability, OR
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for short term storage services, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

(3) Discretionary Gas Supply Service price reflects the "back-to-back" price plus gas supply administration charge.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.



STORAGE AND TRANSPORTATION RATES FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a customer:

- a) whose qualifying annual transportation volume for combined firm and interruptible service is at least 2 500 000 m<sup>3</sup> or greater and has a daily firm contracted demand up to 140,870 m<sup>3</sup>; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. 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.

**STORAGE SERVICE:**

|   | <u>Demand<br/>Charge<br/>Rate/GJ/mo</u> | <u>Commodity<br/>Charge<br/>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |   |
|---|---|---|--|---|
|   |   |   | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space                                     | \$0.011                                 |   |  |   |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right |   |   |  |   |
| Union provides deliverability Inventory   | \$1.457                                 |   |  |   |
| Customer provides deliverability Inventory (4)  | \$1.184                                 |   |  |   |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right             | \$1.184                                 |   |  |   |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right   | \$1.184                                 |   |  |   |

|   | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | For Customers Providing<br><u>Their Own Compressor Fuel</u> |   |
|---|---------------------------------------|---------------------------------------|---|---|
|   |                                       |                                       | <u>Fuel<br/>Ratio</u>                                       | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn<br>from storage up to the Maximum                                   |                                       |                                       |   |   |
| Daily Storage Withdrawal Quantity   |                                       | \$0.022                               | 0.408%  | \$0.008                                 |
| f) Injection Commodity<br>Paid on all quantities injected into<br>storage up to the Maximum Daily<br>Storage Injection Quantity |                                       | \$0.022                               | 0.408%  | \$0.008                                 |
| g) Short Term Storage / Balancing Service<br>Maximum  |                                       | \$6.000                               |   |   |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
  - ii) short-term firm deliverability, or
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

#### TRANSPORTATION CHARGES:

|  | Demand<br>Charge             | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio (5) | Commodity<br>Charge       |
|--|------------------------------|---|---|---------------------------|
|  | <u>Rate/m<sup>3</sup>/mo</u> | <u>Rate/m<sup>3</sup></u>                                 |   | <u>Rate/m<sup>3</sup></u> |
| a) Annual Firm Transportation<br>Applied to the Firm Daily Contract Demand   |                              |   |   |                           |
| First 28,150 m <sup>3</sup> per month  | 41.1636 ¢                    |   |   |                           |
| Next 112,720 m <sup>3</sup> per month  | 28.4393 ¢                    |   |   |                           |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>customer's Point(s) of Consumption<br>Commodity Charge (All volumes) |                              | 0.1584 ¢  | 0.323%  | 0.1138 ¢                  |
| c) Interruptible Transportation Commodity<br>Paid on all interruptible quantities redelivered<br>to the customer's Point(s) of Consumption<br>Maximum      |                              | 6.5059 ¢  | 0.323%  | 6.4613 ¢                  |
| <u>Cap-and-Trade Charges (in addition to Transportation Commodity Charge)</u>  |                              |   |   |                           |
| Cap-and-Trade Customer-Related Charge (if applicable)  |                              | 3.3181 ¢  |   | 3.3181 ¢                  |
| Cap-and-Trade Facility-Related Charge  |                              | 0.0167 ¢  |   | 0.0167 ¢                  |

#### Notes:

- All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
- In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - The amount of the interruptible transportation for which customer is willing to contract,
  - The anticipated load factor for the interruptible transportation quantities,
  - Interruptible or curtailment provisions, and
  - Competition.
- In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
- Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
- Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:**
**1. Annual Storage Space**

## Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1.

## Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.

**2. Injection, Withdrawals and Transportation**

## Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

|   | <u>Firm or Interruptible Service</u>                                |   |                             |
|---|---|---|-----------------------------|
|   | <u>Union Providing<br/>Compressor Fuel<br/>Commodity<br/>Charge</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel<br/>Fuel<br/>Ratio</u> | <u>Commodity<br/>Charge</u> |
| Storage Injections  | \$0.087/GJ  | 0.881%  | \$0.056/GJ                  |
| Storage Withdrawals   | \$0.087/GJ  | 0.881%  | \$0.056/GJ                  |
| Transportation  | 1.5117 ¢/m <sup>3</sup>   | 0.323%  | 1.4671 ¢/m <sup>3</sup>     |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |   |   |                             |
| Cap-and-Trade Customer-Related Charge (if applicable)               | 3.3181 ¢/m <sup>3</sup>   |   | 3.3181 ¢/m <sup>3</sup>     |
| Cap-and-Trade Facility-Related Charge                               | 0.0167 ¢/m <sup>3</sup>   |   | 0.0167 ¢/m <sup>3</sup>     |

#### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

|   |         |                      |  |
|---|---------|----------------------|--|
| Unauthorized Overrun Storage Injections and Withdrawals Charge      | \$1.500 | per GJ               |  |
| Unauthorized Overrun Transportation Charge                          | 5.8435  | ¢ per m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |         |                      |  |
| Cap-and-Trade Customer-Related Charge (if applicable)               | 3.3181  | ¢ per m <sup>3</sup> |  |
| Cap-and-Trade Facility-Related Charge                               | 0.0297  | ¢ per m <sup>3</sup> |  |

#### Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 233.7000 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

### 3. Storage / Balancing Service

#### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   |                |
|-----------------------------------|----------------|
|                                   | Firm Service   |
|                                   | <u>Rate/GJ</u> |
| Space                             | \$6.000        |
| Injection / Withdrawal<br>Maximum | \$6.000        |

#### OTHER SERVICES & CHARGES:

##### 1. Monthly Charge

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

|                |            |
|----------------|------------|
| Monthly Charge | \$1,895.82 |
|----------------|------------|

##### 2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

##### 3. Delivery Obligations

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Additional Service Information**

Additional information on Union's T1 service offering can be found at:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features)

The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.

**5. Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.

Rate/GJ

PDCI

\$(0.159)

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

## STORAGE AND TRANSPORTATION RATES FOR CONTRACT CARRIAGE CUSTOMERS

### (A) Availability

Available to customers in Union's Southern Delivery Zone.

### (B) Applicability

To a customer:

- a) who has a daily firm contracted demand of at least 140 870 m<sup>3</sup>. Firm and/or interruptible daily contracted demand of less than 140,870 m<sup>3</sup> cannot be combined for the purposes of qualifying for this rate class; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for use at facilities located within Union's gas franchise area; and
- c) who has meters with electronic recording at each Point of Consumption; and
- d) who has site specific energy measuring equipment that will be used in determining energy balances; and
- e) for whom Union has determined transportation and/or storage capacity is available.

For the purposes of qualifying for a rate class, the total quantities of gas consumed or expected to be consumed on the customer's contiguous property will be used, irrespective of the number of meters installed.

### (C) Rates

The following rates shall be charged for all quantities contracted or handled as appropriate. 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.

#### STORAGE SERVICE:

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |   |
|--|---------------------------------------|---------------------------------------|--|---|
|  |                                       |                                       | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |   |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.457                               |                                       |  |   |
| Customer provides deliverability Inventory (4)   | \$1.184                               |                                       |  |   |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.184                               |                                       |  |   |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.184                               |                                       |  |   |

|   | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>Fuel<br/>Ratio</u> | For Customers Providing<br>Their Own Compressor Fuel<br>Commodity<br>Charge<br><u>Rate/GJ</u> |
|---|---------------------------------------|---------------------------------------|-----------------------|---|
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn<br>from storage up to the Maximum<br>Daily Storage Withdrawal Quantity  |                                       | \$0.022                               | 0.408%                | \$0.008   |
| f) Injection Commodity<br>Paid on all quantities injected into<br>storage up to the Maximum Daily<br>Storage Injection Quantity   |                                       | \$0.022                               | 0.408%                | \$0.008   |
| g) Short Term Storage / Balancing Service<br>Maximum  |                                       | \$6.000                               |                       |   |
| h) Daily Variance Account<br>Interruptible Injections/Withdrawals<br>Paid on all quantities withdrawn from and<br>injected into the Daily Variance Account up to<br>the Maximum Injection/Withdrawal Quantity |                                       | \$0.087                               | 0.881%                | \$0.056   |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

3.1 Aggregate Excess

Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

3.3 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, storage space is determined by peak hourly consumption x 24 x 4 days. Should the customer elect firm deliverability less than their maximum entitlement (see Note 4.2), the maximum storage space available at the rates specified herein is 10 x firm storage deliverability contracted, not to exceed peak hourly consumption x 24 x 4 days.

3.4 Contract Demand multiple of 10

For customers with non-obligated supply and who are not eligible for Section 3.3 above, the maximum storage space is determined as 9 x firm daily Contract Demand and the Daily Variance Account maximum storage space is determined as 1 x firm daily Contract Demand.

Customers may contract for less than their maximum entitlement of firm storage space.



#### 4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined by one of the following methodologies:

4.1 The greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

4.2 For new, large (daily firm transportation demand requirements in excess of 1,200,000 m<sup>3</sup>/day) gas fired power generation customers, the maximum entitlement of firm storage deliverability is 24 times the customer's peak hourly consumption, with 1.2% firm deliverability available at the rates specified herein.

4.3 For customers with non-obligated supply and are not eligible for Section 4.2 above, the firm storage deliverability is determined as 1.2% of firm storage space, excluding the firm storage space associated with the Daily Variance Account. For the Daily Variance Account, the storage deliverability is available on an interruptible basis up to the customer's firm contracted demand.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.

6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.

7. Deliverability Inventory being defined as 20% of annual storage space.

8. Short Term Storage / Balancing Service is:

- i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, or
- ii) short-term firm deliverability, or
- iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

#### TRANSPORTATION CHARGES:

|  | Demand<br>Charge             | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio (5) | Commodity<br>Charge       |
|--|------------------------------|---|---|---------------------------|
|  | <u>Rate/m<sup>3</sup>/mo</u> | <u>Rate/m<sup>3</sup></u>                                 |   | <u>Rate/m<sup>3</sup></u> |
| a) Annual Firm Transportation Demand<br>Applied to the Firm Daily Contract Demand  |                              |   |   |                           |
| First 140,870 m <sup>3</sup> per month   | 32.6795 ¢                    |   |   |                           |
| All over 140,870 m <sup>3</sup> per month  | 17.2859 ¢                    |   |   |                           |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>customer's Point(s) of Consumption<br>Commodity Charge (All volumes) |                              | 0.0690 ¢  | 0.295%  | 0.0282 ¢                  |
| c) Interruptible Transportation Commodity<br>Paid on all interruptible quantities redelivered<br>to the customer's Point(s) of Consumption<br>Maximum      |                              | 6.5059 ¢  | 0.295%  | 6.4651 ¢                  |
| <u>Cap-and-Trade Charges (in addition to Transportation Commodity Charge)</u>  |                              |   |   |                           |
| Cap-and-Trade Customer-Related Charge (if applicable)  |                              | 3.3181 ¢  |   | 3.3181 ¢                  |
| Cap-and-Trade Facility-Related Charge  |                              | 0.0115 ¢  |   | 0.0115 ¢                  |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, at its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day and who are directly connected to i) the Dawn-Trafalgar transmission system in close proximity to Parkway or ii) a third party pipeline, have the option to pay for service using a Billing Contract Demand. The Billing Contract Demand shall be determined by Union such that the annual revenues over the term of the contract will recover the invested capital, return on capital and operating and maintenance costs associated with the dedicated service in accordance with Union's system expansion policy. The firm transportation demand charge will be applied to the Billing Contract Demand. For customers choosing the Billing Contract Demand option, the authorized transportation overrun rate will apply to all volumes in excess of the Billing Contract Demand but less than the daily firm demand requirement.
3. In negotiating the rate to be charged for the transportation of gas under Interruptible Transportation, the matters that are to be considered include:
  - a) The amount of the interruptible transportation for which customer is willing to contract,
  - b) The anticipated load factor for the interruptible transportation quantities,
  - c) Interruptible or curtailment provisions, and
  - d) Competition.
4. In each contract year, the customer shall pay for a Minimum Interruptible Transportation Activity level as specified in the Contract. Overrun activity will not contribute to the minimum activity level.
5. Transportation fuel ratios do not apply to customers served from dedicated facilities directly connected to third party transmission systems with custody transfer metering at the interconnect.
6. Firm transportation fuel ratio does not apply to new customers or existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day that contract for M12 Dawn to Parkway transportation service equivalent to 100% of their daily firm demand requirement. If a customer with a daily firm demand requirement in excess of 1,200,000 m<sup>3</sup>/day contracts for M12 Dawn to Parkway transportation service at less than 100% of their firm daily demand requirement, the firm transportation fuel ratio will be applicable to daily volumes not transported under the M12 transportation contract.
7. Either Union or a customer, or potential customer, may apply to the Ontario Energy Board to fix rates and other charges different from the rates and other charges specified herein if the changed rates and other charges are considered by either party to be necessary, desirable and in the public interest.

**SUPPLEMENTAL CHARGES:**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE:****1. Annual Storage Space**

## Authorized

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion. Storage Space Overrun equal to the customer's firm deliveries from TCPL: less the customer's Firm Daily Contract Demand, all multiplied by the Days of Interruption called during the period of November 1 to March 31, will be automatically authorized until the following July 1. Authorized Overrun is not applicable to the Daily Variance Account.

## Unauthorized

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.

## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion. The Authorized Overrun rates are not applicable to the Daily Variance Account.

Automatic authorization of Injection Overrun will be given during all Days a customer has been interrupted.

|   | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge     |
|---|---|---|-------------------------|
| Storage Injections  | \$0.087/GJ  | 0.881%  | \$0.056/GJ              |
| Storage Withdrawals   | \$0.087/GJ  | 0.881%  | \$0.056/GJ              |
| Transportation  | 1.1434 ¢/m <sup>3</sup>                                   | 0.295%  | 1.1026 ¢/m <sup>3</sup> |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |   |   |                         |
| Cap-and-Trade Customer-Related Charge (if applicable)               | 3.3181 ¢/m <sup>3</sup>                                   |   | 3.3181 ¢/m <sup>3</sup> |
| Cap-and-Trade Facility-Related Charge                               | 0.0115 ¢/m <sup>3</sup>                                   |   | 0.0115 ¢/m <sup>3</sup> |

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate. For the Daily Variance Account, this unauthorized storage overrun rate will be charged on all quantities in excess of the Daily Variance Account maximum injection/withdrawal quantity.

|   |         |                      |
|---|---------|----------------------|
| Unauthorized Overrun Storage Injections and Withdrawals Charge      | \$1.500 | per GJ               |
| Unauthorized Overrun Transportation Charge                          | 5.8435  | ¢ per m <sup>3</sup> |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |         |                      |
| Cap-and-Trade Customer-Related Charge (if applicable)               | 3.3181  | ¢ per m <sup>3</sup> |
| Cap-and-Trade Facility-Related Charge                               | 0.0297  | ¢ per m <sup>3</sup> |

### Unauthorized Overrun Non-Compliance Rate:

Unauthorized overrun gas taken any month during a period when a notice of interruption is in effect shall be paid for at the rate of 233.7000 ¢ per m<sup>3</sup> (\$60 per GJ) for the delivery.

**3. Storage / Balancing Service**

Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   |                |
|-----------------------------------|----------------|
|                                   | Firm Service   |
|                                   | <u>Rate/GJ</u> |
| Space                             | \$6.000        |
| Injection / Withdrawal<br>Maximum | \$6.000        |

**OTHER SERVICES & CHARGES:****1. Monthly Charge**

In addition to the rates and charges described previously for each Point of Consumption, a Monthly Charge shall be applied as follows:

|                |            |
|----------------|------------|
| Monthly Charge | \$5,437.16 |
|----------------|------------|

**2. Diversion of Gas**

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

**3. Delivery Obligations**

The delivery options available to customers are detailed at:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features)

Unless otherwise authorized by Union, all other customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

**4. Nominations**

Effective January 1, 2007, new customers and existing customers with incremental daily firm demand requirements in excess of 1,200,000 m<sup>3</sup>/day who have non obligated deliveries may contract to use Union's 5 additional nomination windows (13 in total) for the purposes of delivering gas to Union. These windows are in addition to the standard NAESB and TCPL STS nomination windows. Customers taking the additional nomination window service will pay an additional monthly demand charge of \$0.000/GJ/day/month multiplied by the non-obligated daily contract quantity.



**5. Additional Service Information**

Additional information on Union's T2 service offering can be found at:  
[www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features](http://www.uniongas.com/business/account-services/unionline/contracts-rates/T1-service-features)

The additional information consists of, but is not limited to, the following:

- i. Storage space and deliverability entitlement;
- ii. The determination of gas supply receipt points and delivery obligations;
- iii. The nomination schedule;
- iv. The management of multiple redelivery points by a common fuel manager; and
- v. The availability of supplemental transactional services including title transfers.

**6. Parkway Delivery Commitment Incentive ("PDCI")**

For all Parkway Delivery Obligation ("PDO") volumes delivered to Union.

Rate/GJ

PDCI

\$(0.159)

**(D) Delayed Payment**

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



STORAGE AND TRANSPORTATION RATES FOR CONTRACT CARRIAGE CUSTOMERS

**(A) Availability**

Available to customers in Union's Southern Delivery Zone.

**(B) Applicability**

To a Distributor:

- a) whose minimum annual transportation of natural gas is 700 000 m<sup>3</sup> or greater; and
- b) who enters into a Carriage Service Contract with Union for the transportation or the storage and transportation of Gas for distribution to its customers; and
- c) who has meters with electronic recording at each Point of Redelivery; and
- d) for whom Union has determined transportation and/or storage capacity is available.

**(C) Rates**

The following rates shall be charged for all quantities contracted or handled as appropriate. 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.

**STORAGE SERVICE:**

|  | Demand<br>Charge<br><u>Rate/GJ/mo</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | <u>For Customers Providing<br/>Their Own Compressor Fuel</u> |   |
|--|---------------------------------------|---------------------------------------|--|---|
|  |                                       |                                       | <u>Fuel<br/>Ratio</u>  | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
| a) Annual Firm Storage Space<br>Applied to contracted Maximum<br>Annual Storage Space  | \$0.011                               |                                       |  |   |
| b) Annual Firm Injection/Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Firm Injection/Withdrawal Right<br>Union provides deliverability Inventory | \$1.457                               |                                       |  |   |
| Customer provides deliverability Inventory (4)   | \$1.184                               |                                       |  |   |
| c) Incremental Firm Injection Right:<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right  | \$1.184                               |                                       |  |   |
| d) Annual Interruptible Withdrawal Right:<br>Applied to the contracted Maximum<br>Annual Interruptible Withdrawal Right  | \$1.184                               |                                       |  |   |
| e) Withdrawal Commodity<br>Paid on all quantities withdrawn from storage<br>up to the Maximum Daily Storage Withdrawal Quantity                                      |                                       | \$0.022                               | 0.408%   | \$0.008                                 |
| f) Injection Commodity<br>Paid on all quantities injected into storage up to<br>the Maximum Daily Storage Injection Quantity   |                                       | \$0.022                               | 0.408%   | \$0.008                                 |
| g) Short Term Storage / Balancing Service<br>Maximum   |                                       | \$6.000                               |  |   |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.
2. Annual Firm Injection Rights are equal to 100% of their respective Annual Firm Withdrawal Rights. Injection Rights in excess of the Annual Firm Injection Rights will be charged at the Incremental Firm Injection Right.
3. Annual Firm Storage Space

The maximum storage space available to a customer at the rates specified herein is determined by one of the following storage allocation methodologies:

#### 3.1 Aggregate Excess

Aggregate excess is the difference between the customer's total 151-day winter consumption (November 1 through March 31) and the customer's average daily consumption (Daily Contract Quantity) for the contract year multiplied by 151 days of winter. This calculation will be done using two years of historical data (with 25% weighting for each year) and one year of forecast data (with 50% weighting). If a customer is new, or an existing customer is undergoing a significant change in operations, the allocation will be based on forecast consumption only, as negotiated between Union and the customer. Once sufficient historical information is available for the customer, the standard calculation will be done. At each contract renewal, the aggregate excess calculation will be performed to set the new space allocation.

#### 3.2 Obligated daily contract quantity multiple of 15

Obligated daily contract quantity is the firm daily quantity of gas which the customer must deliver to Union. The 15 x obligated daily contract quantity calculation will be done using the daily contract quantity for the upcoming contract year. At each contract renewal, the 15 x obligated daily contract quantity calculation will be performed to set the new space allocation.

Customers may contract for less than their maximum entitlement of firm storage space.

#### 4. Annual Injection/Withdrawal Right

The maximum level of deliverability available to a customer at the rates specified herein is determined to be the greater of obligated daily contract quantity or firm daily contract demand less obligated daily contract quantity.

Customers may contract for less than their maximum entitlement of deliverability. A customer may contract up to this maximum entitlement with a combination of firm and interruptible deliverability as specified in Section (C) Storage Service.

5. Additional storage space or deliverability, in excess of the allocated entitlements per Notes 3 and 4, may be available at market prices.
6. Storage Space and Withdrawal Rights are not assignable to any other party without the prior written consent of Union.
7. Deliverability Inventory being defined as 20% of annual storage space.
8. Short Term Storage / Balancing Service is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for this service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities, and
- iv) Competition.

**TRANSPORTATION CHARGES:**

|   | Demand<br>Charge             | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge       |
|---|------------------------------|---|---|---------------------------|
|   | <u>Rate/m<sup>3</sup>/mo</u> | <u>Rate/m<sup>3</sup></u>                                 |   | <u>Rate/m<sup>3</sup></u> |
| a) Annual Firm Transportation Demand<br>Applied to the Firm Daily Contract Demand                                       | 17.9887 ¢                    |   |   |                           |
| b) Firm Transportation Commodity<br>Paid on all firm quantities redelivered to the<br>Customer's Point(s) of Redelivery |                              | 0.1287 ¢  | 0.412%  | 0.0717 ¢                  |
| <u>Cap-and-Trade Charges (in addition to Transportation Commodity Charge)</u><br>Cap-and-Trade Facility-Related Charge  |                              | 0.0235 ¢  |   | 0.0235 ¢                  |

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year. Demand charges apply whether Union or the customer provides the fuel.

**SUPPLEMENTAL CHARGES**

Rates for supplemental services are provided in Schedule "A".

Notes:

1. All demand charges are paid monthly during the term of the contract for not less than one year unless Union, in its sole discretion, accepts a term of less than one year.

**OVERRUN SERVICE**
**1. Annual Storage Space**
**Authorized**

Authorized Overrun is provided as Storage/Balancing Service. It is payable on all quantities on any Day in excess of the customer's contracted Maximum Storage Space. Overrun will be authorized by Union at its sole discretion.

**Unauthorized**

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space, and which has not been authorized by Union or provided for under a short term supplemental storage service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate will be \$6.000 per GJ applied to the greatest excess for each occurrence.

If on any Day, the gas storage balance for the account of the customer is less than zero, the Unauthorized Overrun charge will apply for each GJ of gas below a zero inventory level and this amount of gas shall be deemed not to have been withdrawn from storage. The gas shall be deemed to have been sold to the customer at the highest spot price at Dawn in the month of occurrence and the month following occurrence as identified in the Canadian Gas Price Reporter and shall not be less than Union's approved weighted average cost of gas. If the customer has contracted to provide its own deliverability inventory, the zero inventory level shall be deemed to mean twenty percent (20%) of the Annual Firm Storage Space.



## 2. Injection, Withdrawals and Transportation

### Authorized

The following Overrun rates are applied to any quantities transported, injected or withdrawn in excess of 103% of the Contract parameters. Overrun will be authorized by Union at its sole discretion.

|   | Union Providing<br>Compressor Fuel<br>Commodity<br>Charge | For Customers Providing<br>Their Own Compressor Fuel<br>Fuel<br>Ratio | Commodity<br>Charge     |  |
|---|---|---|-------------------------|--|
| Storage Injections  | \$0.087/GJ  | 0.881%  | \$0.056/GJ              |  |
| Storage Withdrawals   | \$0.087/GJ  | 0.881%  | \$0.056/GJ              |  |
| Transportation  | 0.7201 ¢/m <sup>3</sup>                                   | 0.412%  | 0.6631 ¢/m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |   |   |                         |  |
| Cap-and-Trade Facility-Related Charge                               | 0.0235 ¢/m <sup>3</sup>                                   |   | 0.0235 ¢/m <sup>3</sup> |  |

### Unauthorized

For all quantities on any Day in excess of 103% of the customer's contractual rights, for which authorization has not been received, the customer will be charged the identified unauthorized overrun charge, as appropriate.

|   |         |                      |  |
|---|---------|----------------------|--|
| Unauthorized Overrun Storage Injections and Withdrawals Charge      | \$9.243 | per GJ               |  |
| Unauthorized Overrun Transportation Charge                          | 36.0000 | ¢ per m <sup>3</sup> |  |
| <u>Cap-and-Trade Charges (in addition to Transportation Charge)</u> |         |                      |  |
| Cap-and-Trade Facility-Related Charge                               | 0.0235  | ¢ per m <sup>3</sup> |  |

## 3. Short Term Storage Services

### Authorized

The following Overrun rates are applied to any quantities stored in excess of the Contract parameters. Overrun will be authorized by Union Gas at its sole discretion.

|                                   | Firm Service<br><u>Rate/GJ</u> |
|-----------------------------------|--------------------------------|
| Space                             | \$6.000                        |
| Injection / Withdrawal<br>Maximum | \$6.000                        |



## OTHER SERVICES & CHARGES

### 1. Monthly Charge

In addition to the rates and charges described previously for each Point of redelivery a Monthly Charge shall be applied to each specific customer as follows:

|                   | <u>Monthly<br/>Charge</u> |
|-------------------|---------------------------|
| City of Kitchener | \$ 19,838.78              |
| NRG               | \$ 3,045.46               |
| Six Nations       | \$ 1,015.15               |

If a customer combines Sales Service with Contract Carriage Service, the monthly charge will be prorated such that the customer will under both services pay no more than the above monthly charge.

### 2. Diversion of Gas

The availability of the right to divert gas will be based on Union's ability to accommodate the diversion. The price to be charged for the right to divert shall be determined through negotiation.

3. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must obligate to deliver at a point(s) specified by Union and must acquire and maintain firm transportation on all upstream pipeline systems. Customers initiating direct purchase arrangements must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

### 4. Parkway Delivery Commitment Incentive ("PDCI")

| For all Parkway Delivery Obligation ("PDO") volumes delivered to Union. | <u>Rate/GJ</u> |
|---|----------------|
| PDCI  | \$(0.159)      |

### (D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.



Effective  
2018-01-01  
Schedule "A"

Gas Supply Charges

(A) Availability:

Available to customers in Union's Southern Delivery Zone.

(B) Applicability:

To all sales customers served under Rate M1, Rate M2, Rate M4, Rate M5A, Rate M7, Rate M9, Rate M10 and storage and transportation customers taking supplemental services under Rate T1, Rate T2 and Rate T3.

(C) Rates:

cents / m<sup>3</sup>

Utility Sales

|                                       |                |
|---------------------------------------|----------------|
| Commodity and Fuel                    | 13.7303 (1)    |
| Commodity and Fuel - Price Adjustment | 3.4547         |
| Transportation                        | -              |
| Total Gas Supply Commodity Charge     | <u>17.1850</u> |

Minimum Annual Gas Supply Commodity Charge

|  |        |
|--|--------|
| Rate M4 Firm and Rate M5A Interruptible Contract | 0.1893 |
|--|--------|

Storage and Transportation Supplemental Services - Rate T1, Rate T2 & Rate T3

\$/GJ

|   |          |
|---|----------|
| Monthly demand charges:   |          |
| Firm gas supply service   | 60.300   |
| Firm backstop gas   | 1.530    |
| Commodity charges:  |          |
| Gas supply  | 3.549    |
| Backstop gas  | 4.005    |
| Reasonable Efforts Backstop Gas   | 5.033    |
| Supplemental Inventory  | Note (2) |
| Supplemental Gas Sales Service (cents / m <sup>3</sup> )  | 16.8528  |
| Failure to Deliver: Applied to quantities not delivered to Union in the event the customer's supply fails | 2.835    |
| Discretionary Gas Supply Service (DGSS)   | Note (3) |

Notes:

- (1) The Commodity and Fuel rate includes a gas supply administration charge of 0.1893 cents/m<sup>3</sup>.
- (2) The charge for banked gas purchases shall be the higher of the daily spot gas cost at Dawn in the month of or the month following the month in which gas is sold under this rate and shall not be less than Union's approved weighted average cost of gas.
- (3) Reflects the "back to back" price plus a gas supply administration charge.

Effective January 1, 2018  
O.E.B. Order # EB-2017-0087

Chatham, Ontario

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.



Effective  
2018-01-01  
**Rate U2**  
Page 1 of 3

## STORAGE RATES FOR UNBUNDLED CUSTOMERS

### (A) Availability

Available to customers in Union's Southern Delivery Zone.

### (B) Applicability

To a customer, or an agent, who is authorized to service residential and non-contract commercial and industrial end-users paying for the Monthly Fixed Charge and Delivery charge under Rate M1 or Rate M2:

- a) who enters into an Unbundled Service Contract with Union for the storage of Gas for use at facilities located within Union's gas franchise area;
- b) who contracts for Standard Peaking Service (SPS) with Union unless the customer can demonstrate that it has a replacement to the deliverability available in the SPS physically tied into Union's system and an OEB approved rate to provide the SPS replacement service;
- c) who accepts daily estimates of consumption at Points of Consumption as prepared by Union so that they may nominate an equivalent amount from storage, upstream transportation, or Ontario Producers authorized to sell to third parties;
- d) who nominates injections and withdrawals from storage and deliveries on upstream pipeline systems daily or Ontario Producers authorized to sell to third parties;
- e) for whom Union has determined storage capacity is available; and
- f) who accepts a monthly bill as prepared by Union.

### (C) Rates

The following rates shall be charged for all volumes contracted or handled as appropriate. 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.

#### STORAGE SERVICE

|   | <u>Demand Charge<br/>Rate/GJ/mo</u> | <u>Fuel<br/>Ratio</u> | <u>Commodity Charge<br/>Rate/GJ</u> |
|---|-------------------------------------|-----------------------|-------------------------------------|
| i) Standard Storage Service (SSS)   |                                     |                       |                                     |
| a) Combined Storage Space & Deliverability<br>Applied to contracted Maximum Storage Space                         | \$0.023                             |                       |                                     |
| b) Injection Commodity  |                                     | 0.408%                | \$0.026                             |
| c) Withdrawal Commodity   |                                     | 0.408%                | \$0.026                             |
| ii) Standard Peaking Service (SPS)  |                                     |                       |                                     |
| a) Combined Storage Space & Deliverability<br>Applied to contracted Maximum Storage Space                         | \$0.114                             |                       |                                     |
| b) Injection Commodity  |                                     | 0.408%                | \$0.026                             |
| c) Withdrawal Commodity   |                                     | 0.881%                | \$0.026                             |
| iii) Supplemental Service   |                                     |                       |                                     |
| a) Incremental Firm Injection Right: (5)<br>Applied to the contracted Maximum<br>Incremental Firm Injection Right | \$1.028                             |                       |                                     |



Effective  
2018-01-01  
Rate U2  
Page 2 of 3

|   | <u>Demand Charge<br/>Rate/GJ/mo</u> | <u>Fuel<br/>Ratio</u> | <u>Commodity Charge<br/>Rate/GJ</u> |
|---|-------------------------------------|-----------------------|-------------------------------------|
| b) Incremental Firm Withdrawal Right: (5)<br>Applied to the contracted Maximum<br>Incremental Firm Withdrawal Right | \$1.028                             |                       |                                     |
| c) Short Term Storage / Balancing Service<br>- Maximum  |                                     |                       | \$6.000                             |

Notes:

1. Demand charges for Annual Services are paid monthly during the term of the Contract, which shall not be less than one year, unless Union, in its sole discretion, accepts a term of less than one year.
2. Daily Firm Injection and Withdrawal Rights shall be pursuant to the Storage Contract.
3. Storage Space, Withdrawal Rights, and Injection Rights are not assignable to any other party without the prior written consent of Union and where necessary, approval from the Ontario Energy Board.
4. Short Term Storage / Balancing service (less than 2 years) is:
  - i) a combined space and interruptible deliverability service for short-term or off-peak storage in Union's storage facilities, OR
  - ii) short-term incremental firm deliverability, OR
  - iii) a component of an operational balancing service offered.

In negotiating the rate to be charged for service, the matters that are to be considered include:

- i) The minimum amount of storage service to which a customer is willing to commit,
- ii) Whether the customer is contracting for firm or interruptible service during Union's peak or non-peak periods,
- iii) Utilization of facilities,
- iv) Competition, and
- v) Term.

5. Union's ability to offer incremental injection and withdrawal rights is subject to annual asset availability.

**OVERRUN SERVICE**

**1. Injection and Withdrawal**

| <u>Authorized</u> | <u>Fuel<br/>Ratio</u> | <u>Commodity<br/>Charge<br/>Rate/GJ</u> |
|-------------------|-----------------------|---|
| Injection         | 0.881%                | \$0.060                                 |
| Withdrawal        | 0.881%                | \$0.060                                 |

**Unauthorized**

If in any month, the customer has gas in storage in excess of the contracted Maximum Storage Space or the gas storage balance for the account of the customer is less than zero or the customer has injected or withdrawn volumes from storage which exceeds their contractual rights, and which has not been authorized by Union or provided for under a short term storage/balancing service, such an event will constitute an occurrence of Unauthorized Overrun. The Unauthorized Overrun rate during the November 1 to April 15 period will be \$60.00 per GJ. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$6.000 per GJ.



OTHER SERVICES & CHARGES

1. Unless otherwise authorized by Union, customers who are delivering gas to Union under direct purchase arrangements must commit to provide a call at Parkway, throughout the winter period, for a specified number of days. Customers initiating direct purchase arrangements, who previously received Gas Supply service, must also accept, unless otherwise authorized by Union, an assignment from Union of transportation capacity on upstream pipeline systems.

2. Parkway Delivery Commitment Incentive ("PDCI")

| For all Parkway Delivery Obligation ("PDO") volumes delivered to Union. | <u>Rate/GJ</u> |
|---|----------------|
| PDCI  | \$(0.159)      |

(D) Delayed Payment

The monthly late payment charge equal to 1.5% per month or 18% per annum (for an approximate effective rate of 19.56% per annum) multiplied by the total of all unpaid charges will be added to the bill if full payment is not received by the late payment effective date, which is 20 days after the bill has been issued.

## 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<br>Charges<br>(applied to daily<br>contract demand)<br><u>Rate/GJ</u> | <u>Fuel and Commodity Charges</u>  |   |   |
|---|--|--|---|---|
|   |  | <u>Union Supplied Fuel</u><br>Fuel and Commodity Charge<br><u>Rate/GJ</u>  | <u>Shipper Supplied Fuel</u>                                  |   |
|   |  |  | <u>Fuel</u><br><u>Ratio %</u>                                 | <u>Commodity Charge</u><br><u>Rate/GJ</u> |
|   |  |  | <u>AND</u>  |   |
| <u>Firm Transportation (1), (5)</u>   |  |  |   |   |
| Dawn to Parkway   | \$3.716  | 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  | \$3.154  |  |   |   |
| Kirkwall to Parkway   | \$0.561  |  |   |   |
| <u>M12-X Firm Transportation</u>  |  |  |   |   |
| Between Dawn, Kirkwall and Parkway  | \$4.590  | Monthly fuel and commodity rates shall be in accordance with schedule "C". | Monthly fuel ratios shall be in accordance with schedule "C". |   |
| <u>Limited Firm/Interruptible Transportation (1)</u>                                  |  |  |   |   |
| Dawn to Parkway – Maximum   | \$8.918  | 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  | \$8.918  |  |   |   |
| Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (2)                                   | n/a  | n/a  | 0.158%  |   |
| <u>Cap-and-Trade Facility-Related Charges (applied to all quantities transported)</u> |  |  |   |   |
| Dawn to Kirkwall / Parkway (Cons) / Lisgar  |  | \$0.006  |   | \$0.006                                   |
| Dawn to Parkway (TCPL / EGT)  |  | \$0.009  |   | \$0.009                                   |
| Kirkwall to Parkway (Cons) / Lisgar   |  | \$0.002  |   | \$0.002                                   |
| Kirkwall to Parkway (TCPL / EGT)  |  | \$0.005  |   | \$0.005                                   |
| Parkway to Dawn / Kirkwall  |  | \$0.003  |   | \$0.003                                   |
| Kirkwall to Dawn  |  | \$0.002  |   | \$0.002                                   |
| Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (2)                                   |  | \$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<br>Rate/GJ                                       | Fuel<br>Ratio %   | Commodity Charge<br>Rate/GJ |
| <b><u>Transportation Overrun</u></b>   |  |   |                             |
| 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". | \$0.122                     |
| Dawn to Kirkwall   |  |   | \$0.104                     |
| Kirkwall to Parkway  |  |   | \$0.018                     |
| Parkway (TCPL) Overrun (4)   | n/a  | 0.721%  | n/a                         |
| <b><u>M12-X Firm Transportation</u></b>  |  |   |                             |
| 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". | \$0.151                     |
| <b><u>Cap-and-Trade Facility-Related Charges (applied to all quantities transported)</u></b> |  |   |                             |
| Dawn to Kirkwall / Parkway (Cons) / Lisgar   | \$0.006  |   | \$0.006                     |
| Dawn to Parkway (TCPL / EGT)   | \$0.009  |   | \$0.009                     |
| Kirkwall to Parkway (Cons) / Lisgar  | \$0.002  |   | \$0.002                     |
| Kirkwall to Parkway (TCPL / EGT)   | \$0.005  |   | \$0.005                     |
| Parkway to Dawn / Kirkwall   | \$0.003  |   | \$0.003                     |
| Kirkwall to Dawn   | \$0.002  |   | \$0.002                     |
| Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (2)  | \$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 \$0.070/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.

$$YCR = \sum_{1}^{4} [(0.001580 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [0.001580 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.001580 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}]xR \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001580 \times (QT1 + QT3)) + (DWFxQT1) + F_{WT}]xR \text{ For Oct. 1 to May 31}$$

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.

**(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.

**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

## **SCHEDULE "A"**

18. "TCPL" means TransCanada PipeLines Limited;
19. "cricondenth therm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenth therm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.

## **SCHEDULE "A"**

3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

*Intentionally blank*

### **VI. FACILITIES ON SHIPPER'S PROPERTY**

## **SCHEDULE "A"**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.

## **SCHEDULE "A"**

6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

### **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

### **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

## **SCHEDULE "A"**

overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

### **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

### **XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.



## **SCHEDULE "A"**

5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. MODIFICATION**

Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

*Intentionally blank*

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M12  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible Service HUB Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

**"interruptible service"** or **"Interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;

**"Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;

**"joule"** (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term **"megajoule"** (MJ) shall mean 1,000,000 joules. The term **"gigajoule"** (GJ) shall mean 1,000,000,000 joules;

**"Loaned Quantities"** shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

**"m<sup>3</sup>"** shall mean cubic metre of gas and **"10<sup>3</sup>m<sup>3</sup>"** shall mean 1,000 cubic metres of gas;

**"Month"** shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

**"NAESB"** shall mean North American Energy Standards Board;

**"OEB"** means the Ontario Energy Board;

**"Open Season"** or **"open season"** shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

**"pascal"** (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term **"kilopascal"** (kPa) shall mean 1,000 pascals;

**"receipt"** shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

**"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

**"specific gravity"** shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Taxes"** shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

**"TCPL"** means TransCanada PipeLines Limited;

**"Wobbe Number"** shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,

- b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "D 2010".

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.

## **SCHEDULE "A 2010"**

4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

## **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,

- a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
- b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.



**XI. FORCE MAJEURE**

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Proration of Firm Transportation Service: If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by

multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

**XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. ALLOCATION OF CAPACITY**

1. Requests for Transportation Service: A potential shipper may request firm transportation service on Union's system at any time. Any request for firm M12 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand and proposed payment. This is applicable for M12 service requests for firm transportation service with minimum terms of ten (10) years where Expansion Facilities are required or a minimum term of five (5) years for use of existing capacity.
2. Expansion Facilities: If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.

3. Open Seasons: If requests for long-term firm transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "**Long-term**", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Awarding Open Season Capacity: Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per-unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("**NPV**").
5. Available Capacity Previously Offered in Open Season: Union may at any time allocate capacity to respond to any M12 transportation service request through an open season. If a potential shipper requests M12 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form M12 transportation contract;
  - c. Union may reject a request for M12 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof; -
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.
  - d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5 c, within 5 calendar days of receiving a request for M12 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
  - e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
    - i) Reject all the pending requests for transportation service and conduct an open season; or
    - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

**XVII. RENEWALS**

Contracts with an Initial Term of five (5) years or greater will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

## **XVIII. SERVICE CURTAILMENT**

1. Right to Curtail: Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
2. In-franchise Interruptible Distribution services
3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
4. Balancing (Hub Activity) < = 100 GJ/d; Balancing (Direct Purchase) < = 500 GJ/d; In-franchise distribution authorized overrun (Note 3)
5. C1/M12 IT Transport and IT Exchanges at premium rates
6. C1/M12 Overrun < = 20% of CD (Note 4)
7. Balancing (Direct Purchase) > 500 GJ/d
8. Balancing (Hub Activity) > 100 GJ/d; C1/M12 IT Transport and IT Exchanges
9. C1/M12 Overrun > 20% of CD
10. C1/M12 IT Transport and IT Exchanges at a discount
11. Late Nominations

Notes:

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
  3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

**XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. Union Conditions: The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

**RATE M12  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with details regarding the quantity it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
  - ii) All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
  - iii) For customers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of the Nomination will be accepted. In the event Union determines that it will not accept such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantity Available**") for Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a "**Revised Nomination**" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "**Unauthorized Overrun**".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE M12  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with details regarding the quantity of Gas it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation



## **SCHEDULE "B 2010"**

Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".

12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate via *Unionline* access request form, a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Any such designation, if acceptable to Union, shall be effective following the receipt and processing of the written notice and will remain in effect until revoked in writing by Shipper.

**UNION GAS LIMITED**

**M12 Monthly Transportation Fuel Ratios and Fuel Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2018

| Month     | VT1 Easterly<br>Dawn to Parkway (TCPL),<br>Parkway (EGT)<br>With Dawn Compression |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |           | M12-X Westerly<br>Kirkwall to Dawn |           |
|-----------|---|-----------|---|-----------|------------------------------------|-----------|
|           | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                         | Fuel Rate |
|           | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   | (%)                                | (\$/GJ)   |
| April     | 0.879   | 0.031     | 0.546   | 0.019     | 0.158                              | 0.006     |
| May       | 0.626   | 0.022     | 0.373   | 0.013     | 0.158                              | 0.006     |
| June      | 0.523   | 0.019     | 0.275   | 0.010     | 0.158                              | 0.006     |
| July      | 0.508   | 0.018     | 0.262   | 0.009     | 0.158                              | 0.006     |
| August    | 0.405   | 0.014     | 0.159   | 0.006     | 0.158                              | 0.006     |
| September | 0.401   | 0.014     | 0.159   | 0.006     | 0.158                              | 0.006     |
| October   | 0.750   | 0.027     | 0.461   | 0.016     | 0.158                              | 0.006     |
| November  | 0.894   | 0.032     | 0.624   | 0.022     | 0.158                              | 0.006     |
| December  | 1.012   | 0.036     | 0.743   | 0.026     | 0.158                              | 0.006     |
| January   | 1.166   | 0.041     | 0.882   | 0.031     | 0.158                              | 0.006     |
| February  | 1.107   | 0.039     | 0.831   | 0.029     | 0.158                              | 0.006     |
| March     | 1.033   | 0.037     | 0.742   | 0.026     | 0.158                              | 0.006     |

| Month     | M12-X Easterly<br>Kirkwall to Parkway (TCPL),<br>Parkway (EGT) |           | M12-X Easterly<br>Kirkwall to Lisgar,<br>Parkway (Consumers) |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|--|-----------|--|-----------|---|-----------|
|           | Fuel Ratio   | Fuel Rate | Fuel Ratio   | Fuel Rate | Fuel Ratio                                  | Fuel Rate |
|           | (%)  | (\$/GJ)   | (%)  | (\$/GJ)   | (%)   | (\$/GJ)   |
| April     | 0.491  | 0.017     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| May       | 0.411  | 0.015     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| June      | 0.406  | 0.014     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| July      | 0.404  | 0.014     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| August    | 0.404  | 0.014     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| September | 0.400  | 0.014     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| October   | 0.448  | 0.016     | 0.158  | 0.006     | 0.301                                       | 0.011     |
| November  | 0.427  | 0.015     | 0.158  | 0.006     | 0.158                                       | 0.006     |
| December  | 0.428  | 0.015     | 0.158  | 0.006     | 0.158                                       | 0.006     |
| January   | 0.442  | 0.016     | 0.158  | 0.006     | 0.158                                       | 0.006     |
| February  | 0.434  | 0.015     | 0.158  | 0.006     | 0.158                                       | 0.006     |
| March     | 0.449  | 0.016     | 0.158  | 0.006     | 0.158                                       | 0.006     |

**UNION GAS LIMITED**

**M12 Monthly Transportation Authorized Overrun Fuel Ratios and Fuel Rates**

Firm or Interruptible Transportation Commodity

Effective January 1, 2018

| Month     | VT1 Easterly<br>Dawn to Parkway (TCPL),<br>Parkway (EGT)<br>With Dawn Compression |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |           | M12-X Westerly<br>Kirkwall to Dawn |           |
|-----------|---|-----------|---|-----------|------------------------------------|-----------|
|           | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel Rate | Fuel Ratio                         | Fuel Rate |
|           | (%)   | (\$/GJ)   | (%)   | (\$/GJ)   | (%)                                | (\$/GJ)   |
| April     | 1.499   | 0.175     | 1.166   | 0.164     | 0.778                              | 0.179     |
| May       | 1.246   | 0.166     | 0.993   | 0.157     | 0.778                              | 0.179     |
| June      | 1.143   | 0.163     | 0.895   | 0.154     | 0.778                              | 0.179     |
| July      | 1.128   | 0.162     | 0.882   | 0.153     | 0.778                              | 0.179     |
| August    | 1.025   | 0.159     | 0.779   | 0.150     | 0.778                              | 0.179     |
| September | 1.021   | 0.158     | 0.779   | 0.150     | 0.778                              | 0.179     |
| October   | 1.371   | 0.171     | 1.081   | 0.161     | 0.778                              | 0.179     |
| November  | 1.514   | 0.176     | 1.244   | 0.166     | 0.778                              | 0.179     |
| December  | 1.632   | 0.180     | 1.363   | 0.171     | 0.778                              | 0.179     |
| January   | 1.786   | 0.186     | 1.502   | 0.175     | 0.778                              | 0.179     |
| February  | 1.727   | 0.183     | 1.451   | 0.174     | 0.778                              | 0.179     |
| March     | 1.653   | 0.181     | 1.362   | 0.171     | 0.778                              | 0.179     |

| Month     | M12-X Easterly<br>Kirkwall to Parkway (TCPL),<br>Parkway (EGT) |           | M12-X Easterly<br>Kirkwall to Lisgar,<br>Parkway (Consumers) |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |           |
|-----------|--|-----------|--|-----------|---|-----------|
|           | Fuel Ratio   | Fuel Rate | Fuel Ratio   | Fuel Rate | Fuel Ratio                                  | Fuel Rate |
|           | (%)  | (\$/GJ)   | (%)  | (\$/GJ)   | (%)   | (\$/GJ)   |
| April     | 1.111  | 0.190     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| May       | 1.031  | 0.188     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| June      | 1.026  | 0.187     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| July      | 1.024  | 0.187     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| August    | 1.024  | 0.187     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| September | 1.020  | 0.187     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| October   | 1.068  | 0.189     | 0.778  | 0.179     | 0.921                                       | 0.184     |
| November  | 1.047  | 0.188     | 0.778  | 0.179     | 0.778                                       | 0.179     |
| December  | 1.048  | 0.188     | 0.778  | 0.179     | 0.778                                       | 0.179     |
| January   | 1.062  | 0.189     | 0.778  | 0.179     | 0.778                                       | 0.179     |
| February  | 1.054  | 0.188     | 0.778  | 0.179     | 0.778                                       | 0.179     |
| March     | 1.069  | 0.189     | 0.778  | 0.179     | 0.778                                       | 0.179     |

**RATE M12  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

|     |                                    |  |
|-----|------------------------------------|--|
| R,D | <b><u>DAWN (FACILITIES):</u></b>   | Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union. |
| R   | <b><u>DAWN (TCPL):</u></b>         | At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).   |
| R   | <b><u>DAWN (TECUMSEH):</u></b>     | At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).   |
| R   | <b><u>DAWN (TSLE):</u></b>         | At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities).   |
| R   | <b><u>DAWN (VECTOR):</u></b>       | At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).  |
| R,D | <b><u>PARKWAY (TCPL):</u></b>      | At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga).   |
| R,D | <b><u>KIRKWALL:</u></b>            | At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.  |
| D   | <b><u>PARKWAY (CONSUMERS):</u></b> | At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga).   |
| D   | <b><u>PARKWAY (EGT):</u></b>       | At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga).   |
| D   | <b><u>LISGAR:</u></b>              | At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.   |

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.



Effective  
2018-01-01  
**Rate M13**  
Page 1 of 1

TRANSPORTATION OF LOCALLY PRODUCED GAS

**(A) Applicability**

The charges under this rate schedule shall be applicable to a customer who enters into a contract with Union for gas received at a local production point to be transported to Dawn.

Applicable Points

Dawn as a delivery point: Dawn (Facilities).

**(B) 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.

Demand Commodity

|  | Demand<br>Charge<br><u>Rate/Month</u> | Commodity<br>Charge<br><u>Rate/GJ</u> | Union<br>Supplied Fuel<br>Fuel and<br>Commodity Charge<br><u>Rate/GJ</u> | Shipper Supplied Fuel<br>Fuel<br><u>Ratio %</u> | AND | Commodity<br>Charge<br><u>Rate/GJ</u> |
|--|---------------------------------------|---------------------------------------|--|---|-----|---------------------------------------|
| 1. Monthly fixed charge per Customer Station                                     | \$957.58                              |                                       |  |   |     |                                       |
| 2. Transmission Commodity Charge   |                                       | \$0.035                               |  |   |     |                                       |
| 3. Delivery Commodity Charge   |                                       |                                       | \$0.006  | 0.158%  |     |                                       |
| 4. Cap-and-Trade Facility-Related Charge (applied to all quantities transported) |                                       |                                       | \$0.002  |   |     | \$0.002                               |

These charges are in addition to the transportation, storage and/or balancing charges which shall be paid for under Rate M12 or Rate C1, or other services that may be negotiated.

5. Overrun Services

Authorized Overrun

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

|   | Union<br>Supplied Fuel<br>Fuel and<br>Commodity Charge<br><u>Rate/GJ</u> | Shipper Supplied Fuel<br>Fuel<br><u>Ratio %</u> | AND | Commodity<br>Charge<br><u>Rate/GJ</u> |
|---|--|---|-----|---------------------------------------|
| Authorized Overrun Charge   | \$0.144  | 0.158%  |     | \$0.139                               |
| Cap-and-Trade Facility-Related Charge (applied to all quantities transported) | \$0.002  |   |     | \$0.002                               |

Unauthorized Overrun

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

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

**(C) Terms of Service**

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2013" for contracts in effect on or after January 1, 2013.

Effective January 1, 2018 Chatham, Ontario  
O.E.B. Order # EB-2017-0087

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

**RATE M13  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the cost of construction, installation and connection of any required meter station as described in Article IX, Section 6, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Average Local Producer Heat" ("ALPH")** shall mean the heat content value as set by Union, and shall be determined by volumetrically averaging the gross heat content of all produced gas delivered to the Union system by Ontario Local Producers. The ALPH shall be expressed in GJ/10<sup>3</sup>m<sup>3</sup> and may be adjusted from time to time by Union;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthem hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Dawn Quantity"** shall mean the total daily quantity of gas in GJ delivered at Dawn (Facilities), which is equal to the total energy of all gas supplied daily to Union at the Receipt Point(s). The Dawn Quantity shall be calculated utilizing the following factor equation: Dawn Quantity = Produced Volume x ALPH;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Delivery Point"** shall mean the point where Union shall deliver the Dawn Quantity and/or Market Quantity to Shipper and as further defined in Schedule 1 of the Contract;

**"Distribution Demand"** shall mean the varying demand for the supply of gas, as determined by Union, on Union's pipeline and distribution system for users of gas who are supplied or delivered gas by Union's pipeline and distribution system;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"Firm Daily Variability Demand"** shall mean the established quantity set forth in Schedule 2 of the Contract, which is the

permitted difference between the Dawn Quantity and the Market Quantity;

"**gas**" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

"**gross heating value**" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

"**hydrocarbon dewpoint**" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

"**Interruptible Service HUB Contract**" shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline and distribution system;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**m<sup>3</sup>**" shall mean cubic metre of gas and "**10<sup>3</sup>m<sup>3</sup>**" shall mean 1,000 cubic metres of gas;

"**MAOP**" shall mean the maximum allowable operating pressure of Union's pipeline and distribution system and as further defined in Schedule 1 of the Contract;

"**Market Quantity**" shall mean the daily quantity in GJ nominated for Name Change Service that Day by Shipper at Dawn (Facilities);

"**Maximum Daily Quantity**" shall mean the maximum quantity of gas Shipper may deliver to Union at a Receipt Point on any Day, as further defined in Schedule 1;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**Name Change Service**" shall mean an interruptible administrative service whereby Union acknowledges for Shipper a change in title of a gas quantity from Shipper to a third party at the Delivery Point;

"**OEB**" means the Ontario Energy Board;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "**kilopascal**" ("**kPa**") shall mean 1,000 pascals;

"**Produced Volume**" shall mean the aggregate of all actual volumes of gas in 10<sup>3</sup>m<sup>3</sup>, delivered by Shipper to Union at all Receipt Points on any Day;

"**Producer Balancing Account**" shall mean the gas balance held by Union for Shipper, or owed by Shipper to Union, at the Delivery Point. Where the Producer Balancing Account is zero or a positive number, the account is in a credit position, and where the Producer Balancing Account is less than zero, the account is in a debit position;

"**Producer Balancing Service**" shall mean a Service whereby Union either calculates a credit or debit to the Producer Balancing Account by subtracting the Market Quantity from the Dawn Quantity. Where such amount is greater than zero, Union will credit the Producer Balancing Account, or where such amount is less than zero, Union will debit the Producer Balancing Account. This Service shall be performed on a retroactive basis on the terms and conditions contained in Schedule 2 of the Contract, as may be revised from time to time by Union;

"**Receipt Point**" shall mean the point(s) where Union shall receive gas from Shipper;



**"Sales Agreement"** shall mean the Ontario Gas Purchase Agreement(s) entered into between Shipper and Union;

**"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

**"specific gravity"** shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"System Capacity"** shall mean the volumetric capacity that exists from time to time within Union's pipeline and distribution system which determines Union's ability to accept volumes of gas into Union's pipeline and distribution system hereunder. System Capacity shall be determined by Union and such determination, in addition to the physical characteristics of Union's pipeline and distribution system Distribution Demand, shall also include consideration of Union's local Distribution Demand, Union's total system Distribution Demand, availability of Union's gas storage capacity, and other gas being purchased and/or delivered into Union's pipeline and distribution system;

**"Taxes"** shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

**"Wobbe Number"** shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. **Freedom from objectionable matter:** The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point

forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. **Non-conforming Gas:**

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.

4. **Quality of Gas Received:** The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein.

5. **Quality of Gas at Dawn:** The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

**III. MEASUREMENTS**

1. **Service Unit:** The unit of the gas delivered to Union shall be a quantity of 10<sup>3</sup>m<sup>3</sup>. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. **Determination of Volume and Energy:**

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
- b. The supercompressibility factor shall be determined in accordance with either the "**Manual for Determination of Supercompressibility Factors for Natural Gas**" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.

**IV. RECEIPT POINT AND DELIVERY POINT**

The point(s) of receipt and point of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

1. Meter Station: Union shall provide, at the Receipt Point(s), according to the terms hereunder, the meter station required to receive and measure the Produced Volume of gas received by Union from Shipper. Shipper agrees, if requested by Union, to provide Union with sufficient detailed information regarding Shipper's current and expected operations in order to aid Union in Union's design of the meter station.
2. Union Obligations: Pursuant to Article VI. Section 1 herein, Union shall purchase, install and maintain, at the Receipt Point(s):
  - a. a meter and any associated recording gauges as are necessary; and,
  - b. a suitable gas odourizing injection facility where Union deems such facility to be necessary.
3. Union Equipment: All equipment installed by Union at the Receipt Point(s) shall remain the property of Union at all times, notwithstanding the fact that it may be affixed to Shipper's property. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter onto the Receipt Point(s) to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract or the Sales Agreement.
4. Shipper Obligations: Upon Union's request Shipper shall, at Shipper's own cost and expense:
  - a. obtain a registered lease or freehold ownership at the Receipt Point(s) sufficient to provide Union with free uninterrupted access to, from, under and above the Receipt Point(s), for a term (and extended terms) identical to the Contract, plus sixty (60) days, and shall provide Union with a bona fide copy of such lease agreement prior to Union commencing the construction of the meter station;
  - b. furnish, install, set, and maintain suitable pressure and volume control equipment and such additional equipment as required on Shipper's delivery system, to protect against the overpressuring of Union's facilities, and to limit the daily flow of gas to the corresponding Maximum Daily Quantity applicable to the Receipt Point(s);
  - c. supply, install and maintain a gravel or cut stone covering on each Receipt Point and shall maintain such Receipt Point(s) in a safe and workmanlike manner; and,
  - d. install and maintain a fence satisfactory to Union around the perimeter of each Receipt Point which will adequately secure and protect Union's equipment therein.
5. Maintenance Costs: Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station

requested by Shipper, or as required by law, or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas received or delivered hereunder is measured by a meter that is owned and operated by an upstream or downstream transporter (the "**Transporter**") whose facilities may or may not interconnect with Union's, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas received or delivered on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union pursuant to this Article VII, Section 2 shall be in accordance with the general terms and conditions as incorporated in that Transporter's gas tariff as approved by Transporter's regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Receipt Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Receipt Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
5. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

**VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Services to Shipper, the parties shall have the right to amend their statement for a period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Station and Connection Costs: In the event that a meter station must be constructed and/or installed in order to give effect to the Contract, Shipper agrees to pay Union for a portion, as determined by Union, of Union's actual cost, as hereinafter defined, for constructing and installing such station. Shipper also agrees to pay the actual costs to connect such station to Union's pipeline and distribution system. Union shall advise Shipper as to the need for a meter station and shall provide Shipper with an estimate of the Aid to Construction. Such Aid to Construction shall include the costs of all pipe, fittings and materials, third party labour costs and Union's direct labour, labour saving devices, vehicles and

mobile equipment, but shall exclude the purchase costs of gas pressure control equipment and gas meters installed by Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to

by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.

8. **Firm Daily Variability Demand Charge Relief:** Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Firm Daily Variability Demand for that Contract, then for that Day the Monthly charge shall be reduced by an amount equal to the applicable Firm Daily Variability Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Firm Daily Variability Demand Rate**" shall mean the monthly Firm Daily Variability Demand charge as provided in Schedule 2 of the Contract, divided by the number of days in the month for which such rate is being calculated.

**XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

In the event that the Contract is terminated pursuant to this Article XII, the parties hereto agree that they shall continue to be bound only by the terms and conditions set forth in the Contract but only for the purpose of determining the actual quantities in Shipper's Producer Balancing Account with such determination being subject to Article X. Such extended period of time shall not exceed one (1) year from the date of termination of the Contract.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by either party of termination at least three (3) months prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Verbal Notice: Excepting instances of emergency, Shipper and Union agree to give at least twenty-four (24) hours verbal notice before a planned curtailment of receipt or delivery, shut-down or start-up.
2. Emergency: Shipper shall complete and maintain a plan which depicts all of the Shipper's gas production facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.
3. Emergency Notice: In the event that Union is notified by a third party or if Union becomes aware of an emergency situation in which Shipper's gas production site, pipeline or associated equipment is involved, Union shall immediately notify Shipper or Shipper's representative of such emergency condition.
4. Right to Modify: Union shall have the right, at all times, to reconstruct or modify Union's pipeline and distribution system and the pressure carried therein, notwithstanding that such reconstruction or modification may reduce the System Capacity available to receive Shipper's gas, or Shipper's ability to deliver gas to Union. Should Union expect any such reconstruction or modification to reduce the delivery or receipt of gas by either party, Union will, where able, provide Shipper with six (6) months' notice or as much notice as is reasonably practical in the circumstances. Union shall use reasonable efforts to assist the Shipper in meeting its Market Quantity in these circumstances.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. Licence: Shipper represents and warrants to Union that Shipper possesses a licence to produce gas in the Province of Ontario.



**XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may assign the Contract to a third party ("**Assignee**"), up to the Maximum Daily Quantity, (the "**Capacity Assigned**"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO SERVICES**

1. Union Conditions: The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union; and,
  - f. Union shall, where applicable, have completed and placed into service those facilities necessary to provide the Services hereunder; and,
  - g. Further to Article IX Section 6 herein, Shipper shall pay to Union a payment ("**First Prepayment**") towards the Aid to Construction at the time of the execution of this Agreement. Shipper shall pay a payment prior to installation of the meter station ("**Second Prepayment**"). The foregoing payments are specified in the attached Schedule 1 for the first meter station ("**Receipt Point #1**") to be installed under the Contract. Payments for additional meter stations will be handled by written mutual agreement between the parties. Shipper shall pay Union the difference if the actual Aid to Construction is more than the Prepayments, within thirty (30) days of the delivery of an invoice from Union on which the actual costs for construction and installation of facilities are stated. Union shall pay Shipper the difference if the actual Aid to Construction is less than the Prepayments. In the event Shipper terminates this Agreement prior to Union incurring any costs related to the construction, installation or connection of the meter station, Shipper's Prepayments shall be returned to Seller, without interest, within fifteen (15) days notice to Union of such termination by Shipper. In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the meter station prior to being notified by Shipper of Shipper's intention to terminate the Agreement, Union shall deduct such actual costs from Union's return of Shipper's Prepayments. "**Prepayments**" shall mean the sum of the First Prepayment and the Second

Prepayment.

2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract; and,
  - d. Shipper shall have cancelled or renegotiated its Sales Agreement, on terms satisfactory to Union, as applicable.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f, g, and Section 2 a, b, and d. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, or if any of the Shipper payments required under the condition precedent in this Article XXI Section 1 g have not been paid as required in such section, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

STORAGE AND TRANSPORTATION SERVICES TRANSPORTATION CHARGES

**(A) Availability**

The charges under this rate schedule shall be applicable for transportation service rendered by Union for all quantities transported to and from embedded storage pools located within Union's franchise area and served using Union's distribution and transmission assets.

Applicable Points

Dawn as a receipt point: Dawn (Facilities).  
Dawn as a delivery point: Dawn (Facilities).

**(B) 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.

a) Charges Applicable to both Firm and/or Interruptible Transportation Services:

|  |            |
|--|------------|
| Monthly Fixed Charge per customer station (\$ per month) (1) | \$1,523.40 |
|--|------------|

|   |         |
|---|---------|
| Transmission Commodity Charge to Dawn (\$ per GJ) | \$0.035 |
|---|---------|

| Transportation Fuel:                             | Customers<br>located East<br>of Dawn | Customers<br>located West<br>of Dawn |  |
|--|--------------------------------------|--------------------------------------|--|
| Fuel Charges to Dawn                             |                                      |                                      |  |
| Commodity Rate - Union supplied fuel (\$ per GJ) | \$0.006                              | \$0.006                              |  |
| Fuel Ratio - Shipper supplied fuel (%)           | 0.158%                               | 0.158%                               |  |
| Fuel Charges to the Pool                         |                                      |                                      |  |
| Commodity Rate - Union supplied fuel (\$ per GJ) | \$0.006                              | \$0.016                              |  |
| Fuel Ratio - Shipper supplied fuel (%)           | 0.185%                               | 0.449%                               |  |

b) Firm Transportation Demand Charges: (2)

|  |         |         |
|--|---------|---------|
| Monthly Demand Charge applied to contract demand (\$ per GJ) | \$0.774 | \$3.155 |
|--|---------|---------|

c) Cap-and-Trade Facility-Related Charges (applied to all quantities transported):

|  |         |         |  |
|--|---------|---------|--|
| Cap-and-Trade Facility-Related Charges - To Dawn (\$ per GJ)     | \$0.002 | \$0.002 |  |
| Cap-and-Trade Facility-Related Charges - To the Pool (\$ per GJ) | \$0.002 | \$0.005 |  |

**(B) Rates (Cont'd)**
Authorized Overrun:

The authorized overrun rate payable on all quantities transported in excess of Union's obligation any day shall be:

|   | Customers<br>located East<br>of Dawn | Customers<br>located West<br>of Dawn |  |
|---|--------------------------------------|--------------------------------------|--|
| Firm Transportation:  |                                      |                                      |  |
| Charges to Dawn   |                                      |                                      |  |
| Commodity Rate - Union supplied fuel (\$ per GJ)                                | \$0.066                              | \$0.144                              |  |
| Commodity Rate - Shipper supplied fuel (\$ per GJ)                              | \$0.060                              | \$0.139                              |  |
| Fuel Ratio - Shipper supplied fuel (%)  | 0.158%                               | 0.158%                               |  |
| Charges to the Pool   |                                      |                                      |  |
| Commodity Rate - Union supplied fuel (\$ per GJ)                                | \$0.032                              | \$0.120                              |  |
| Commodity Rate - Shipper supplied fuel (\$ per GJ)                              | \$0.025                              | \$0.104                              |  |
| Fuel Ratio - Shipper supplied fuel (%)  | 0.185%                               | 0.449%                               |  |
| Cap-and-Trade Facility-Related Charges (applied to all quantities transported): |                                      |                                      |  |
| Cap-and-Trade Facility-Related Charges - To Dawn (\$ per GJ)                    | \$0.002                              | \$0.002                              |  |
| Cap-and-Trade Facility-Related Charges - To the Pool (\$ per GJ)                | \$0.002                              | \$0.005                              |  |

Overrun will be authorized at Union's sole discretion.

Unauthorized Overrun

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

The Unauthorized Overrun rate during the November 1 to April 15 period will be \$50 per GJ for all usage on any day in excess of 102% of Union's contractual obligation. The Unauthorized Overrun rate during the April 16 to October 31 period will be \$9.373 per GJ for all usage on any day in excess of 102% of Union's contractual obligation.

Charges aforesaid in respect of any given month in accordance with General Terms & Conditions shall be payable no later than the twenty-fifth day of the succeeding month.

Notes for Section (B) Rates:

- (1) The monthly fixed charge will be applied once per month per customer station regardless of service being firm, interruptible or a combination thereof.
- (2) Demand charges will be applicable to customers firm daily contracted demand or the firm portion of a combined firm and interruptible service.

**(C) 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 2013" for contracts in effect on or after January 1, 2013.

## **SCHEDULE "A"**

### **GENERAL TERMS & CONDITIONS M16 TRANSPORTATION AGREEMENT**

#### **I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Banking Day" shall mean a day on which the general offices of the Canadian Imperial Bank of Commerce, 99 King St. W., Chatham, Ontario are open for business;
2. "business day" shall mean a day on which the general offices of Union in Chatham, Ontario are open for business;
3. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
4. "contract year" shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the day agreed upon by Union and Shipper as set forth in the Contract, or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;
5. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
6. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
7. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "B";
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "gas" shall mean gas as defined in the Ontario Energy Board Act, R.S.O. 1980, c. 332, as amended, supplemented or reenacted from time to time;
10. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
11. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
12. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
13. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
14. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
15. "Shipper" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);
16. "subsidiary" means a company in which more than fifty (50) per cent of the issued share capital (having full voting

## **SCHEDULE "A"**

rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries;

17. "TCPL" means TransCanada PipeLines Limited;
18. "NOVA" means Gas Transmission Ltd.;
19. "Panhandle" means CMS Panhandle Eastern Pipeline Company;
20. "MichCon" means Michigan Consolidated Gas Company;
21. "SCPL" means St. Clair Pipelines (1996) Ltd.;
22. "OEB" means the Ontario Energy Board;
23. "NEB" means the National Energy Board (Canada);
24. "GLGT" means Great Lakes Gas Transmission Company;
25. "CMS" means CMS Gas Transmission and Storage Company;
26. "Consumers" means The Consumers' Gas Company, Limited;
27. "cricondenthm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
28. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
29. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute; and,
30. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,

## SCHEDULE "A"

- d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondentherm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,
  - k. shall not exceed forty-three degrees Celsius (43°C), and,
  - l. shall not be odourized by Shipper.
3. Non-conforming Gas:
- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
  - b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
  - c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.
4. Quality of Gas Received: The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.
5. Quality of Gas at Dawn: The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
6. Odourization of Gas:
- a. Union may odourize or deliver odourized gas under the Contract,
  - b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

## III. MEASUREMENTS

## **SCHEDULE "A"**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

## **IV. POINT OF RECEIPT AND POINT OF DELIVERY**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered thereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas. Whenever the phrase "receipt point" appears herein, it shall mean Point of Receipt as defined in this Article IV.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract, where Shipper takes possession of the gas. Whenever the phrase "delivery point" shall appear hereon, it shall mean Point of Delivery as defined in this Article IV.

## **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

N/A

## **VI. FACILITIES ON SHIPPER'S PROPERTY**

N/A

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of



## **SCHEDULE "A"**

measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.

3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

## **IX. PAYMENTS**

## **SCHEDULE "A"**

1. **Monthly Payments:** Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. **Remedies for Non-payment:** Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract may suspend service(s) until such amount is paid, provided however, that if Shipper, in good faith shall dispute the amount of any such bill or part thereof and shall pay to Union such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by Union shall furnish good and sufficient surety bond satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case, then Union shall not be entitled to suspend service(s) because of such non-payment unless and until default be made in the conditions of such bond or in payment for any further service(s) to Shipper hereunder.

Notwithstanding the foregoing paragraph, this does not relieve Shipper from the obligation to continue its deliveries of gas under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. **Billing Adjustments:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of invoice.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

N/A

## **XII. DEFAULT AND TERMINATION**

N/A

**XIII. MODIFICATION**

N/A

**XIV. NONWAIVER AND FUTURE DEFAULT**

N/A

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE M16  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Aid to Construction"** shall include any and all costs, expenses, amounts, damages, obligations, or other liabilities (whether of a capital or operating nature, and whether incurred before or after the date of the Contract) actually paid by Union (including amounts paid to affiliates for services rendered in accordance with the Affiliate Relationships Code as established by the OEB) in connection with or in respect of satisfying the conditions precedent set out in Article XXI herein (including without limitation the construction and placing into service of the Union Expansion Facilities, the obtaining of all governmental, regulatory and other third party approvals, and the obtaining of rights of way) whether resulting from Union's negligence or not, except for any costs that have arisen from the gross negligence, fraud, or wilful misconduct of Union;

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the firm and interruptible contract demands;

**"Authorized Quantity"** shall have the meaning given thereto in Schedule "B 2010" of the C1 Rate Schedule;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days, beginning on the Commencement Date or on any anniversary of such date; provided, however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days;

**"cricondentherm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Custody Transfer Point"** That point on the piping system at the Pool Station which is at the Shipper side of the insulating flange on the Union Expansion Facilities, and which point shall serve as the point of custody transfer;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"Dehydration Contract"** shall mean the contract for Dehydration Service between Union and the Shipper as detailed in Schedule 1 of the Contract;

**"Delivery Point"** shall mean the point(s) where Union shall deliver gas to Shipper as defined in Schedule 1 of the Contract;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interconnecting Pipeline"** shall mean a pipeline that directly connects to the Union pipeline system;

**"Interruptible Service HUB Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

**"interruptible"** shall mean service subject to curtailment or interruption, after notice, at any time;

**"joule"** (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term **"megajoule"** (MJ) shall mean 1,000,000 joules. The term **"gigajoule"** (GJ) shall mean 1,000,000,000 joules;

**"m<sup>3</sup>"** shall mean cubic metre of gas and **"10<sup>3</sup>m<sup>3</sup>"** shall mean 1,000 cubic metres of gas;

**"Month"** shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

**"OEB"** means the Ontario Energy Board;

**"pascal"** **"(Pa)"** shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term **"kilopascal"** **"(kPa)"** shall mean 1,000 pascals;

**"Pool Quantity"** shall mean the actual daily quantity of gas delivered to or received from Shipper at the Custody Transfer Point;

**"Pool Station"** shall mean the physical location of Union's measurement and control facilities to the pool; the pool name as detailed in Schedule 1 of the Contract;

**"Receipt Point"** shall mean any one of the points where Union shall receive gas from Shipper as detailed in Schedule 1 of the Contract;

**"Shipper"** shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

**"Shipper Quantity"** shall, on any Day, be equal to the greater of: (i) the Authorized Quantity for that Day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that Day; provided that in no event shall the Shipper Quantity exceed the firm contract demand;

**"specific gravity"** shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Taxes"** shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"TCPL" means TransCanada PipeLines Limited;

"**Union Expansion Facilities**" shall mean any facilities necessary for Union to provide the Services, including without limiting the generality of the foregoing:

- a. a meter and any associated recording gauges as are necessary;
- b. pressure and/or flow control devices, over pressure protection and telemetry equipment as are necessary;
- c. a suitable gas odourizing injection facility if Union deems such a facility to be necessary
- d. piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;
- e. gas chromatograph, moisture analyzer, piping, fittings, material, filtration facilities, cathodic protection and insulating flanges;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to Union at the Receipt Point(s) hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than one hundred (100) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenthem hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one

point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas,

- k. shall not exceed forty-three degrees Celsius (43°C), and,
- l. shall not be odourized by Shipper.

3. **Non-conforming Gas:**

- a. In the event that the quality of the gas does not conform or if Union, acting reasonably, suspects the quality of the gas may not conform to the specifications herein, then Shipper shall, if so directed by Union acting reasonably, forthwith carry out, at Shipper's cost, whatever field testing of the gas quality as may be required to ensure that the quality requirements set out herein are met, and to provide Union with a certified copy of such tests. If Shipper does not carry out such tests forthwith, Union may conduct such test and Shipper shall reimburse Union for all costs incurred by Union for such testing.
- b. If Shipper's gas fails at any time to conform to the requirements of this Article II, Union, in addition to its other remedies, may refuse to accept delivery of gas at the Receipt Points hereunder until such deficiency has been remedied by Shipper. Each Party agrees to notify the other verbally, followed by written notification, of any such deficiency of quality.
- c. With respect to Article II 2. h. herein, Union may accept the gas subject to Shipper's obligations under the Dehydration Contract, if applicable.

4. **Quality of Gas Received:** The quality of the gas to be received by Union at the Receipt Point(s) hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II.

5. **Quality of Gas at Dawn:** The quality of the gas to be delivered to Union at Dawn (Facilities) or the gas to be delivered by Union to Shipper at Dawn (Facilities) hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in this Article II, except that total sulphur limit shall be not more than four hundred and sixty (460) milligrams per cubic metre of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.

6. **Odourization of Gas:**

- a. Union may odourize or deliver odourized gas under the Contract,
- b. Shipper shall if requested by Union monitor the mercaptan sulphur content of the gas delivered to Union under the Contract and shall provide at no cost to Union a continuous signal quantifying the mercaptan sulphur content in milligrams per cubic metre.

**III. MEASUREMENTS**

1. **Storage, Transportation, and/or Sales Unit:** The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.

2. **Determination of Volume and Energy:**

- a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.

- b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

**IV. RECEIPT POINT AND DELIVERY POINT**

The point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in Schedule 1 of the Contract, where possession of the gas changes from one party to the other.

**V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

- 1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- 2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

**VI. FACILITIES ON SHIPPER'S PROPERTY**

- 1. Union Equipment: All of the Union Expansion Facilities shall remain the property of Union. Union shall be entitled to remove said equipment at any time within a period of sixty (60) days from any termination or expiry of the Contract. Shipper shall take all necessary steps to ensure Union may enter the Pool Station to remove such equipment for a period of sixty (60) days after termination or expiry of the Contract.
- 2. Shipper Obligations: Shipper shall, at Shipper's own cost and expense:
  - a. obtain the Pool Station Land Rights; and
  - b. furnish, install, set, and maintain suitable pressure and quantity control equipment and such additional equipment as required on Shipper's delivery system, to protect against the over pressuring of Union's facilities as set out in Article VI of the Contract and Schedule 1 of the Contract, protect Union from receiving gas not meeting the quality specification as set out in Article II herein, and to limit the daily flow of gas to the corresponding parameters as set out in the Article II of the Contract.
- 3. Maintenance Costs: Shipper shall within thirty (30) days of the delivery of an invoice by Union, reimburse Union for any actual costs reasonably incurred by Union for any repair, replacement, relocation, or upgrading of any meter station or any Union Expansion Facilities requested by Shipper, or as required by law or by duly constituted regulatory body, or through good engineering practice. Union shall be responsible for any costs incurred by Union to correct an error made by Union.



4. Operation and Maintenance: Subject to this Article VI Section 3, each party shall be fully responsible for the continued operation, maintenance, repair and replacement of its respective facilities. Both parties agree to maintain cathodic protection on their respective facilities.
5. Inspection: Each party shall inspect its facilities as required by industry standards or by the appropriate regulatory body.
6. Repair or Replacement: Each party shall decide, in its sole discretion, whether its facilities need to be repaired or replaced. In the event that repair or replacement is needed, the party undertaking such work will, to the extent possible, give the other party sixty (60) days' notice and will ensure that the work be done in a manner so as to minimize the amount of time the pipeline has restricted flows.

**VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the Custody Transfer Point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the Custody Transfer Point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

**VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled under the Contract, Union shall have the right to amend its statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such

overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.
5. Set Off: If Shipper shall, at any time, be in arrears under any of its payment obligations to Union under the Contract, then Union shall be entitled to reduce the amount payable by Union to Shipper under the Contract or any other contract by an amount equal to the amount of such arrears or other indebtedness to Union. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.
6. Aid to Construction: Shipper agrees to reimburse Union for the Aid to Construction.

In the event Union has incurred costs, as set out herein, relative to the construction, installation or connection of the gas metering station prior to being notified by Shipper of Shipper's intention to terminate the Contract, Shipper shall promptly remit to Union such actual costs on presentation to Shipper of an invoice for same from Union.

All applicable Taxes will be applied to all amounts to be paid under this Section. Shipper warrants and represents that no payment to be made by Shipper under the Contract is subject to any withholding tax.

## **X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

## **XI. FORCE MAJEURE**

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and

## SCHEDULE "A 2013"

any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm contract demand for the Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Unforeseen Reduction: In addition to the definition of force majeure in Article XI, Section 1 herein, for the purposes of the Contract, it shall also include the unforeseen reduction in natural gas usage and/or capacity of the local transmission system as described in Schedule 1 of the Contract, regardless of the duration of such unforeseen reduction, or any other cause, whether of the kind herein enumerated or otherwise, not within the reasonable control of the party claiming relief hereunder and which, by the exercise of due diligence, such party is unable to prevent or overcome.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make

delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

**XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

**XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. RESERVED FOR FUTURE USE**

N/A

**XVII. RENEWALS**

The Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper or Union may reduce the contract demands or terminate the Contract, with notice in writing to the other party, at least two (2) years prior to the expiration thereof.

**XVIII. SERVICE CURTAILMENT**

1. Capacity Sharing: Where requests for interruptible service hereunder exceed the capacity available for such Service, Union will authorize nominations from shippers and allocate capacity as per Union's procedures and policies and shippers shall be so advised. Any interruptible service provided herein are subordinate to any and all firm service supplied by Union, and subordinate to Union's own operational or system requirements.
2. Capacity Procedures: Union reserves the right to change its procedures and policies for sharing interruptible capacity and will provide Shipper with two (2) months' notice of any such change.

3. Maintenance: Union's facilities from time to time may require maintenance or construction. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days' notice to the Shipper, except in the case of emergencies. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed to be in breach of the Contract. To the extent that Union's ability to receive or deliver gas is impaired, Demand Charge Relief shall be calculated and credited to Shipper's invoice in accordance with Article XI, Section 8 herein. Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to October 31.
4. Shipper's Facilities: Shipper shall complete and maintain a plan which depicts all of Shipper's production storage facilities including all emergency shut off valves and emergency equipment and provide a copy to Union upon Union's request. Shipper shall provide to Union the names and telephone numbers of those persons whom Union may contact in the event of an emergency situation arising within the Shipper's facilities.

**XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security), if any, shall remain in place throughout the term hereof unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances (including the Initial Financial Assurances and Security), if any, throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract for any reason (a "**Material Event**"), then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). In the event that Shipper does not provide to Union such Security, Union may deem a default in accordance with the provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after receipt of the request.

3. License: Shipper represents and warrants to Union that Shipper possesses all licenses and permits needed to inject gas into, store gas in, and remove gas from the pool.

**XX. MISCELLANEOUS PROVISIONS**

1. Assignment: Shipper may not assign the Contract without the written consent of Union and, if required, the approval of the OEB. Should Union consent to the assignment, and if OEB approval is needed, Union will apply for OEB approval with all costs of the application to be paid by Shipper.
2. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. Union Conditions: The obligations of Union to provide Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union; and,
  - e. Shipper shall have paid any amounts owing pursuant to Schedule 1 Aid to Construction; and,
  - f. With regard to the Union Expansion Facilities:
    - i. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations required to construct the Union Expansion Facilities;
    - ii. Union shall have obtained all internal approvals that are necessary or appropriate to construct the Union Expansion Facilities;
    - iii. Union shall have completed and placed into service the Union Expansion Facilities; and,
  - g. Shipper shall, at Shipper's own cost and expense, have obtained a registered lease or freehold ownership in Union's favour for the Union Expansion Facilities located at the Pool Station satisfactory to Union and sufficient to provide Union with free uninterrupted access to, from, under and above the Pool Station for a term (and extended terms) identical to the Contract, plus sixty (60) days (such land rights being referred to as the "**Pool Station Land Rights**"), and shall provide Union with a bona fide copy of such agreements prior to Union commencing the construction of the Union Expansion Facilities.
2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,
  - b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,

- c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, d, e, f i., f iii., and g and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.





Effective  
2018-01-01  
Rate C1  
Page 1 of 3

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<br>Charges<br>(applied to daily<br>contract demand)<br><u>Rate/GJ</u> | Union Supplied Fuel<br><u>Fuel and Commodity Charge</u><br>Apr.1-Oct.31    Nov.1-Mar.31<br><u>Rate/GJ</u> <u>Rate/GJ</u> |         | <u>Fuel and Commodity Charges</u><br>Shipper Supplied Fuel<br><u>Fuel Ratio</u><br>Apr.1-Oct.31    Nov.1-Mar.31<br><u>%</u> <u>%</u> <u>AND</u> |        |  | Commodity<br><u>Charge</u><br><u>Rate/GJ</u> |
|----|--|--|--|---------|---|--------|--|--|
| a) | Firm Transportation  |  |  |         |   |        |  |  |
|    | Between:   |  |  |         |   |        |  |  |
|    | St.Clair & Dawn  | \$3.155  | \$0.007  | \$0.009 | 0.208%  | 0.267% |  |  |
|    | Ojibway & Dawn   | \$3.155  | \$0.016  | \$0.011 | 0.449%  | 0.305% |  |  |
|    | Bluewater & Dawn   | \$3.155  | \$0.007  | \$0.009 | 0.208%  | 0.267% |  |  |
|    | From:  |  |  |         |   |        |  |  |
|    | Parkway to Kirkwall  | \$0.874  | \$0.011  | \$0.006 | 0.301%  | 0.158% |  |  |
|    | Parkway to Dawn  | \$0.874  | \$0.011  | \$0.006 | 0.301%  | 0.158% |  |  |
|    | Kirkwall to Dawn   | \$1.542  | \$0.006  | \$0.006 | 0.158%  | 0.158% |  |  |
|    | Dawn to Kirkwall   | \$3.154  | \$0.011  | \$0.027 | 0.319%  | 0.764% |  |  |
|    | Dawn to Parkway  | \$3.716  | \$0.021  | \$0.037 | 0.585%  | 1.042% |  |  |
|    | Kirkwall to Parkway  | \$0.561  | \$0.015  | \$0.015 | 0.423%  | 0.436% |  |  |
| b) | Firm Transportation between two points within Dawn                                     |  |  |         |   |        |  |  |
|    | Dawn to Dawn-Vector  | \$0.030  | n/a  | n/a     | 0.341%  | 0.158% |  |  |
|    | Dawn to Dawn-TCPL  | \$0.139  | n/a  | n/a     | 0.158%  | 0.353% |  |  |
| c) | Interruptible Transportation between two points within Dawn*                           |  |  |         |   |        |  |  |
|    | *includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE) |  |  |         | 0.158%  | 0.158% |  |  |
| d) | Interruptible and Short Term (1 year or less) Firm Transportation:                     |  | \$75.00  |         |   |        |  |  |

**(C) Rates (Cont'd)**

|  | <u>Fuel and Commodity Charges</u> |                     |                              |                     |            |                         |
|--|-----------------------------------|---------------------|------------------------------|---------------------|------------|-------------------------|
|  | <u>Union Supplied Fuel</u>        |                     | <u>Shipper Supplied Fuel</u> |                     |            |                         |
|  | <u>Fuel and Commodity Charge</u>  |                     | <u>Fuel Ratio</u>            |                     | <u>AND</u> | <u>Commodity Charge</u> |
|  | <u>Apr.1-Oct.31</u>               | <u>Nov.1-Mar.31</u> | <u>Apr.1-Oct.31</u>          | <u>Nov.1-Mar.31</u> |            | <u>Rate/GJ</u>          |
|  | <u>Rate/GJ</u>                    | <u>Rate/GJ</u>      | <u>%</u>                     | <u>%</u>            |            |                         |
| e) Cap-and-Trade Facility-Related Charges (applied to all quantities transported):     |                                   |                     |                              |                     |            |                         |
| St.Clair / Ojibway / Bluewater & Dawn  | \$0.004                           | \$0.004             |                              |                     |            | \$0.004                 |
| Parkway to Dawn / Kirkwall   | \$0.003                           | \$0.003             |                              |                     |            | \$0.003                 |
| Kirkwall to Dawn   | \$0.002                           | \$0.002             |                              |                     |            | \$0.002                 |
| Dawn to Kirkwall / Parkway (Cons) / Lisgar   | \$0.006                           | \$0.006             |                              |                     |            | \$0.006                 |
| Dawn to Parkway (TCPL)   | \$0.009                           | \$0.009             |                              |                     |            | \$0.009                 |
| Kirkwall to Parkway (Cons) / Lisgar  | \$0.002                           | \$0.002             |                              |                     |            | \$0.002                 |
| Kirkwall to Parkway (TCPL)   | \$0.005                           | \$0.005             |                              |                     |            | \$0.005                 |
| Dawn to Dawn-Vector  | \$0.003                           | \$0.003             |                              |                     |            | \$0.003                 |
| Dawn to Dawn-TCPL  | \$0.004                           | \$0.004             |                              |                     |            | \$0.004                 |
| Interruptible Transportation between two points within Dawn*                           |                                   |                     |                              |                     |            |                         |
| *includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE) |                                   |                     |                              |                     |            | \$0.002                 |

**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.

|  | <u>Union Supplied Fuel</u>       |                     | <u>Shipper Supplied Fuel</u> |                     |            |                         |
|--|----------------------------------|---------------------|------------------------------|---------------------|------------|-------------------------|
|  | <u>Fuel and Commodity Charge</u> |                     | <u>Fuel Ratio</u>            |                     | <u>AND</u> | <u>Commodity Charge</u> |
|  | <u>Apr.1-Oct.31</u>              | <u>Nov.1-Mar.31</u> | <u>Apr.1-Oct.31</u>          | <u>Nov.1-Mar.31</u> |            |                         |
|  | <u>Rate/GJ</u>                   | <u>Rate/GJ</u>      | <u>%</u>                     | <u>%</u>            |            | <u>Rate/GJ</u>          |
| a) Firm Transportation   |                                  |                     |                              |                     |            |                         |
| Between:   |                                  |                     |                              |                     |            |                         |
| St.Clair & Dawn  | \$0.111                          | \$0.113             | 0.208%                       | 0.267%              |            | \$0.104                 |
| Ojibway & Dawn   | \$0.120                          | \$0.115             | 0.449%                       | 0.305%              |            | \$0.104                 |
| Bluewater & Dawn   | \$0.111                          | \$0.113             | 0.208%                       | 0.267%              |            | \$0.104                 |
| From:  |                                  |                     |                              |                     |            |                         |
| Parkway to Kirkwall  | \$0.155                          | \$0.150             | 0.921%                       | 0.778%              |            | \$0.122                 |
| Parkway to Dawn  | \$0.155                          | \$0.150             | 0.921%                       | 0.778%              |            | \$0.122                 |
| Kirkwall to Dawn   | \$0.078                          | \$0.078             | 0.778%                       | 0.778%              |            | \$0.051                 |
| Dawn to Kirkwall   | \$0.137                          | \$0.153             | 0.939%                       | 1.384%              |            | \$0.104                 |
| Dawn to Parkway  | \$0.165                          | \$0.181             | 1.205%                       | 1.662%              |            | \$0.122                 |
| Kirkwall to Parkway  | \$0.055                          | \$0.056             | 1.043%                       | 1.056%              |            | \$0.018                 |
| b) Firm Transportation within Dawn   |                                  |                     |                              |                     |            |                         |
| Dawn to Dawn-Vector  | n/a                              | n/a                 | 0.341%                       | 0.158%              |            | \$0.001                 |
| Dawn to Dawn-TCPL  | n/a                              | n/a                 | 0.158%                       | 0.353%              |            | \$0.005                 |
| c) Cap-and-Trade Facility-Related Charges (applied to all quantities transported): |                                  |                     |                              |                     |            |                         |
| St.Clair / Ojibway / Bluewater & Dawn  | \$0.004                          | \$0.004             |                              |                     |            | \$0.004                 |
| Parkway to Dawn / Kirkwall   | \$0.003                          | \$0.003             |                              |                     |            | \$0.003                 |
| Kirkwall to Dawn   | \$0.002                          | \$0.002             |                              |                     |            | \$0.002                 |
| Dawn to Kirkwall / Parkway (Cons) / Lisgar   | \$0.006                          | \$0.006             |                              |                     |            | \$0.006                 |
| Dawn to Parkway (TCPL)   | \$0.009                          | \$0.009             |                              |                     |            | \$0.009                 |
| Kirkwall to Parkway (Cons) / Lisgar  | \$0.002                          | \$0.002             |                              |                     |            | \$0.002                 |
| Kirkwall to Parkway (TCPL)   | \$0.005                          | \$0.005             |                              |                     |            | \$0.005                 |
| Dawn to Dawn-Vector  | \$0.003                          | \$0.003             |                              |                     |            | \$0.003                 |
| Dawn to Dawn-TCPL  | \$0.004                          | \$0.004             |                              |                     |            | \$0.004                 |

Authorized overrun for short-term firm transportation is available at negotiated rates.



Effective  
2018-01-01  
Rate C1  
Page 3 of 3

**(C) Rates (Cont'd)**

**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 \$0.070/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 January 1, 2018 Chatham, Ontario  
O.E.B. Order # EB-2017-0087

Supersedes EB-2017-0278 Rate Schedule effective October 1, 2017.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;
16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper" shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);

## **SCHEDULE "A"**

18. "TCPL" means TransCanada Pipelines Limited;
19. "cricondenth therm hydrocarbon dewpoint" shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;
20. "hydrocarbon dewpoint" shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;
21. "specific gravity" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
22. "Wobbe Number" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. Natural Gas: The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenth therm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.

## **SCHEDULE "A"**

3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.
  - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
  - d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.
2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

*Intentionally blank*

### **VI. FACILITIES ON SHIPPER'S PROPERTY**

## **SCHEDULE "A"**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

## **VII. MEASURING EQUIPMENT**

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.

## **SCHEDULE "A"**

6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

### **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

### **IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such



overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any act passed in amendment thereof or substitution thereof, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

## **SCHEDULE "A"**

5. An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.
6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. MODIFICATION**

Subject to Union's C1 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the C1 Rate Schedule with the approval of the OEB, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

*Intentionally blank*

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**RATE C1  
GENERAL TERMS & CONDITIONS**

**I. DEFINITIONS**

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

**"Authorized Overrun"** shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand;

**"Available Capacity"** shall mean at any time, Union's remaining available capacity to provide Transportation Services;

**"Business Day"** shall mean any day, other than Saturday, Sunday or any days on which national banks in the Province of Ontario are authorized to close;

**"Contract"** shall refer to the Contract to which these General Terms & Conditions shall apply, and into which they are incorporated;

**"Contract Year"** shall mean a period of three hundred and sixty-five (365) consecutive days; provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days, commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date;

**"cricondenthm hydrocarbon dewpoint"** shall mean the highest hydrocarbon dewpoint temperature on the phase envelope;

**"cubic metre"** shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

**"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 10:00 a.m. Eastern Clock Time. The reference date for any Day shall be the calendar date upon which the twenty-four (24) hour period shall commence;

**"delivery"** shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;

**"Eastern Clock Time"** shall mean the local clock time in the Eastern Time Zone on any Day;

**"Expansion Facilities"** shall mean any new facilities to be constructed by Union in order to provide Transportation Services;

**"firm"** shall mean service not subject to curtailment or interruption except under Articles XI, XII and XVIII herein;

**"gas"** shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;

**"gross heating value"** shall mean the total heat expressed in megajoules per cubic metre (MJ/m<sup>3</sup>) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;

**"hydrocarbon dewpoint"** shall mean temperature at a specific pressure where hydrocarbon vapour condensation begins;

**"Interruptible Service HUB Contract"** shall mean a contract between Shipper and Union under which Union provides interruptible HUB service;

## **SCHEDULE "A 2010"**

"**interruptible service**" or "**Interruptible**" shall mean service subject to curtailment or interruption, after notice, at any time;

"**Interconnecting Pipeline**" shall mean a pipeline that directly connects to the Union pipeline system;

"**joule**" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "**megajoule**" (MJ) shall mean 1,000,000 joules. The term "**gigajoule**" (GJ) shall mean 1,000,000,000 joules;

"**Limited Firm**" shall mean gas service subject to interruption or curtailment on a limited number of Days as specified in the Contract;

"**Loaned Quantities**" shall mean those quantities of gas loaned to Shipper under the Facilitating Agreement;

"**m**<sup>3</sup>" shall mean cubic metre of gas and "10<sup>3</sup>m<sup>3</sup>" shall mean 1,000 cubic metres of gas;

"**Month**" shall mean the period beginning at 10:00 a.m. Eastern Clock Time on the first day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first day of the following calendar month;

"**NAESB**" shall mean North American Energy Standards Board;

"**OEB**" means the Ontario Energy Board;

"**Open Season**" or "**open season**" shall mean an open access auction or bidding process held by Union as a method of allocating capacity;

"**pascal**" ("**Pa**") shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" ("**kPa**") shall mean 1,000 pascals;

"**receipt**" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;

"**Shipper**" shall have the meaning as defined in the Contract, and shall also include Shipper's agent(s);

"**specific gravity**" shall mean density of the gas divided by density of air, with both at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;

"**Taxes**" shall mean any tax (other than tax on income or tax on property), duty, royalty, levy, license, fee or charge not included in the charges and rates as per the applicable rate schedule (including but not limited to charges under any form of cap and trade, carbon tax, or similar system) and that is levied, assessed or made by any governmental authority on the gas itself, or the act, right, or privilege of producing, severing, gathering, storing, transporting, handling, selling or delivering gas under the Contract;

"**TCPL**" means TransCanada PipeLines Limited;

"**Wobbe Number**" shall mean gross heating value of the gas divided by the square root of its specific gravity.

## **II. GAS QUALITY**

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons, except methane, may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.

2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
  - a. shall be commercially free from bacteria, sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to, or interference with, the proper operation of the lines, regulators, meters or other appliances through which it flows,
  - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas, nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas,
  - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
  - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
  - e. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
  - f. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
  - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
  - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas,
  - i. shall not have a cricondenth therm hydrocarbon dewpoint exceeding minus eight (-8) degrees Celsius,
  - j. shall have Wobbe Number from forty seven point fifty (47.50) megajoules per cubic metre of gas to fifty one point forty six (51.46) megajoules per cubic metre of gas, maximum of one point five (1.5) mole percent by volume of butane plus (C4+) in the gas, and maximum of four point zero (4.0) mole percent by volume of total inerts in the gas in order to be interchangeable with other Interconnecting Pipeline gas.
3. Non-conforming Gas: In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in this Article II.
4. Quality of Gas Received: The quality of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards as set out by Union in this Article II, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's C1 Rate Schedule.

### **III. MEASUREMENTS**

1. Storage, Transportation, and/or Sales Unit: The unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m<sup>3</sup>) or one thousand cubic metres (10<sup>3</sup>m<sup>3</sup>) at Union's discretion.
2. Determination of Volume and Energy:
  - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), RSC 1985, c E-4- (the "**Act**") and the Electricity and Gas Inspection Regulations, SOR 86/131 (the "**Regulations**"), and any documents issued under the authority of the Act and Regulations and any amendments thereto.
  - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas

## **SCHEDULE "A 2010"**

Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.

- c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII herein.
- d. Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

### **IV. RECEIPT POINT AND DELIVERY POINT**

- 1. Unless otherwise specified in the Contract, the point or points of receipt and point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where possession of the gas changes from one party to the other, and as per Schedule "C 2010".

### **V. POSSESSION OF AND RESPONSIBILITY FOR GAS**

- 1. Possession of Gas: Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- 2. Liability: Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

### **VI. FACILITIES ON SHIPPER'S PROPERTY**

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Parkway (TCPL), or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

- 1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.
- 2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.
- 3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

### **VII. MEASURING EQUIPMENT**

- 1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III herein.

## **SCHEDULE "A 2010"**

2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by its regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten (10) days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party notifies the other that it desires a special test of any measuring equipment, the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing receipts and deliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Act and Regulations, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.
7. Error in Metering or Meter Failure: In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

## **VIII. BILLING**

1. Monthly Billing Date: Union shall render bills on or before the tenth (10<sup>th</sup>) day of each month for all Transportation Services furnished during the preceding Month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding Month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the tenth (10<sup>th</sup>) day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. Right of Examination: Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.
3. Amendment of Statements: For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statement for a period equal to



the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of the Contract.

**IX. PAYMENTS**

1. Monthly Payments: Shipper shall pay the invoiced amount directly into Union's bank account as directed on the invoice on or before the twentieth (20<sup>th</sup>) day of each month. If the payment date is not a Business Day, then payment must be received in Union's account on the first Business Day preceding the twentieth (20<sup>th</sup>) day of the month.
2. Remedies for Non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
  - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment; and,
  - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend Services until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend Services because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing, Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. Billing Adjustments: If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "**bill next following**" shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within three (3) years from the date of the incorrect billing. In the event any refund is issued with Shipper's bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.
4. Taxes: In addition to the charges and rates as per the applicable rate schedules and price schedules, Shipper shall pay all Taxes which are imposed currently or subsequent to the execution of the Contract by any legal authority having jurisdiction and any amount in lieu of such Taxes paid or payable by Union.

Shipper shall make reasonable efforts to eliminate/minimize the withholding tax related to the fees/payments paid to Union, including but not limited to requesting from Union the relevant documentation necessary to determine the appropriate withholding, if any, for tax purposes. In the event taxes are withheld from the fees/payment paid by Shipper, Shipper shall remit such withheld taxes to the applicable taxing authority and Shipper will provide Union, after the calendar year end, Union's Federal Form 1042-S and a comparable state/international form, if applicable, within the applicable statutory time frame.

5. Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party under the Contract, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under the Contract or any enhancement to the Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

**X. ARBITRATION**

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act, 1991, or any act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

**XI. FORCE MAJEURE**

1. Definition: The term "**force majeure**" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. Notice: In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Exclusions: Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not, as soon as possible after determining, or within a period within which it should acting reasonably have determined, that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract, give to the other party the notice required hereunder.
4. Notice of Remedy: The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.
5. Obligation to Perform: An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

## **SCHEDULE "A 2010"**

6. Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.
7. Delay of Firm Transportation Services: Despite Article XI herein, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the Day or Days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such Day or Days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Article XI herein.
8. Demand Charge Relief for Firm Transportation Services: Despite Article XI herein, if on any Day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the firm Contract Demand for that Contract, then for that Day the Monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such Day and the quantity of gas which Shipper in good faith nominated on such Day. The term "**Daily Demand Rate**" shall mean the Monthly demand charge or equivalent pursuant to the C1 Rate Schedule divided by the number of days in the month for which such rate is being calculated.
9. Proration of Firm Transportation Service: If, due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, it will be necessary for Union to curtail Shipper's gas receipts to Union hereunder, via proration based on utilization of such facilities for the Day. This prorating shall be determined by multiplying the capability of such facilities as available downstream of the impairment on the Day, by a fraction where the numerator is Shipper's nominated firm quantity and the denominator is the total of all such nominated firm quantities for nominated services and planned consumption for in-franchise customers on the Day. For the purposes of this Article XI, firm services shall mean all firm services provided by Union to in-franchise customers and ex-franchise shippers.

## **XII. DEFAULT AND TERMINATION**

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI herein) which has not been waived by the other party, then and in every such case and as often as the same may happen, the non-defaulting party may give written notice to the defaulting party requiring it to remedy such default and in the event of the defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

## **XIII. AMENDMENT**

Subject to Article XV herein and the ability of Union to amend the applicable rate schedules and price schedules, with the approval of the OEB (if required), no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

## **XIV. NON-WAIVER AND FUTURE DEFAULT**

No waiver of any provision of the Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under the Contract shall operate as a waiver thereof.

**XV. LAWS, REGULATIONS AND ORDERS**

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**XVI. ALLOCATION OF CAPACITY**

1. Requests for Transportation Service: A potential shipper may request transportation service on Union's system at any time. Any request for C1 transportation service must include: potential shipper's legal name, Receipt Point(s), Delivery Point(s), Commencement Date, Initial Term, Contract Demand, proposed payment, and type of transportation service requested.
2. Expansion Facilities: If requests for firm transportation services cannot be met through existing capacity such that the only way to satisfy the requests for transportation service would require the construction of Expansion Facilities which create new capacity, Union shall allocate any such new capacity by open season, subject to the terms of the open season, and these General Terms and Conditions.
3. Open Seasons: If requests for long-term transportation service can be met through existing facilities upon which long-term capacity is becoming available, Union shall allocate such long-term capacity by open season, subject to the terms of the open season, and these General Terms and Conditions. "**Long-term**", for the purposes of this Article XVI, means, in the case of a transportation service, a service that has a term of one year or greater.
4. Awarding Open Season Capacity: Capacity requests received during an open season shall be awarded starting with those bids with the highest economic value. If the economic values of two or more independent bids are equal, then service shall be allocated on a pro-rata basis. The economic value shall be based on the net present value which shall be calculated based on the proposed per- unit rate and the proposed term of the contract and without regard to the proposed Contract Demand ("**NPV**").
5. Available Capacity Previously Offered in Open Season: Union may at any time allocate capacity to respond to any C1 transportation service request through an open season. If a potential shipper requests C1 transportation service that can be provided through Available Capacity that was previously offered by Union in an open season but was not awarded, then:
  - a. Any such request must conform to the requirements of Section 1 of this Article XVI;
  - b. Union shall allocate capacity to serve such request pursuant to this Section 5, and subject to these General Terms and Conditions and Union's standard form C1 transportation contract;
  - c. Union may reject a request for C1 transportation service for any of the following reasons:
    - i) if there is insufficient Available Capacity to fully meet the request, but if that is the only reason for rejecting the request for service, Union must offer to supply the Available Capacity to the potential shipper;
    - ii) if the proposed monthly payment is less than Union's Monthly demand charge plus fuel requirements for the applicable service;
    - iii) if prior to Union accepting the request for transportation service Union receives a request for transportation service from one or more other potential shippers and there is, as a result, insufficient Available Capacity to service all the requests for service, in which case Union shall follow the procedure in Section 5 d hereof;
    - iv) if Union does not provide the type of transportation service requested; or
    - v) if all of the conditions precedent specified in Article XXI Sections 1 and 2 herein have not been satisfied or waived.

## **SCHEDULE "A 2010"**

- d. Union will advise the potential shipper in writing whether Union accepts or rejects the request for service, subject to Article XVI 5(c) within 5 calendar days of receiving a request for C1 transportation service. If Union rejects a request for service, Union shall inform the potential shipper of the reasons why its request is being rejected; and
- e. If Union has insufficient Available Capacity to service all pending requests for transportation service Union may:
  - i) Reject all the pending requests for transportation service and conduct an open season; or
  - ii) Union shall inform all the potential shippers who have submitted a pending request for transportation service that it does not have sufficient capacity to service all pending requests for service, and Union shall provide all such potential shippers with an equal opportunity to submit a revised request for service. Union shall then allocate the Available Capacity to the request for transportation service with the highest economic value to Union. If the economic values of two or more requests are equal, then service shall be allocated on a pro-rata basis. The economic value of any request shall be based on the NPV.

## **XVII. RENEWALS**

- 1. Contracts with an Initial Term of five (5) years or greater, with Receipt Points and Delivery Points of Parkway or Kirkwall or Dawn (Facilities), will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter. Shipper may reduce the Contract Demand or terminate the Contract with notice in writing by Shipper at least two (2) years prior to the expiration thereof.

For all other contracts, the Contract will continue in full force and effect until the end of the Initial Term, but shall not renew.

## **XVIII. SERVICE CURTAILMENT**

- 1. Right to Curtail: Union shall have the right to curtail or not to schedule part or all of Transportation Services, in whole or in part, on all or a portion of its pipeline system at any time for reasons of Force Majeure or when, in Union sole discretion, acting reasonably, capacity or operating conditions so require or it is desirable or necessary to make modifications, repairs or operating changes to its pipeline system. Union shall provide Shipper such notice of such curtailment as is reasonable under the circumstances. If due to any cause whatsoever Union is unable to receive or deliver the quantities of Gas which Shipper has requested, then Union shall order curtailment by all Shippers affected and to the extent necessary to remove the effect of the disability. Union has a priority of service policy to determine the order of service curtailment. In order to place services on the priority of service list, Union considers the following business principles: appropriate level of access to core services, customer commitment, encouraging appropriate contracting, materiality, price and term, and promoting and enabling in-franchise consumption.

The Priority ranking for all services utilizing Union Gas' storage, transmission and distribution system as applied to both in-franchise and ex-franchise services are as follows; with number 1 having the highest priority and the last interrupted.

- 1. Firm In-franchise Transportation and Distribution services and firm Ex-franchise services (Note 1)
- 2. In-franchise Interruptible Distribution services
- 3. C1/M12 IT Transport and IT Exchanges with Take or Pay rates
- 4. Balancing (Hub Activity)  $\leq 100$  GJ/d; Balancing (Direct Purchase)  $\leq 500$  GJ/d; In-franchise distribution authorized overrun (Note 3)
- 5. C1/M12 IT Transport and IT Exchanges at premium rates
- 6. C1/M12 Overrun  $\leq 20\%$  of CD (Note 4)
- 7. Balancing (Direct Purchase)  $> 500$  GJ/d
- 8. Balancing (Hub Activity)  $> 100$  GJ/d; C1/M12 IT Transport and IT Exchanges
- 9. C1/M12 Overrun  $> 20\%$  of CD
- 10. C1/M12 IT Transport and IT Exchanges at a discount
- 11. Late Nominations

Notes:

## **SCHEDULE "A 2010"**

1. Nominated services must be nominated on the NAESB Timely Nomination Cycle otherwise they are considered to be late nomination and are therefore interruptible.
  2. Higher value or more reliable IT is contemplated in the service and contract, when purchase at market competitive prices.
  3. Captures the majority of customers that use Direct Purchase balancing transactions.
  4. Captures the majority of customers that use overrun.
2. Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.
3. Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of the Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the Monthly demand charge shall be reduced in accordance with Article XI Section 8 and available capacity allocated in accordance with Article XI Section 9 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

## **XIX. SHIPPER'S REPRESENTATIONS AND WARRANTIES**

1. Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under the Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.
2. Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any change to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under the Contract as a result of one of the following events ("**Material Event**");
  - a. Shipper is in default, which default has not been remedied, of the Contract or is in default of any other material contract with Union or another party; or,
  - b. Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
  - c. Shipper ceases to be rated by a nationally recognized agency; or,
  - d. Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "**Security**"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of Monthly demand charges (in accordance with Article IX herein) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Article XII herein.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) Business Days after

receipt of the request.

**XX. MISCELLANEOUS PROVISIONS**

1. Permanent Assignment: Shipper may assign the Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Article XXI herein. Any such assignment will be for the full rights, obligations and remaining term of the Contract as relates to the Capacity Assigned.
2. Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under the Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Such assignment shall not be unreasonably withheld and shall be conditional upon the Assignee executing the Facilitating Agreement as per Article XXI herein. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.
3. Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of Taxes, or other charges thereon.

**XXI. PRECONDITIONS TO TRANSPORTATION SERVICES**

1. Union Conditions: The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to provide the Transportation Services; and,
  - b. Union shall have obtained all internal approvals that are necessary or appropriate to provide the Transportation Services; and,
  - c. Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of the Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,
  - d. Shipper and Union shall have entered into the Interruptible Service HUB Contract or equivalent (the "**Facilitating Agreement**") with Union.
2. Shipper Conditions: The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in the Contract:
  - a. Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under the Contract; and,

**SCHEDULE "A 2010"**

- b. Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under the Contract; and,
  - c. Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute the Contract.
3. Satisfaction of Conditions: Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in this Article XXI Section 1 a, c, and d and Section 2 a and b. Each party shall notify the other forthwith in writing of the satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations thereunder.
4. Non-Satisfaction of Conditions: If any of the conditions precedent in this Article XXI Section 1 c or Section 2 are not satisfied or waived by the party entitled to the benefit of that condition by the Conditions Date as such term is defined in the Contract, then either party may, upon written notice to the other party, terminate the Contract and upon the giving of such notice, the Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of the Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.



**RATE C1  
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with details regarding the quantity it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
  - ii) All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
  - iii) For customers electing firm all day transportation, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
- b) Union shall determine whether or not all or any portion of the Nomination will be accepted. In the event Union determines that it will not accept such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantity Available**") for Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a "**Revised Nomination**" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "**Unauthorized Overrun**".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

**RATE C1  
NOMINATIONS**

1. For Transportation Services required on any Day under the Contract, Shipper shall provide Union with details regarding the quantity of Gas it desires to be handled at the applicable Receipt Point(s) and/or Delivery Point(s), and such additional information as Union determines to be necessary (a "**Nomination**").
2. All Nominations shall be submitted by electronic means via *Unionline*. Union, in its sole discretion, may amend or modify the nominating procedures or *Unionline* at any time. Nominations shall be submitted so as to be received by Union in accordance with timelines established by Union, which reflect the NAESB standard nomination cycles. Union will accept all Nominations on each of the nomination cycles. Nominations made after the applicable deadline shall not be accepted except at the sole discretion of Union. The nomination cycle timelines are posted on Union's website and the nomination deadlines are provided in *Unionline*.
3. Union shall determine whether or not all or any portion of the Nomination will be scheduled at each nomination cycle. With respect to each nomination cycle, in the event Union determines that it will not schedule such Nomination, Union shall advise Shipper of the reduced quantity (the "**Quantities Available**") for Transportation Services at the applicable points as outlined in each nomination cycle. After receiving such advice from Union, but no later than one half hour after the Quantities Available deadline as outlined in each nomination cycle, Shipper shall provide a revised nomination ("**Revised Nomination**") to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantities Available, then the Revised Nomination shall be deemed to be the Quantities Available. If the Revised Nomination (delivered with the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
4. For Shippers electing firm all day transportation service, nominations shall be provided to Union's Gas Management Services as outlined in the F24 –T Agreement.
5. For Transportation Services requiring Shipper to provide compressor fuel in kind, the nominated fuel requirements will be calculated by rounding to the nearest whole GJ.
6. All Timely Nominations shall have rollover options. Specifically, Shippers shall have the ability to nominate for several days, months or years, provided the Nomination start date and end date are both within the term of the Transportation Agreement.
7. Nominations received after the nomination deadline shall, if accepted by Union, be scheduled after Nominations received before the nomination deadline.
8. All Services are required to be nominated in whole Gigajoules (GJ).
9. To the extent Union is unable to complete a Nomination confirmation due to inaccurate, untimely or incomplete data involving an Interconnecting Pipeline entity, Union shall undertake reasonable efforts to confirm the transaction on a non-discriminatory basis until such time that the transaction is adequately verified by the parties, or until such time that Union determines that the Nomination is invalid at which time the Union shall reject the Nomination.
10. That portion of a Shipper's Nomination or Revised Nomination, as set out in paragraphs 1 and 3 above, which Union shall schedule for Transportation Services hereunder, shall be known as Shipper's "**Authorized Quantity**".
11. If on any day the actual quantities handled by Union, for each of the Transportation Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Transportation

**SCHEDULE "B 2010"**

Services exceed Shipper's Authorized Quantity shall be deemed "**Unauthorized Overrun**".

12. The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20<sup>th</sup>) of the quantity received for that day. Union shall have the right to limit Transportation Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20<sup>th</sup>) of the quantity handled for that day, for each applicable Transportation Service.
13. The parties hereto recognize that with respect to Transportation Services, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreement and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.
14. Shipper may designate via *Unionline* access request form, a third party as agent for purposes of providing a Nomination, and for giving and receiving notices related to Nominations, and Union shall only accept nominations from the agent. Any such designation, if acceptable to Union, shall be effective following the receipt and processing of the written notice and will remain in effect until revoked in writing by Shipper.

**RATE C1  
RECEIPT AND DELIVERY POINTS AND PRESSURES**

1. Receipt and Delivery Points:

The following defines each Receipt Point and/or Delivery Point, as indicated (R= Receipt Point; D= Delivery Point)

|      |                                    |  |
|------|------------------------------------|--|
| R, D | <b><u>DAWN (FACILITIES):</u></b>   | Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union. |
| R, D | <b><u>DAWN (TCPL):</u></b>         | At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).   |
| R, D | <b><u>DAWN (TECUMSEH):</u></b>     | At the junction of Union's and Enbridge Gas Distribution Inc.'s (Enbridge) Tecumseh Gas Storage's facilities, at or adjacent to Dawn (Facilities).   |
| R, D | <b><u>DAWN (TSLE):</u></b>         | At the junction of Union's and Enbridge Gas Distribution Inc.'s (" <b>Enbridge</b> ") NPS 16 Tecumseh Sombra Line Extension facilities; at or adjacent to Dawn (Facilities)  |
| R, D | <b><u>DAWN (VECTOR):</u></b>       | At the junction of Union's and Vector Pipeline Limited Partnership (" <b>Vector</b> ") facilities, at or adjacent to Dawn (Facilities).  |
| R, D | <b><u>PARKWAY (TCPL):</u></b>      | At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| R, D | <b><u>KIRKWALL:</u></b>            | At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.  |
| D    | <b><u>PARKWAY (CONSUMERS):</u></b> | At the junction of Union's and Enbridge's facilities, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton (now part of City of Mississauga)  |
| D    | <b><u>LISGAR:</u></b>              | At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.   |
| R, D | <b><u>OJIBWAY:</u></b>             | At the junction of Union's and Panhandle Eastern Pipe Line Company, LP's (" <b>Panhandle</b> ") facilities, located at the International Border between Canada and the United States in the St. Clair River.   |
| R, D | <b><u>ST.CLAIR (MICHCON):</u></b>  | At the junction of Michigan Consolidated Gas Company's (" <b>MichCon</b> ") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.  |

**R, D**      **BLUEWATER:**      At the junction of Bluewater Gas Storage, LLC ("**Bluewater**") and St. Clair Pipelines L.P.'s facilities, located at the International Border between Canada and the United States in the St. Clair River.

2. Receipt and Delivery Pressures:

(a) All Gas tendered by or on behalf of Shipper to Union shall be tendered at the Receipt Point(s) at Union's prevailing pressure at that Receipt Point, or at such pressure as per operating agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(b) All Gas tendered by or on behalf of Union to Shipper shall be tendered at the Delivery Point(s) at Union's prevailing pressure at that Delivery Point or at such pressure as per agreements between Union and the applicable Interconnecting Pipeline as amended or restated from time to time.

(c) Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

**Appendix C**

UNION GAS LIMITED  
Infranchise Customers  
Summary of Average Interruptible Rate and Price Adjustment Changes for Rates 25, M4, M5A, M7, T1 and T2  
Effective January 1, 2018

| Line No. | Particulars (cents / m <sup>3</sup> )           | Monthly Charge Increase / (Decrease)<br>(a) | Delivery Commodity Charge Increase / (Decrease)<br>(b) | Delivery - Price Adjustment Increase / (Decrease)<br>(c) | Gas Commodity Price Adjustment Rate (1)<br>(d) |
|----------|---|---|--|--|--|
|          | Rate 25 - All Zones                             |   |  |  |  |
| 1        | Including Cap-and-Trade Customer-Related Charge | (\$17.39)                                   | (0.0016)   |  | (0.2720)                                       |
| 2        | Excluding Cap-and-Trade Customer-Related Charge | (\$17.39)                                   | (0.0016)   |  | (0.2720)                                       |
|          | Rate M4 - Interruptible                         |   |  |  |  |
| 3        | Including Cap-and-Trade Customer-Related Charge | (\$10.10)                                   | 0.0742   |  |  |
| 4        | Excluding Cap-and-Trade Customer-Related Charge | (\$10.10)                                   | 0.0742   |  |  |
|          | Rate M5A - Interruptible                        |   |  |  |  |
| 5        | Including Cap-and-Trade Customer-Related Charge | (\$10.10)                                   | 0.0742   |  |  |
| 6        | Excluding Cap-and-Trade Customer-Related Charge | (\$10.10)                                   | 0.0742   |  |  |
|          | Rate M7   |   |  |  |  |
|          | Interruptible                                   |   |  |  |  |
| 7        | Including Cap-and-Trade Customer-Related Charge |   | 0.0632   |  |  |
| 8        | Excluding Cap-and-Trade Customer-Related Charge |   | 0.0632   |  |  |
|          | Seasonal  |   |  |  |  |
| 9        | Including Cap-and-Trade Customer-Related Charge |   | 0.0632   |  |  |
| 10       | Excluding Cap-and-Trade Customer-Related Charge |   | 0.0632   |  |  |
|          | Rate T1 - Interruptible                         |   |  |  |  |
|          | Transportation - Union supplies fuel            |   |  |  |  |
| 11       | Including Cap-and-Trade Customer-Related Charge |   | (0.0031)   |  |  |
| 12       | Excluding Cap-and-Trade Customer-Related Charge |   | (0.0031)   |  |  |
|          | Transportation - Customer supplies fuel         |   |  |  |  |
| 13       | Including Cap-and-Trade Customer-Related Charge |   | 0.0061   |  |  |
| 14       | Excluding Cap-and-Trade Customer-Related Charge |   | 0.0061   |  |  |
|          | Rate T2 - Interruptible                         |   |  |  |  |
|          | Transportation - Union supplies fuel            |   |  |  |  |
| 15       | Including Cap-and-Trade Customer-Related Charge |   | 0.0008   |  |  |
| 16       | Excluding Cap-and-Trade Customer-Related Charge |   | 0.0008   |  |  |
|          | Transportation - Customer supplies fuel         |   |  |  |  |
| 17       | Including Cap-and-Trade Customer-Related Charge |   | 0.0119   |  |  |
| 18       | Excluding Cap-and-Trade Customer-Related Charge |   | 0.0119   |  |  |

Notes:

(1) Applies to sales service customers only.

## **Appendix D**



## **Appendix E**

UNION GAS LIMITED  
Miscellaneous Non-Energy Charges

| Line No. | Service  | Fee                                 |
|----------|--|-------------------------------------|
|          | Residential Customer Class Service   |                                     |
| 1        | Connection Charge  | \$35                                |
| 2        | Temporary Seal - Turn-off (Seasonal)   | \$22                                |
| 3        | Temporary Seal - Turn-on (Seasonal)  | \$35                                |
| 4        | Landlord Turn-on   | \$35                                |
| 5        | Disconnect/Reconnect for Non-Payment   | \$65                                |
|          | Commercial/Industrial Customer Class Service   |                                     |
| 6        | Connection Charge  | \$38                                |
| 7        | Temporary Seal - Turn-off (Seasonal)   | \$22                                |
| 8        | Temporary Seal - Turn-on (Seasonal)  | \$38                                |
| 9        | Landlord Turn-on   | \$38                                |
| 10       | Disconnect/Reconnect for Non-Payment   | \$65                                |
|          | Statement of Account/History Statements  |                                     |
| 11       | History Statement (previous year)  | \$15/statement                      |
| 12       | History Statement (beyond previous year)   | \$40/hour                           |
| 13       | Duplicate Bills * (if processed by system)   | No charge                           |
| 14       | Duplicate Bills * (if manually processed)  | \$15/statement                      |
|          | Dispute Meter Test Charges   |                                     |
| 15       | Meter Test - Residential Meter   | \$50 flat fee for removal and test  |
| 16       | Meter Test - Commercial/Industrial Meter   | Hourly charge based on actual costs |
|          | Direct Purchase Administration Charges   |                                     |
| 17       | Monthly fee per bundled t-service contract or unbundled U2 contract                      | \$75.00                             |
| 18       | Monthly per customer fee   | \$0.19                              |
| 19       | Invoice Vendor Adjustment (IVA) fee<br>(for each successfully submitted IVA transaction) | \$1.09                              |

Notes:

- \* Duplicate bill charges only apply when customer wants two copies of a bill. Lost bills from the last billing period will be replaced free of charge.

## **Appendix F**

**UNION GAS LIMITED****Accounting Entries for  
Short-term Storage and Other Balancing Services  
Deferral Account No. 179-70**

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

Debit                -        Account No. 571  
Storage Revenue

Credit                -        Account No. 179-70  
Other Deferred Charges - Short-term Storage and Other Balancing Services

To record, as a debit (credit) in Deferral Account No. 179-70 the utility portion of actual net revenues for Short-term Storage and Other Balancing Services, less the 10% shareholder incentive to provide these services and less the net revenue forecast for these services as approved by the Board for ratemaking purposes. The utility portion of actual net revenues for Short-term Storage and Other Balancing Services is determined by allocating total margins received from the sale of these services based on the utility share of the total quantity of the services sold each calendar year. The utility share reflects the transactions supported by utility storage space (up to the 100 PJ cap – both planned and excess over planned).

Debit                -        Account No. 571  
Storage Revenue

Credit                -        Account No. 179-70  
Other Deferred Charges – Short-term Storage and Other Balancing Services

To record, as a credit in Deferral Account No. 179-70 payments by Union Gas Limited's non-utility business to its utility business for storage encroachment.

Debit                -        Account No. 179-70  
Other Deferred Charges - Short-term Storage and Other Balancing Services

Credit                -        Account No. 323  
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-70, interest on the balance in Deferral Account No. 179-70. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Lost Revenue Adjustment Mechanism  
Deferral Account No. 179-75**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-75<br>Other Deferred Charges - Lost Revenue Adjustment Mechanism |
| Credit | - | Account No. 529<br>Other Sales  |

To record, as a debit (credit) in Deferral Account No. 179-75, the difference between actual margin reductions related to Union's DSM plans and the margin reduction included in gas delivery rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Income Account No. 179-75<br>Other Deferred Charges - Lost Revenue Adjustment Mechanism |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-75, interest expense on the balance in Deferral Account No. 179-75. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Northern and Eastern Operations Area  
Deferral Account No. 179-100**

This account is applicable to the Northern and Eastern Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-100<br>Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern<br>Operations Area |
| Credit | - | Account No. 663<br>Transportation of Gas by Others   |

To record, as a debit (credit) in Deferral Account No. 179-100, the difference in the costs between the actual per unit transportation and associated fuel costs and the forecast per unit transportation and associated fuel costs included in the rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-100<br>Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern<br>Operations Area |
| Credit | - | Account No. 663<br>Transportation of Gas by Others  |

To record, as a debit (credit) in Deferral Account No. 179-100 charges that result from the Limited Balancing Agreement.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 500<br>Sales Revenue  |
| Credit | - | Account No. 179-100<br>Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern<br>Operations Area |

To record, as a credit (debit) in Deferral Account No. 179-100 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-100<br>Other Deferred Charges - Transportation Tolls and Fuel – Northern and Eastern<br>Operations Area |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-100 interest expense on the balance in Deferral Account No. 179-100. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Unbundled Services Unauthorized Storage Overrun  
Deferral Account No. 179-103**

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

Debit                -        Account No.571  
Storage Revenue

Credit               -        Account No. 179-103  
Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun

To record as a credit (debit) in Deferral Account No. 179-103 any unauthorized storage overrun charges incurred by customers electing unbundled service.

Debit               -        Account No. 179-103  
Other Deferred Charges – Unbundled Services Unauthorized Storage Overrun

Credit               -        Account No. 323  
Other Interest Expense

To record as a debit (credit) in Deferral Account No. 179-103, interest on the balance in Deferral Account No. 179-103. Simple interest will be computed on the monthly opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
North Purchase Gas Variance Account  
Deferral Account No. 179-105**

This account is applicable to the Northern and Eastern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit                    -        Account No. 179-105  
                                      Other Deferred Charges – North Purchase Gas Variance Account

Credit                   -        Account No. 623  
                                      Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-105, the difference between the unit cost of gas purchased each month for the Northern and Eastern Operations area and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit                    -        Account No. 179-105  
                                      Other Deferred Charges - North Purchase Gas Variance Account

Credit                   -        Account No. 323  
                                      Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-105, interest expense on the balance in Deferral Account No. 179-105. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED****Accounting Entries for  
South Purchase Gas Variance Account  
Deferral Account No. 179-106**

This account is applicable to the Southern Operations area of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit                    -        Account No. 179-106  
                                      Other Deferred Charges – South Purchase Gas Variance Account

Credit                   -        Account No. 623  
                                      Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-106, the difference between the unit cost of gas purchased each month for the Southern Operations and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

Debit                    -        Account No. 179-106  
                                      Other Deferred Charges - South Purchase Gas Variance Account

Credit                   -        Account No. 323  
                                      Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-106, interest expense on the balance in Deferral Account No. 179-106. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Spot Gas Variance Account  
Deferral Account No. 179-107**

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

Debit                -                Account No. 179-107  
Other Deferred Charges –Spot Gas Variance Account

Credit             -                Account No. 623  
Cost of Gas

To record, as a debit (credit) in Deferral Account No. 179-107, the difference between the unit cost of spot gas purchased each month and the unit cost of gas included in the gas sales rates as approved by the Board on the spot volumes purchased in excess of planned purchases.

Debit                -                Account No. 623  
Cost of Gas

Credit             -                Account No. 179-107  
Other Deferred Charges –Spot Gas Variance Account

To record, as a credit (debit) in Deferral Account No. 179-107, the approved gas supply charges recovered through the delivery component of rates.

Debit                -                Account No. 179-107  
Other Deferred Charges – Spot Gas Variance Account

Credit             -                Account No. 323  
Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-107, interest expense on the balance in Deferral Account No. 179-107. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Unabsorbed Demand Cost (UDC) Variance Account  
Deferral Account No. 179-108**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-108<br>Other Deferred Charges – Unabsorbed Demand Cost Variance Account |
| Credit | - | Account No. 663<br>Transportation of Gas by Others                                      |

To record, as a debit (credit) in Deferral Account No. 179-108, the difference between the actual unabsorbed demand costs incurred by Union and the amount of unabsorbed demand charges included in rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 663<br>Transportation of Gas by Others                                      |
| Credit | - | Account No. 179-108<br>Other Deferred Charges – Unabsorbed Demand Cost Variance Account |

To record, as a credit (debit) in Deferral Account No. 179-108, the benefit from the temporary assignment of unutilized capacity under Union's transportation contracts to the Northern and Eastern Operations Area. The benefit will be equal to the recovery of pipeline demand charges and other charges resulting from the temporary assignment of unutilized capacity that have been included in gas sales rates.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-108<br>Other Deferred Charges – Unabsorbed Demand Cost Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-108, interest expense on the balance in Deferral Account No. 179-108. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Inventory Revaluation Account  
Deferral Account No. 179-109**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-109<br>Other Deferred Charges – Inventory Revaluation |
| Credit | - | Account No. 152<br>Gas in Storage - Available for Sale                |

To record, as a debit (credit) in Deferral Account No. 179-109, the decrease (increase) in the value of gas inventory available for sale to sales service customers due to changes in Union's weighted average cost of gas approved by the Board for rate making purposes.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 179-109<br>Other Deferred Charges – Inventory Revaluation Account |
| Credit | - | Account No. 323<br>Other Interest Expense                                     |

To record, as a debit (credit) in Deferral Account No. 179-109, interest expense on the balance in Deferral Account No. 179-109. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Demand Side Management Variance Account  
Deferral Account No. 179-111**

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

Debit                    -            Account No.179-111  
   Demand Side Management Variance Account

Credit                   -            Account No. 728  
   General Expense

To record as a debit (credit) in Deferral Account No. 179-111, the difference between actual and the approved direct DSM expenditure budget currently approved for recovery in rates, provided that any excess over the approved direct DSM expenditure budget does not exceed 15% of the direct DSM expenditure budget. Any excess over the approved direct DSM expenditure budget for the year must be for incremental DSM volume savings that are cost effective as determined by the Total Resource Cost Test.

Debit                    -            Account No.179-111  
   Other Deferred Charges – Demand Side Management Variance Account

Credit                   -            Account No. 323  
   Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-111, interest expense on the balance in Deferral Account No. 179-111. Simple interest will be computed monthly upon finalization of the year end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Gas Distribution Access Rule (GDAR) Costs  
Deferral Account No. 179-112**

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

Debit                    -        Account No. 179-112  
                                      Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs

Credit                   -        Account No. 728  
                                      General Expense

To record, as a debit (credit) in Deferral Account No. 179-112 the difference between the actual costs required to implement the appropriate process and system changes to achieve compliance with GDAR and the costs included in rates as approved by the Board.

Debit                    -        Account No.179-112  
                                      Other Deferred Charges - Deferred Gas Distribution Access Rule (GDAR) Costs

Credit                   -        Account No. 323  
                                      Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-112, interest on the balance in Deferral Account No. 179-112. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
CGAAP to IFRS Conversion Costs  
Deferral Account No. 179-120**

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

Debit                    -        Account No. 179-120  
                                      Other Deferred Charges - CGAAP to IFRS Conversion Costs

Credit                   -        Account No. 728  
                                      General Expense

To record, as a debit (credit) in Deferral Account No. 179-120 the difference between the actual incremental one-time administrative costs incurred to convert accounting policies and processes from their current compliance with Canadian Generally Accepted Accounting Principles (CGAAP) to their future compliance with International Financial Reporting Standards (IFRS) and the costs included in rates as approved by the Board.

Debit                    -        Account No.179-120  
                                      Other Deferred Charges - CGAAP to IFRS Conversion Costs

Credit                   -        Account No. 323  
                                      Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-120, interest on the balance in Deferral Account No. 179-120. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Conservation Demand Management  
Deferral Account No. 179-123**

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

Debit                -        Account No. 312  
                                 Non-Gas Operating Revenue

Credit               -        Account No.179-123  
                                 Other Deferred Charges – Conservation Demand Management

To record, as a credit in Deferral Account No. 179-123, 50% of the actual revenues generated from the Conservation Demand Management (CDM) program that will be paid to customers upon approval by the Board for rate making purposes.

Debit                -        Account No.179-123  
                                 Other Deferred Charges – Conservation Demand Management

Credit               -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-123, interest expense on the balance in Deferral Account No. 179-123. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.



**UNION GAS LIMITED**

**Accounting Entries for  
Demand Side Management Incentive  
Deferral Account No. 179-126**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-126<br>Other Deferred Charges – Demand Side Management Incentive |
| Credit | - | Account No. 319<br>Other Income  |

To record, as a debit in Deferral Account No. 179-126, the shareholder incentive earned by the Company in relation to its Demand Side Management (DSM) Programs.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-126<br>Other Deferred Charges – Demand Side Management Incentive |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-126, interest on the balance in Deferral Account No. 179-126. Simple interest will be computed monthly on the opening balance in the said account at the short term debt rate as approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Upstream Transportation Optimization  
Deferral Account No. 179-131**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |
| Credit | - | Account No. 626<br>Exchange Gas  |

To record as a debit in Deferral Account No. 179-131 a receivable from customers and a reduction in cost of gas for the unit rate of optimization revenues refunded to in-franchise customers multiplied by the actual distribution transportation volumes.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 579<br>Miscellaneous Operating Revenue                                   |
| Credit | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |

To record as a credit in Deferral Account No. 179-131 a payable to customers and a reduction in transportation revenue equal to the ratepayer portion (90%) of the actual net revenue from gas supply optimization activities.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 323<br>Other Interest Expense  |
| Credit | - | Account No. 179-131<br>Other Deferred Charges – Upstream Transportation Optimization |

To record, as a debit (credit) in Deferral Account No. 179-131, interest on the balance in Deferral Account No. 179-131. Simple interest will be computed monthly upon finalization of the year-end balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Deferral Clearing Variance Account  
Deferral Account No. 179-132**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-132<br>Other Deferred Charges – Deferral Clearing Variance Account |
| Credit | - | Account No. 179<br>Other Deferred Charges  |

To record as a debit (credit) in Deferral Account No. 179-132 a receivable from (payable to) ratepayers for the amount arising from differences between actual and forecast volumes used for the purposes of clearing non-gas commodity deferral account, earnings sharing and other balances.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-132<br>Other Deferred Charges – Deferral Clearing Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-132, interest on the balance in Deferral Account No. 179-132. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Normalized Average Consumption (NAC) Account  
Deferral Account No. 179-133**

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

Debit                -        Account No. 179-133  
                                 Normalized Average Consumption Account

Credit               -        Account No. 500  
                                 Sales Revenue

To record as a debit (credit) in Deferral Account No. 179-133 the variance in revenue resulting from the difference between forecast normalized average consumption (NAC) included in rates as approved by the Board and actual NAC for general service rate classes Rate M1, Rate M2, Rate 01, and Rate 10.

Debit                -        Account No. 179-133  
                                 Normalized Average Consumption Account

Credit               -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-133, interest on the balance in Deferral Account No. 179-133. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Tax Variance Deferral Account  
Deferral Account No. 179-134**

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

Debit                -        Account No. 179-134  
                                 Tax Variance Deferral Account

Credit               -        Account No. 300  
                                 Operating Revenues

To record as a debit (credit) in Deferral Account No. 179-134 50% of the variance in costs 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. 179-134  
                                 Tax Variance Deferral Account

Credit               -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-134, interest on the balance in Deferral Account No. 179-134. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Unaccounted for Gas (UFG) Volume Variance Account  
Deferral Account No. 179-135**

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

Debit                -        Account No. 179-135  
                                     UFG Volume Variance Account

Credit               -        Account No. 654  
                                     Gas Losses

To record as a debit (credit) in Deferral Account No. 179-135 the difference between the UFG recovered in revenue at rates approved by the Board and the actual cost of UFG expensed, in excess of \$5 million.

Debit                -        Account No. 179-135  
                                     UFG Volume Variance Account

Credit               -        Account No. 323  
                                     Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-135, interest on the balance in Deferral Account No. 179-135. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Parkway West Project Costs  
Deferral Account No. 179-136**

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

Debit                -                Account No.179-136  
   Other Deferred Charges – Parkway West Project Costs

Credit               -                Account No. 579  
   Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-136, the difference between the actual revenue requirement related to the costs for the Parkway West Project and the revenue requirement included in rates as approved by the Board.

Debit                -                Account No.179-136  
   Other Deferred Charges – Parkway West Project Costs

Credit               -                Account No. 323  
   Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-136, interest on the balance in Deferral Account No. 179-136. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Brantford-Kirkwall/Parkway D Project Costs  
Deferral Account No. 179-137**

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

Debit                -        Account No.179-137  
                                 Other Deferred Charges – Brantford-Kirkwall/Parkway D Project Costs

Credit                -        Account No. 579  
                                 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-137, the difference between the actual revenue requirement related to the costs for the Brantford-Kirkwall/Parkway D Project and the revenue requirement included in rates as approved by the Board.

Debit                -        Account No.179-137  
                                 Other Deferred Charges – Brantford-Kirkwall/Parkway D Project Costs

Credit                -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-137, interest on the balance in Deferral Account No. 179-137. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED**

**Accounting Entries for  
Parkway Obligation Rate Variance  
Deferral Account No. 179-138**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-138<br>Other Deferred Charges – Parkway Obligation Rate Variance |
| Credit | - | Account No. 300<br>Operating Revenue  |

To record, as a debit (credit) in Deferral Account No. 179-138, the rate variances associated with the timing differences between the effective date of the Parkway delivery obligation changes and the temporary capacity and the inclusion of the cost impacts in approved rates (January 1 of the following year).

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-138<br>Other Deferred Charges – Parkway Obligation Rate Variance |
| Credit | - | Account No. 323<br>Other Interest Expense                                       |

To record, as a debit (credit) in Deferral Account No. 179-138, interest on the balance in Deferral Account No. 179-138. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Unaccounted for Gas (UFG) Price Variance Account  
Deferral Account No. 179-141**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-141<br>Other Deferred Charges - UFG Price Variance Account                     |
| Credit | - | Account No. 179-106/105<br>Other Deferred Charges – South/North Purchase Gas Variance Accounts |

To record as a debit (credit) in Deferral Account No. 179-141, the variance between the actual price of Union's purchases and the applicable Board-approved reference price, applied to Union's actual experienced UFG volumes.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-141<br>Other Deferred Charges - UFG Price Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense                                  |

To record, as a debit (credit) in Deferral Account No. 179-141, interest on the balance in Deferral Account No. 179-141. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Lobo C Compressor/Hamilton to Milton Pipeline Project Costs  
Deferral Account No. 179-142**

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

Debit                -        Account No.179-142  
                                 Other Deferred Charges – Lobo C Compressor/Hamilton to Milton Pipeline Project Costs

Credit               -        Account No. 579  
                                 Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-142, the difference between the actual revenue requirement related to the costs for the Lobo C Compressor/Hamilton to Milton Pipeline Project and the revenue requirement included in rates as approved by the Board.

Debit                -        Account No.179-142  
                                 Other Deferred Charges – Lobo C Compressor/Hamilton to Milton Pipeline Project Costs

Credit               -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-142, interest on the balance in Deferral Account No. 179-142. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Unauthorized Overrun Non-Compliance Account  
Deferral Account No. 179-143**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 500<br>Sales Revenue  |
| Credit | - | Account No. 179-143<br>Other Deferred Charges – Unauthorized Overrun Non-Compliance Account |

To record as a credit (debit) in Deferral Account No. 179-143 any unauthorized overrun non-compliance charges incurred by interruptible distribution customers for not complying with a distribution interruption.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No. 323<br>Other Interest Expense   |
| Credit | - | Account No. 179-143<br>Other Deferred Charges – Unauthorized Overrun Non-Compliance Account |

To record, as a credit (debit) in Deferral Account No. 179-143, interest on the balance in Deferral Account No. 179-143. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Dawn H/Lobo D/Bright C Compressor Project Costs  
Deferral Account No. 179-144**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-144<br>Other Deferred Charges – Dawn H/Lobo D/Bright C Compressor Project Costs |
| Credit | - | Account No. 579<br>Miscellaneous Operating Revenue   |

To record, as a debit (credit) in Deferral Account No. 179-144, the difference between the actual revenue requirement related to the costs for the Dawn H/Lobo D/Bright C Compressor Project and the revenue requirement included in rates as approved by the Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-144<br>Other Deferred Charges – Dawn H/Lobo D/Bright C Compressor Project Costs |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-144, interest on the balance in Deferral Account No. 179-144. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Union North West Operations Area  
Deferral Account No. 179-145**

This account is applicable to the North West Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-145<br>Other Deferred Charges – Transportation Tolls and Fuel – Union North West Operations Area |
| Credit | - | Account No. 623<br>Cost of Gas  |

To record, as a debit (credit) in Deferral Account No. 179-145, the difference in the costs between the actual cost of the transportation portfolio to serve Union North West delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-145<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area |
| Credit | - | Account No. 623<br>Cost of Gas   |

To record, as a debit (credit) in Deferral Account No. 179-145 charges that result from the Limited Balancing Agreement.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 500<br>Sales Revenue   |
| Credit | - | Account No. 179-145<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area |

To record, as a credit (debit) in Deferral Account No. 179-145 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-145<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North West Operations Area |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-145 interest expense on the balance in Deferral Account No. 179-145. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Transportation Tolls and Fuel – Union North East Operations Area  
Deferral Account No. 179-146**

This account is applicable to the North East Operations of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-146<br>Other Deferred Charges – Transportation Tolls and Fuel – Union North East Operations Area |
| Credit | - | Account No. 623<br>Cost of Gas  |

To record, as a debit (credit) in Deferral Account No. 179-146, the difference in the costs between the actual cost of the transportation portfolio to serve Union North East delivery areas including associated fuel costs and the forecast cost of the transportation portfolio to serve these areas including associated forecast fuel costs as approved by the Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-146<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area |
| Credit | - | Account No. 623<br>Cost of Gas   |

To record, as a debit (credit) in Deferral Account No. 179-146 charges that result from the Limited Balancing Agreement.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 500<br>Sales Revenue   |
| Credit | - | Account No. 179-146<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area |

To record, as a credit (debit) in Deferral Account No. 179-146 revenue from T-Service customers for load balancing service resulting from the Limited Balancing Agreement.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-146<br>Other Deferred Charges - Transportation Tolls and Fuel – Union North East Operations Area |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-146 interest expense on the balance in Deferral Account No. 179-146. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Union North West Purchase Gas Variance Account  
Deferral Account No. 179-147**

This account is applicable to the North West delivery areas of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-147<br>Other Deferred Charges – Union North West Purchase Gas Variance Account |
| Credit | - | Account No. 623<br>Cost of Gas   |

To record, as a debit (credit) in Deferral Account No. 179-147, the difference between the unit cost of gas purchased each month for the Union North West delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-147<br>Other Deferred Charges - Union North West Purchase Gas Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-147, interest expense on the balance in Deferral Account No. 179-147. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED****Accounting Entries for  
Union North East Purchase Gas Variance Account  
Deferral Account No. 179-148**

This account is applicable to the North East delivery areas of Union Gas Limited. Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-148<br>Other Deferred Charges – Union North East Purchase Gas Variance Account |
| Credit | - | Account No. 623<br>Cost of Gas   |

To record, as a debit (credit) in Deferral Account No. 179-148, the difference between the unit cost of gas purchased each month for the Union North East delivery areas and the unit cost of gas included in the gas sales rates as approved by the Board, including the difference between the actual heat content of the gas purchased and the forecast heat content included in gas sales rates.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-148<br>Other Deferred Charges - Union North East Purchase Gas Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-148, interest expense on the balance in Deferral Account No. 179-148. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Burlington Oakville Project Costs  
Deferral Account No. 179-149**

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

Debit                -                Account No.179-149  
   Other Deferred Charges – Burlington Oakville Project Costs

Credit              -                Account No. 579  
   Miscellaneous Operating Revenue

To record, as a debit (credit) in Deferral Account No. 179-149, the difference between the actual revenue requirement related to the costs for the Burlington Oakville Project and the revenue requirement included in rates as approved by the Board.

Debit                -                Account No.179-149  
   Other Deferred Charges – Burlington Oakville Project Costs

Credit              -                Account No. 323  
   Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-149, interest on the balance in Deferral Account No. 179-149. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Demand Side Management Cost-Efficiency Incentive Deferral Account (“DSMCEIDA”)  
Deferral Account No. 179-150**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 728<br>General Expense                       |
| Credit | - | Account No. 179-150<br>Other Deferred Charges – DSMCEIDA |

The purpose of the DSMCEIDA is to record, as a credit in Deferral Account No. 179-150, the differences between Union Gas Limited’s (Union or the Company) annual approved DSM budget and the actual amounts spent to achieve the total aggregate annual lifetime savings (cumulative cubic metres of natural gas, or CCM) targets made up of all 100% CCM targets across all programs, in accordance with program evaluation results. Any OEB-approved DSMCEIDA amounts will be available to use in meeting the Company’s targets in a subsequent year over the 2015-2020 DSM term.

**UNION GAS LIMITED****Accounting Entries for  
OEB Cost Assessment Variance Account  
Deferral Account No. 179-151**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-151<br>Other Deferred Charges – OEB Cost Assessment Variance Account |
| Credit | - | Account No. 728<br>General Expense   |

To record as a debit (credit) in Deferral Account No. 179-151 any differences between OEB cost assessments currently built into rates, and cost assessments that will result from the application of the new cost assessment model effective April 1, 2016.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-151<br>Other Deferred Charges – OEB Cost Assessment Variance Account |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-151, interest on the balance in Deferral Account No. 179-151. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED****Accounting Entries for  
Greenhouse Gas Emissions Impact Deferral Account  
Deferral Account No. 179-152**

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

Debit                -        Account No.179-152  
                                 Other Deferred Charges – Greenhouse Gas Emissions Impact Deferral Account

Credit               -        Account No. 728  
                                 General Expense

To record, as a debit (credit) in Deferral Account No. 179-152, the administrative costs associated with the impacts of provincial and federal regulations related to greenhouse gas emission requirements.

Debit                -        Account No.179-152  
                                 Other Deferred Charges – Greenhouse Gas Emissions Impact Deferral Account

Credit               -        Account No. 323  
                                 Other Interest Expense

To record, as a debit (credit) in Deferral Account No. 179-152, interest on the balance in Deferral Account No. 179-152. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Base Service North T-Service TransCanada Capacity Deferral Account  
Deferral Account No. 179-153**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-153<br>Other Deferred Charges – Base Service North T-Service TransCanada Capacity Deferral Account |
| Credit | - | Account No. 140<br>Accounts Receivable - Customers  |

To record, as a debit (credit) in Deferral Account No. 179-153, the differences between revenues and costs for the excess capacity from Parkway to the Union Point of Receipt as part of the Base Service offering of the North T-Service Transportation from Dawn.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No. 179-153<br>Other Deferred Charges - Base Service North T-Service TransCanada Capacity Deferral Account |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-153 interest expense on the balance in Deferral Account No. 179-153. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Greenhouse Gas Emissions Compliance Obligation – Customer-Related  
Deferral Account No. 179-154**

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

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-154<br>Other Deferred Charges – Greenhouse Gas Emissions Compliance Obligation –<br>Customer-Related |
| Credit | - | Account No. 579<br>Miscellaneous Operating Revenue  |

To record, as a debit (credit) in Deferral Account No. 179-154, the variance between actual customer-related obligation costs and customer-related obligation costs recovered in rates as approved by the Board.

|        |   |   |
|--------|---|---|
| Debit  | - | Account No.179-154<br>Other Deferred Charges – Greenhouse Gas Emissions Compliance Obligation –<br>Customer-Related |
| Credit | - | Account No. 323<br>Other Interest Expense   |

To record, as a debit (credit) in Deferral Account No. 179-154, interest on the balance in Deferral Account No. 179-154. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

**UNION GAS LIMITED**

**Accounting Entries for  
Greenhouse Gas Emissions Compliance Obligation – Facility-Related  
Deferral Account No. 179-155**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-155<br>Other Deferred Charges – Greenhouse Gas Emissions Compliance Obligation – Facility-Related |
| Credit | - | Account No. 579<br>Miscellaneous Operating Revenue   |

To record, as a debit (credit) in Deferral Account No. 179-155, the variance between actual facility-related obligation costs and facility-related obligation costs recovered in rates as approved by the Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-155<br>Other Deferred Charges – Greenhouse Gas Emissions Compliance Obligation – Facility-Related |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-155, interest on the balance in Deferral Account No. 179-155. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.



**UNION GAS LIMITED****Accounting Entries for  
Panhandle Reinforcement Project Costs  
Deferral Account No. 179-156**

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

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-156<br>Other Deferred Charges – Panhandle Reinforcement Project Costs |
| Credit | - | Account No. 579<br>Miscellaneous Operating Revenue                                   |

To record, as a debit (credit) in Deferral Account No. 179-156, the difference between the actual net delivery revenue requirement related to the costs for the Panhandle Reinforcement Project and the net delivery revenue requirement included in rates as approved by the Board.

|        |   |  |
|--------|---|--|
| Debit  | - | Account No.179-156<br>Other Deferred Charges – Panhandle Reinforcement Project Costs |
| Credit | - | Account No. 323<br>Other Interest Expense  |

To record, as a debit (credit) in Deferral Account No. 179-156, interest on the balance in Deferral Account No. 179-156. Simple interest will be computed monthly on the opening balance in the said account in accordance with the methodology approved by the Board in EB-2006-0117.

## Appendix G

UNION GAS LIMITED  
Parkway West Project Revenue Requirement

| Line No. | Particulars (\$000's)                         | Revenue Requirement |             |             |             |             |
|----------|---|---------------------|-------------|-------------|-------------|-------------|
|          |   | 2014<br>(a)         | 2015<br>(b) | 2016<br>(c) | 2017<br>(d) | 2018<br>(e) |
|          | <u>Rate Base Investment</u>                   |                     |             |             |             |             |
| 1        | Capital Expenditures                          | 73,978              | 144,652     | 800         | 0           | 0           |
| 2        | Average Investment                            | 8,969               | 102,133     | 213,094     | 208,357     | 203,254     |
|          | <u>Revenue Requirement Calculation:</u>       |                     |             |             |             |             |
|          | <u>Operating Expenses:</u>                    |                     |             |             |             |             |
| 3        | Operating and Maintenance Expenses (1)        | 0                   | 739         | 1,615       | 1,649       | 1,683       |
| 4        | Depreciation Expense (2)                      | 485                 | 3,026       | 5,094       | 5,105       | 5,105       |
| 5        | Property Taxes (3)                            | 236                 | 290         | 510         | 521         | 532         |
| 6        | Total Operating Expenses                      | 721                 | 4,055       | 7,218       | 7,274       | 7,320       |
| 7        | Required Return (4)                           | 518                 | 5,898       | 12,306      | 12,032      | 11,737      |
| 8        | Total Operating Expenses and Return           | 1,239               | 9,953       | 19,524      | 19,306      | 19,057      |
|          | <u>Income Taxes:</u>                          |                     |             |             |             |             |
| 9        | Income Taxes - Equity Return (5)              | 104                 | 1,182       | 2,466       | 2,411       | 2,352       |
| 10       | Income Taxes - Utility Timing Differences (6) | (1,618)             | (4,762)     | (5,534)     | (4,536)     | (3,672)     |
| 11       | Total Income Taxes                            | (1,515)             | (3,580)     | (3,068)     | (2,124)     | (1,320)     |
| 12       | Total Revenue Requirement (7)                 | (276)               | 6,373       | 16,457      | 17,182      | 17,737      |
| 13       | Incremental Project Revenue                   | 0                   | 0           | 0           | 0           | 0           |
| 14       | Net Revenue Requirement                       | (276)               | 6,373       | 16,457      | 17,182      | 17,737      |

Notes:

- (1) 2018 O&M expenses include \$0.488 million in salary, wages and employee expenses, \$0.711 million in contract services and \$0.485 million in materials, utility cost, and company used fuel.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Property taxes include \$0.247 million for land purchases, \$0.195 million for LCU compression and \$0.090 million for pipeline and building taxes.
- (4) The required return for 2018 assumes total rate base of \$203.254 million and a capital structure of 64% long-term debt at 4% and 36% common equity at the 2013 Board-approved return of 8.93%. The 2018 required return calculation is as follows:  

$$\begin{aligned} &\$203.254 \text{ million} * 64\% * 4\% = \$5.203 \text{ million plus} \\ &\$203.254 \text{ million} * 36\% * 8.93\% = \$6.534 \text{ million for a total of } \$11.737 \text{ million.} \end{aligned}$$
- (5) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (7) As per EB-2012-0433 Schedule 12-1, Updated August 2013, line 9.

Brantford-Kirkwall/Parkway D Project - Revenue Requirement

UNION GAS LIMITED  
Brantford to Kirkwall and Parkway D Compressor Project Revenue Requirement

| Line No. | Particulars (\$000's)                         | Revenue Requirement |                |                |                |
|----------|---|---------------------|----------------|----------------|----------------|
|          |   | 2015                | 2016           | 2017           | 2018           |
|          |   | (a)                 | (b)            | (c)            | (d)            |
|          | <u>Rate Base Investment</u>                   |                     |                |                |                |
| 1        | Capital Expenditures                          | 200,069             | 4,007          | 0              | 0              |
| 2        | Average Investment                            | 23,533              | 197,123        | 193,535        | 188,206        |
|          | <u>Revenue Requirement Calculation:</u>       |                     |                |                |                |
|          | <u>Operating Expenses:</u>                    |                     |                |                |                |
| 3        | Operating and Maintenance Expenses (1)        | 107                 | 642            | 642            | 642            |
| 4        | Depreciation Expense (2)                      | 2,622               | 5,287          | 5,329          | 5,329          |
| 5        | Property Taxes (3)                            | 142                 | 853            | 853            | 853            |
| 6        | Total Operating Expenses                      | <u>2,871</u>        | <u>6,782</u>   | <u>6,824</u>   | <u>6,824</u>   |
| 7        | Required Return (4)                           | 1,359               | 11,383         | 11,176         | 10,868         |
| 8        | Total Operating Expenses and Return           | <u>4,230</u>        | <u>18,165</u>  | <u>18,001</u>  | <u>17,693</u>  |
|          | <u>Income Taxes:</u>                          |                     |                |                |                |
| 9        | Income Taxes - Equity Return (5)              | 272                 | 2,281          | 2,240          | 2,178          |
| 10       | Income Taxes - Utility Timing Differences (6) | (4,580)             | (5,726)        | (4,808)        | (3,969)        |
| 11       | Total Income Taxes                            | <u>(4,307)</u>      | <u>(3,445)</u> | <u>(2,568)</u> | <u>(1,791)</u> |
| 12       | Total Revenue Requirement (7)                 | <u>(77)</u>         | <u>14,720</u>  | <u>15,433</u>  | <u>15,902</u>  |
| 13       | Incremental Project Revenue (8)               | 1,534               | 9,204          | 9,204          | 9,204          |
| 14       | Net Revenue Requirement                       | <u>(1,611)</u>      | <u>5,516</u>   | <u>6,229</u>   | <u>6,698</u>   |

Notes:

- (1) O&M expenses include \$0.012 million for pipeline related O&M and \$0.630 million of annual Parkway Compressor maintenance.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Property taxes include \$0.187 million for compression and \$0.665 million for pipeline and building taxes.
- (4) The required return for 2018 assumes total rate base of \$188.206 million and a capital structure of 64% long-term debt at 4% and 36% common equity at the 2013 Board-approved return of 8.93%. The 2018 required return calculation is as follows:  

$$\begin{aligned} &\$188.206 \text{ million} * 64\% * 4\% = \$4.818 \text{ million plus} \\ &\$188.206 \text{ million} * 36\% * 8.93\% = \$6.050 \text{ million for a total of } \$10.868 \text{ million.} \end{aligned}$$
- (5) Taxes related to the equity component of the return at a tax rate of 26.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (7) As per EB-2013-0074 Schedule 10-1 line 9.
- (8) As per EB-2013-0074 Schedule 9-4.

Dawn Parkway 2016 System Expansion Project - Revenue Requirement

UNION GAS LIMITED  
Hamilton-Milton Pipeline and Lobo C Compressor Project Revenue Requirement

| Line No. | Particulars (\$000's)                                 | 2016<br>(a)    | 2017<br>(b)    | 2018<br>(c)    |
|----------|---|----------------|----------------|----------------|
|          | <u>Rate Base Investment</u>                           |                |                |                |
| 1        | Capital Expenditures                                  | 378,233        | 12,482         | -              |
| 2        | Average Investment                                    | 44,292         | 376,925        | 372,457        |
|          | <u>Revenue Requirement Calculation:</u>               |                |                |                |
|          | <u>Operating Expenses:</u>                            |                |                |                |
| 3        | Operating and Maintenance Expenses (1)                | 187            | 1,128          | 1,150          |
| 4        | Depreciation Expense (2)                              | 4,528          | 9,158          | 9,261          |
| 5        | Property Taxes (3)                                    | 191            | 1,149          | 1,172          |
| 6        | Total Operating Expenses                              | <u>4,906</u>   | <u>11,435</u>  | <u>11,583</u>  |
| 7        | Required Return (6.031% x line 2) (4)                 | 2,671          | 22,732         | 22,462         |
|          | <u>Income Taxes:</u>                                  |                |                |                |
| 8        | Income Taxes - Equity Return (5)                      | 487            | 4,147          | 4,097          |
| 9        | Income Taxes - Utility Timing Differences (6)         | <u>(7,381)</u> | <u>(9,192)</u> | <u>(7,892)</u> |
| 10       | Total Income Taxes                                    | <u>(6,894)</u> | <u>(5,046)</u> | <u>(3,795)</u> |
| 11       | Total Revenue Requirement (line 6 + line 7 + line 10) | <u>683</u>     | <u>29,121</u>  | <u>30,251</u>  |
| 12       | Incremental Project Revenue (7)                       | <u>1,559</u>   | <u>9,357</u>   | <u>9,357</u>   |
| 13       | Net Revenue Requirement (line 11 - line 12)           | <u>(876)</u>   | <u>19,764</u>  | <u>20,894</u>  |

Notes:

- (1) Expenses include salaries and wages, employee-related expenses, fleet costs, materials and operating expenses.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Property taxes in 2018 include \$0.792 million for the Hamilton-Milton pipeline and \$0.380 million for Lobo C compressor and facilities.
- (4) The required return of 6.031% assumes a capital structure of 64% long-term debt at 4.4% and 36% common equity at the 2013 Board-approved return of 8.93% ( $0.64 * 0.044 + 0.36 * 0.0893$ )

The 2018 required return calculation is as follows:

\$372.457 million \* 64% \* 4.4% = \$10.488 million plus

\$372.457 million \* 36% \* 8.93% = \$11.974 million for a total of \$22.462 million.

- (5) Taxes related to the equity component of the return at a tax rate of 25.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (7) Project revenue assumes an estimated M12 Dawn-Parkway rate of \$2.546 GJ/mth and an M12 Kirkwall-Parkway rate of \$0.450 GJ/mth.

The 2018 revenue is calculated as follows:

M12 Dawn-Parkway demands of 270,733 GJ x \$2.546 x 12 / 1000 = \$8.271 million plus

M12 Kirkwall-Parkway demands of 36,301 GJ x \$0.450 x 12 / 1000 = \$0.196 million plus

Union North T-Service demands of 29,115 GJ x \$2.546 x 12 / 1000 = \$0.890 million

UNION GAS LIMITED  
Burlington to Oakville Project Revenue Requirement

| Line No. | Particulars (\$000's)                                 | 2016<br>(a)      | 2017<br>(b)         | 2018<br>(c)         |
|----------|---|------------------|---------------------|---------------------|
|          | <u>Rate Base Investment</u>                           |                  |                     |                     |
| 1        | Capital Expenditures                                  | 117,710          | 1,767               | 0                   |
| 2        | Average Investment                                    | 13,584           | 116,312             | 114,697             |
|          | <u>Revenue Requirement Calculation:</u>               |                  |                     |                     |
|          | <u>Operating Expenses:</u>                            |                  |                     |                     |
| 3        | Operating and Maintenance Expenses (1)                | 3                | 16                  | 16                  |
| 4        | Depreciation Expense (2)                              | 1,186            | 2,390               | 2,408               |
| 5        | Property Taxes (3)                                    | 20               | 117                 | 120                 |
| 6        | Total Operating Expenses                              | <u>1,208</u>     | <u>2,523</u>        | <u>2,544</u>        |
| 7        | Required Return (6.031% x line 2) (4)                 | 819              | 7,015               | 6,917               |
|          | <u>Income Taxes:</u>                                  |                  |                     |                     |
| 8        | Income Taxes - Equity Return (5)                      | 149              | 1,280               | 1,262               |
| 9        | Income Taxes - Utility Timing Differences (6)         | <u>(2,100)</u>   | <u>(2,533)</u>      | <u>(2,192)</u>      |
| 10       | Total Income Taxes                                    | <u>(1,951)</u>   | <u>(1,254)</u>      | <u>(930)</u>        |
| 11       | Total Revenue Requirement (line 6 + line 7 + line 10) | <u><u>77</u></u> | <u><u>8,284</u></u> | <u><u>8,531</u></u> |
| 12       | Incremental Project Revenue                           | <u>-</u>         | <u>-</u>            | <u>-</u>            |
| 13       | Net Revenue Requirement (line 11 - line 12)           | <u><u>77</u></u> | <u><u>8,284</u></u> | <u><u>8,531</u></u> |

Notes:

- (1) Expenses include labour, contractor services, materials and other operating expenses for the transmission lines of \$0.005 million and stations of \$0.011 million.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Includes pipeline and station property taxes.
- (4) The required return of 6.031% assumes a capital structure of 64% long-term debt at 4.4% and 36% common equity at the 2013 Board-approved return of 8.93% ( $0.64 * 0.044 + 0.36 * 0.0893$ )  
 The 2018 required return calculation is as follows:  
 $\$114.697 \text{ million} * 64\% * 4.4\% = \$3.230 \text{ million plus}$   
 $\$114.697 \text{ million} * 36\% * 8.93\% = \$3.687 \text{ million for a total of } \$6.917 \text{ million.}$
- (5) Taxes related to the equity component of the return at a tax rate of 25.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.

2017 Dawn Parkway Project - Revenue Requirement

UNION GAS LIMITED  
Lobo D, Bright C and Dawn H Compressor Project Revenue Requirement

| Line No. | Particulars (\$000's)                                 | 2016<br>(a)    | 2017<br>(b)     | 2018<br>(c)     |
|----------|---|----------------|-----------------|-----------------|
|          | <u>Rate Base Investment</u>                           |                |                 |                 |
| 1        | Capital Expenditures                                  | 107,400        | 500,838         | 14,267          |
| 2        | Average Investment                                    | 11,432         | 171,034         | 592,525         |
|          | <u>Revenue Requirement Calculation:</u>               |                |                 |                 |
|          | <u>Operating Expenses:</u>                            |                |                 |                 |
| 3        | Operating and Maintenance Expenses (1)                | 0              | 602             | 3,623           |
| 4        | Depreciation Expense (2)                              | 1,677          | 11,310          | 19,416          |
| 5        | Property Taxes (3)                                    | 0              | 175             | 1,051           |
| 6        | Total Operating Expenses                              | <u>1,677</u>   | <u>12,086</u>   | <u>24,091</u>   |
| 7        | Required Return (5.77% x line 2) (4)                  | 660            | 9,877           | 34,217          |
|          | <u>Income Taxes:</u>                                  |                |                 |                 |
| 8        | Income Taxes - Equity Return (5)                      | 126            | 1,879           | 6,510           |
| 9        | Income Taxes - Utility Timing Differences (6)         | <u>(4,178)</u> | <u>(17,084)</u> | <u>(22,179)</u> |
| 10       | Total Income Taxes                                    | <u>(4,053)</u> | <u>(15,205)</u> | <u>(15,669)</u> |
| 11       | Total Revenue Requirement (line 6 + line 7 + line 10) | <u>(1,716)</u> | <u>6,758</u>    | <u>42,639</u>   |
| 12       | Incremental Project Revenue (7)                       | -              | 2,925           | 17,551          |
| 13       | Net Revenue Requirement (line 11 - line 12)           | <u>(1,716)</u> | <u>3,833</u>    | <u>25,088</u>   |

Notes:

- (1) Expenses include salaries and wages, employee-related expenses, fleet costs, materials and operating expenses.
- (2) Depreciation expense at 2013 Board-approved depreciation rates.
- (3) Property taxes in 2018 include \$0.366 million for the Dawn H compressor and facilities and \$0.685 million for Lobo D and Bright C compressors and facilities.
- (4) The required return of 5.77% assumes a capital structure of 64% long-term debt at 4.0% and 36% common equity at the 2013 Board-approved return of 8.93% ( $0.64 * 0.04 + 0.36 * 0.0893$ )

The 2018 required return calculation is as follows:

\$592.525 million \* 64% \* 4.0% = \$15.169 million plus

\$592.525 million \* 36% \* 8.93% = \$19.048 million for a total of \$34.217 million.

- (5) Taxes related to the equity component of the return at a tax rate of 25.5%.
- (6) Taxes related to utility timing differences are negative as the capital cost allowance deduction in arriving at taxable income exceeds the provision of book depreciation in the year.
- (7) Project revenue assumes an estimated M12 Dawn-Parkway rate of \$2.937 GJ/mth, an M12 Kirkwall-Parkway rate of \$0.517 GJ/mth and a Dawn Compression rate of \$0.232 GJ/mth.

The 2018 revenue is calculated as follows:

M12 Dawn-Parkway demands of 441,778 GJ x \$2.937 x 12 / 1000 = \$15.570 million plus

C1 Dawn-Parkway demands (North T-Service) of 5,975 GJ x \$2.937 x 12 / 1000 = \$0.211 million plus

M12 Kirkwall-Parkway demands of 84,854 GJ x \$0.517 x 12 / 1000 = \$0.526 million plus

M12/C1 Dawn Compression demands of 447,753 GJ x \$0.232 x 12 / 1000 = \$1.247 million

UNION GAS LIMITED  
Panhandle Reinforcement Project Revenue Requirement

| Line<br>No. | Particulars (\$000's)                                     | 2018<br>(a)          |
|-------------|---|----------------------|
|             | <u>Rate Base Investment</u>                               |                      |
| 1           | Capital Expenditures                                      | 20,818               |
| 2           | Average Investment  | 249,046              |
|             | <u>Revenue Requirement Calculation:</u>                   |                      |
|             | <u>Operating Expenses:</u>                                |                      |
| 3           | Operating and Maintenance Expenses                        | 15                   |
| 4           | Depreciation Expense                                      | 5,185                |
| 5           | Property Taxes  | 1,569                |
| 6           | Total Operating Expenses                                  | <u>6,769</u>         |
| 7           | Required Return (5.775% x line 2)                         | 14,382               |
|             | <u>Income Taxes:</u>                                      |                      |
| 8           | Income Taxes - Equity Return                              | 2,882                |
| 9           | Income Taxes - Utility Timing Differences                 | (6,356)              |
| 10          | Total Income Taxes  | <u>(3,474)</u>       |
| 11          | Total Revenue Requirement (line 6 + line 7 + line 10) (1) | <u><u>17,677</u></u> |
| 12          | Incremental Project Revenue (2)                           | <u>3,104</u>         |
| 13          | Net Revenue Requirement (line 11 - line 12)               | <u><u>14,574</u></u> |

Notes:

- (1) EB-2016-0186, Exhibit A, Appendix B, Schedule 1, column (b), line 11.  
 (2) Incremental Project Revenue includes incremental project transmission and distribution margin based on October 2017 QRAM rates.



UNION GAS LIMITED  
2018 Revenue Requirement Allocation to Rate Classes  
Based on Board-Approved Depreciation Rates

| Line No. | Particulars                                | Total Revenue Requirement (\$000's)<br>(a) | Incremental Project Revenue (2) (\$000's)<br>(b) | Net Revenue Requirement (\$000's)<br>(c) = (a - b) |
|----------|--|--|--|--|
| 1        | Rate M1                                    | 2,563                                      | 648  | 1,915  |
| 2        | Rate M2                                    | 1,314                                      | 221  | 1,092  |
| 3        | Rate M4                                    | 1,585                                      | 237  | 1,348  |
| 4        | Rate M5                                    | (40)                                       | 3  | (43)   |
| 5        | Rate M7                                    | 489  | 73   | 415  |
| 6        | Rate M9                                    | (2)  | -  | (2)  |
| 7        | Rate M10                                   | (0)  | -  | (0)  |
| 8        | Rate T1                                    | 1,209                                      | 180  | 1,029  |
| 9        | Rate T2                                    | 8,837                                      | 1,295  | 7,542  |
| 10       | Rate T3                                    | (7)  | -  | (7)  |
| 11       | Subtotal - Union South                     | 15,948                                     | 2,658  | 13,290   |
| 12       | Excess Utility Space                       | (35)                                       | -  | (35)   |
| 13       | Rate C1                                    | 2,706                                      | 368  | 2,338  |
| 14       | Rate M12                                   | (191)                                      | -  | (191)  |
| 15       | Rate M13                                   | 0  | -  | 0  |
| 16       | Rate M16                                   | 528  | 77   | 451  |
| 17       | Subtotal - Ex-franchise                    | 3,009                                      | 445  | 2,564  |
| 18       | Rate 01                                    | (941)                                      | -  | (941)  |
| 19       | Rate 10                                    | (131)                                      | -  | (131)  |
| 20       | Rate 20                                    | (99)                                       | -  | (99)   |
| 21       | Rate 100                                   | (77)                                       | -  | (77)   |
| 22       | Rate 25                                    | (29)                                       | -  | (29)   |
| 23       | Subtotal - Union North                     | (1,277)                                    | -  | (1,277)  |
| 24       | Gas Supply Admin                           | (3)  | -  | (3)  |
| 25       | In-franchise (line 11 + line 23 + line 24) | 14,668                                     | 2,658  | 12,010   |
| 26       | Ex-franchise (line 17)                     | 3,009                                      | 445  | 2,564  |
| 27       | Total                                      | 17,677 (1)                                 | 3,104 (3)  | 14,574   |

Notes:

- (1) EB-2016-0186, Exhibit A, Appendix B, Schedule 3, column (a), line 26.  
(2) Allocation of Incremental Project Revenue to rate classes based on the 2013 Board-approved Ojibway/St. Clair design day demands updated for the demands of the project.  
(3) Rate Order, Appendix G, p. 2, line 12.

# **Working Papers**

**2018 Rates**  
**Overview of Working Papers**

- Schedule 1***      **Calculation of Price Cap Index ("PCI")** – This schedule provides the calculation of the average annual percentage change in the GDP IPI FDD over the four quarters ending June 2017.
- Schedule 2***      **Calculation of Price Cap Adjustment** – This schedule provides the 2018 PCI applied to the 2017 approved revenue adjusted for DSM, PDO, capital pass-through, and upstream transportation costs to arrive at the total price cap adjustment.
- Schedule 3***      **Summary of 2018 Proposed Rates** – This schedule summarizes the proposed 2018 rate changes by rate class.
- Schedule 4***      **Detailed In-franchise and Ex-franchise Rates** – This schedule provides detailed support for the proposed rate changes summarized in Schedule 3.
- Schedule 5***      **Rate Impact Continuity** – This schedule provides the rate class-specific impacts of each of the 2018 revenue adjustments to arrive at the final 2018 revenue.
- Schedule 6***      **Percentage Change in Average Unit Price** – This schedule identifies average unit price changes for in-franchise rate classes.
- Schedule 7***      **Summary of Approved 2017 Revenue Changes** – This schedule summarizes the approved revenue changes that occurred during 2017.
- Schedule 8***      **General Service Customer Bill Impacts** – This schedule provides illustrative customer bill impacts for general service customers in Rate M1, Rate M2, Rate 01, and Rate 10.
- Schedule 9***      **Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers** – This schedule provides illustrative customer bill impacts for all Union North and Union South in-franchise rate classes based on typical small and large customers within each rate class.
- Schedule 10***     **Summary of 2018 Capital Pass-Through Adjustments** – This schedule summarizes the 2018 cost adjustments by rate class related to Union's capital pass-through projects.

- Schedule 11**      **2017 and 2018 DSM Budget Allocation by Rate Class** – This schedule provides the 2017 and 2018 DSM budget included in rates.
- Schedule 12**      **Calculation of 2018 NAC Target Percentage Change** – This schedule provides the calculation of the NAC target percentage change used to adjust billing units for general service classes (Rate M1, Rate M2, Rate 01 and Rate 10).
- Schedule 13**      **Summary of S&T Transactional Margin Included in 2018 Rates** – This schedule provides the S&T transactional margin included in in-franchise rates.
- Schedule 14**      **Summary of Gas Supply Optimization Margin Included in 2018 Rates** – This schedule summarizes the gas supply optimization margin amounts included in rates and shows the allocation of the ratepayer portion of the margin to rate classes.
- Schedule 15**      **Total Upstream Transportation Costs in Union North Rates** – This schedule summarizes the approved changes to upstream transportation costs that occurred during 2017 through the QRAM process that are not subject to the price cap adjustment.
- Schedule 16**      **Calculation of 2018 Gas Supply Administration Charge** – This schedule provides the calculation of the 2018 gas supply administration charge included in commodity rates.
- Schedule 17**      **LRAM Volume Adjustment** – This schedule provides the LRAM-related volume adjustments by contract rate class included in the 2018 rate calculations.
- Schedule 18**      **Calculation of Supplemental Service Charges** – This schedule provides the calculation of Union's supplemental service charges.
- Schedule 19**      **Bundled Storage Rate Detail - Southern Operations Area** – This schedule provides the derivation of the Rate M1 and Rate M2 bundled storage rates.
- Schedule 20**      **Parkway Delivery Obligation ("PDO") Rate Adjustments** – This schedule provides the 2018 costs related to the PDO and the Parkway Delivery Commitment Incentive ("PDCI").

- Schedule 21***     **Ex-Franchise Transportation Fuel Ratios** – This schedule calculates the fuel ratios including adjustments related to the PCI and the PDO compressor fuel as shown at Working Paper Schedule 20, page 3.
- Schedule 22***     **In-Franchise Transportation Fuel Ratios** – This schedule calculates the fuel ratios including adjustments related to the PCI and the PDO compressor fuel as shown at Working Paper Schedule 20, page 3.
- Schedule 23***     **Union North Storage and Transportation Costs** – This schedule provides the Union North storage and transportation costs for each of the Union North West and Union North East Zones by rate class for the 2018 Gas Supply Plan.

UNION GAS LIMITED  
Calculation of Price Cap Index  
Effective January 1, 2018

| Line<br>No. | Particulars                         | Annual %<br>Change in<br>GDP IPI FDD (1) |                     |                 |
|-------------|-------------------------------------|--|---------------------|-----------------|
| 1           | July - September 2016               | 0.95%                                    |                     |                 |
| 2           | October - December 2016             | 1.21%                                    |                     |                 |
| 3           | January - March 2017                | 1.29%                                    |                     |                 |
| 4           | April - June 2017                   | <u>1.63%</u>                             |                     |                 |
| 5           | Inflation Factor (Average % Change) | 1.27%                                    |                     |                 |
|             |                                     |  |                     |                 |
|             |                                     | <u>Inflation<br/>Factor</u>              | <u>X Factor (2)</u> | <u>2018 PCI</u> |
|             |                                     | (a)                                      | (b)                 | (c) = (a-b)     |
| 6           | 2018 Price Cap Index                | 1.27%                                    | 0.76%               | 0.51%           |

Notes:

- (1) Gross Domestic Product Implicit Price Index Final Domestic Demand, sourced from Statistics Canada CanSim Table 380-0066.  
(2) Equal to 60% of the Inflation factor in column (a) per EB-2013-0202 Settlement Agreement, p.22.

UNION GAS LIMITED  
Calculation of Price Cap Adjustment  
Effective January 1, 2018

| Line No. | Particulars (\$000's)                        | General Service<br>(a) | In-Franchise Contract<br>(b) | Total In-Franchise<br>(c) = (a+b) | Ex-Franchise<br>(d) | Total Company<br>(e) = (c+d) |
|----------|--|------------------------|------------------------------|-----------------------------------|---------------------|------------------------------|
|          | <u>Calculation of Price Cap Base Revenue</u> |                        |                              |                                   |                     |                              |
| 1        | 2017 Current Approved Revenue (1)            | 763,982                | 147,114                      | 911,095                           | 256,219             | 1,167,315                    |
|          | Current year's pre-cap adjustments:          |                        |                              |                                   |                     |                              |
| 2        | 2017 DSM                                     | (42,592)               | (15,978)                     | (58,570)                          | -                   | (58,570) (2)                 |
| 3        | 2017 Capital Pass-Throughs                   | 9,575                  | (3,104)                      | 6,471                             | (83,603)            | (77,131) (3)                 |
| 4        | 2017 Parkway Delivery Obligation             | (15,856)               | (9,261)                      | (25,117)                          | (663)               | (25,780) (4)                 |
| 5        | Upstream Transportation                      | (88,853)               | (7,383)                      | (96,236)                          | -                   | (96,236) (5)                 |
| 6        | Price Cap Base Revenue                       | <u>626,256</u>         | <u>111,388</u>               | <u>737,644</u>                    | <u>171,954</u>      | <u>909,598</u>               |
| 7        | 2018 Price Cap Adjustment (Line 6 * PCI %)   | <u>3,194</u>           | <u>568</u>                   | <u>3,762</u>                      | <u>877</u>          | <u>4,639</u>                 |
| 8        | 2018 PCI %                                   | 0.51%                  | (6)                          |                                   |                     |                              |

Notes:

- (1) Rate Order, Working Papers, Schedule 3, column (a). Rates per Board-approved October 1, 2017 QRAM (EB-2017-0278), excluding revenue associated with the Gas Supply Admin charge, Cap-and-Trade charges, Rate C1 Market Based Storage Services, Short-Term Transportation, Exchanges and Other Transactional not subject to escalation.
- (2) Rate Order, Working Papers, Schedule 3, column (c).
- (3) Rate Order, Working Papers, Schedule 3, column (d), excluding Gas Supply Admin charge and allocation to ex-franchise services not subject to escalation per Note (1).
- (4) Rate Order, Working Papers, Schedule 3, column (e), excluding allocation to ex-franchise services not subject to escalation per Note (1).
- (5) Rate Order, Working Papers, Schedule 15, column (f).
- (6) Rate Order, Working Papers, Schedule 1, column (c).

UNION GAS LIMITED  
Summary of 2018 Proposed Rates

| Line No.                 | Particulars                    | Excluding Cap-and-Trade Charges        |   | Adjustments to 2017 Base Rates |  |  |  | Adjusted Revenue (\$000's) | Price Cap Index (7) (\$000's) | Price Cap Index (%) | Adjustments to 2018 Base Rates |  |   |   | Proposed Revenue (\$000's) | Excluding Cap-and-Trade Charges |                 |
|--------------------------|--------------------------------|--|---|--------------------------------|--|--|--|----------------------------|-------------------------------|---------------------|--------------------------------|--|---|---|----------------------------|---------------------------------|-----------------|
|                          |                                | Current Approved Revenue (1) (\$000's) | Current Approved Rates (2) (cents / m³) | 2017 DSM (3) (\$000's)         | 2017 Capital Pass-Throughs (4) (\$000's) | 2017 Parkway Delivery Obligation (5) (\$000's) | 2017 Upstream Transportation (6) (\$000's) |                            |                               |                     | 2018 DSM (8) (\$000's)         | 2018 Capital Pass-Throughs (9) (\$000's) | 2018 Parkway Delivery Obligation (10) (\$000's) | 2018 Upstream Transportation (11) (\$000's) |                            | Proposed Rates (cents / m³)     | Rate Change (%) |
|                          |                                | (a)                                    | (b)                                     | (c)                            | (d)                                      | (e)  | (f)  | (g)                        | (h)                           | (i)                 | (j)                            | (k)                                      | (l)   | (m)   | (n)                        | (o)                             | (p)             |
| North Delivery           |                                |  |   |                                |  |  |  |                            |                               |                     |                                |  |   |   |                            |                                 |                 |
| 1                        | Rate 01                        | 159,704                                | 17.5559                                 | (8,100)                        | 7,509                                    | -  | (1,836)                                    | 157,278                    | 802                           | 0.51%               | 9,124                          | (8,971)                                  | -   | 1,836                                       | 160,069                    | 18.0596                         | 2.9%            |
| 2                        | Rate 10                        | 20,666                                 | 6.1303                                  | (2,951)                        | 941                                      | -  | (485)                                      | 18,171                     | 93                            | 0.51%               | 3,093                          | (1,090)                                  | -   | 485   | 20,752                     | 6.3664                          | 3.9%            |
| 3                        | Rate 20                        | 13,580                                 | 2.2403                                  | (1,734)                        | 783                                      | -  | (132)                                      | 12,497                     | 64                            | 0.51%               | 1,773                          | (911)                                    | -   | 132   | 13,555                     | 2.2421                          | 0.1%            |
| 4                        | Rate 25                        | 4,340                                  | 2.7201                                  | -                              | 242                                      | -  | -  | 4,582                      | 23                            | 0.51%               | -                              | (285)                                    | -   | -   | 4,320                      | 2.7076                          | -0.5%           |
| 5                        | Rate 100                       | 15,230                                 | 0.8392                                  | (1,882)                        | 665                                      | -  | (9)  | 14,004                     | 71                            | 0.51%               | 1,895                          | (778)                                    | -   | 9   | 15,201                     | 0.8380                          | -0.1%           |
| 6                        | Total North Delivery           | 213,520                                |   | (14,667)                       | 10,140                                   | -  | (2,461)                                    | 206,532                    | 1,053                         |                     | 15,885                         | (12,034)                                 | -   | 2,461                                       | 213,897                    |                                 |                 |
| South Delivery & Storage |                                |  |   |                                |  |  |  |                            |                               |                     |                                |  |   |   |                            |                                 |                 |
| 7                        | Rate M1                        | 410,061                                | 14.1538                                 | (21,550)                       | 8,077                                    | (11,833)                                       | -  | 384,756                    | 1,962                         | 0.51%               | 24,375                         | (5,197)                                  | 11,557  | -   | 417,453                    | 14.8650                         | 5.0%            |
| 8                        | Rate M2                        | 61,395                                 | 5.4475                                  | (9,992)                        | (963)                                    | (4,013)  | -  | 46,427                     | 237                           | 0.51%               | 10,442                         | 2,787                                    | 3,908   | -   | 63,801                     | 5.9089                          | 8.5%            |
| 9                        | Rate M4                        | 14,995                                 | 4.2933                                  | (2,696)                        | (419)                                    | (1,290)  | -  | 10,590                     | 54                            | 0.51%               | 2,742                          | 1,970                                    | 1,218   | -   | 16,573                     | 4.8857                          | 13.8%           |
| 10                       | Rate M5A                       | 13,634                                 | 2.9291                                  | (3,589)                        | 577                                      | (253)  | -  | 10,368                     | 53                            | 0.51%               | 3,638                          | (671)                                    | 171   | -   | 13,559                     | 3.0125                          | 2.8%            |
| 11                       | Rate M7                        | 4,900                                  | 3.9255                                  | (940)                          | (220)                                    | (575)  | -  | 3,165                      | 16                            | 0.51%               | 964                            | 739                                      | 548   | -   | 5,432                      | 4.5554                          | 16.0%           |
| 12                       | Rate M9                        | 1,023                                  | 1.6844                                  | -                              | (111)                                    | (227)  | -  | 686                        | 3                             | 0.51%               | -                              | 149                                      | 210   | -   | 1,048                      | 1.7259                          | 2.5%            |
| 13                       | Rate M10                       | 13                                     | 6.7289                                  | -                              | (2)                                      | (5)  | -  | 5                          | 0                             | 0.51%               | -                              | 3  | 5   | -   | 14                         | 7.1737                          | 6.6%            |
| 14                       | Rate T1                        | 11,618                                 | 2.2725                                  | (1,532)                        | (269)                                    | (812)  | -  | 9,005                      | 46                            | 0.51%               | 1,573                          | 1,378                                    | 718   | -   | 12,719                     | 2.5070                          | 10.3%           |
| 15                       | Rate T2                        | 51,985                                 | 1.1308                                  | (3,605)                        | (3,199)                                  | (4,679)  | -  | 40,502                     | 207                           | 0.51%               | 3,653                          | 11,379                                   | 4,263   | -   | 60,004                     | 1.3139                          | 16.2%           |
| 16                       | Rate T3                        | 6,769                                  | 2.4820                                  | -                              | (815)                                    | (1,419)  | -  | 4,535                      | 23                            | 0.51%               | -                              | 1,091                                    | 1,361   | -   | 7,011                      | 2.5708                          | 3.6%            |
| 17                       | Total South Delivery & Storage | 576,392                                |   | (43,903)                       | 2,656                                    | (25,106)                                       | -  | 510,038                    | 2,601                         |                     | 47,387                         | 13,628                                   | 23,959  | -   | 597,614                    |                                 |                 |
| 18                       | Total In-Franchise Delivery    | 789,912                                |   | (58,570)                       | 12,796                                   | (25,106)                                       | (2,461)                                    | 716,570                    | 3,655                         |                     | 63,272                         | 1,594                                    | 23,959  | 2,461                                       | 811,511                    |                                 |                 |

Notes:

- (1) Rate Order, Working Papers, Schedule 7, column (g).  
(2) Rate Order, Working Papers, Schedule 4, column (c).  
(3) Rate Order, Working Papers, Schedule 11, column (a).  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (m).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (n) + EB-2016-0296, Exhibit 7, Schedule 3, column (e).  
(6) Rate Order, Working Papers, Schedule 15, column (f).

Notes:

- (7) Rate Order, Working Papers, Schedule 2, line 7.  
(8) Rate Order, Working Papers, Schedule 11, column (b).  
(9) Rate Order, Working Papers, Schedule 10.  
(10) Rate Order, Working Papers, Schedule 20, p. 1, column (i).  
(11) Rate Order, Working Papers, Schedule 23, p. 1, column (c).



UNION GAS LIMITED  
Summary of 2018 Proposed Rates

| Line No.                       | Particulars                          | Excluding                                       |  | Adjustments to 2017 Base Rates  |   |  |  |   | Adjustments to 2018 Base Rates         |                                  |                                  |  |   | Excluding   |  |   |                               |
|--------------------------------|--------------------------------------|---|--|---------------------------------|---|--|--|---|--|----------------------------------|----------------------------------|--|---|---|--|---|-------------------------------|
|                                |                                      | Cap-and-Trade Charges                           |  | 2017<br>DSM<br>(3)<br>(\$000's) | 2017 Capital<br>Pass-Throughs<br>(4)<br>(\$000's) | 2017 Parkway<br>Delivery<br>Obligation<br>(5)<br>(\$000's) | 2017<br>Upstream<br>Transportation<br>(6)<br>(\$000's) | Adjusted<br>Revenue<br>(7)<br>(\$000's) | Price Cap<br>Index<br>(8)<br>(\$000's) | Price Cap<br>Index<br>(9)<br>(%) | 2018<br>DSM<br>(10)<br>(\$000's) | 2018 Capital<br>Pass-Throughs<br>(11)<br>(\$000's) | 2018 Parkway<br>Delivery<br>Obligation<br>(12)<br>(\$000's) | 2018<br>Upstream<br>Transportation<br>(13)<br>(\$000's) | Proposed<br>Revenue<br>(14)<br>(\$000's) | Proposed<br>Rates<br>(15)<br>(cents / m³) | Rate<br>Change<br>(16)<br>(%) |
|                                |                                      | Current<br>Approved<br>Revenue (1)<br>(\$000's) | Current<br>Approved<br>Rates (2)<br>(cents / m³) |                                 |   |  |  |   |  |                                  |                                  |  |   |   |  |   |                               |
|                                |                                      | (a)   | (b)  |                                 |   |  |  |   |  |                                  |                                  |  |   |   |  |   |                               |
| North Transportation & Storage |                                      |   |  |                                 |   |  |  |   |  |                                  |                                  |  |   |   |  |   |                               |
| 1                              | Rate 01                              | 86,683  | 9.5289   | -                               | (4,769)   | (8)  | (66,632)   | 15,274                                  | 78                                     | 0.51%                            | -                                | 6,081  | 7   | 66,811  | 88,251                                   | 9.9568                                    | 4.5%                          |
| 2                              | Rate 10                              | 25,473  | 7.5561   | -                               | (1,220)   | (2)  | (19,900)   | 4,350                                   | 22                                     | 0.51%                            | -                                | 1,562  | 2   | 19,938  | 25,873                                   | 7.9375                                    | 5.0%                          |
| 3                              | Rate 20                              | 7,995   | 6.5571   | -                               | (318)   | (1)  | (6,358)  | 1,318                                   | 7                                      | 0.51%                            | -                                | 405  | 1   | 6,352   | 8,083                                    | 6.6286                                    | 1.1%                          |
| 4                              | Rate 25                              | 696   | 1.6229   | -                               | 4   | -  | (681)  | 20                                      | 0                                      | 0.51%                            | -                                | (6)  | -   | 664   | 677                                      | 1.5784                                    | -2.7%                         |
| 5                              | Rate 100                             | 336   | -  | -                               | (20)  | (0)  | (203)  | 112                                     | 1                                      | 0.51%                            | -                                | 25   | 0   | 203   | 342                                      | -   |                               |
| 6                              | Total North Transportation & Storage | 121,184   |  | -                               | (6,324)   | (11)   | (93,775)   | 21,074                                  | 107                                    |                                  | -                                | 8,066  | 11  | 93,968  | 123,226                                  |   |                               |
| 7                              | Gas Supply Admin Charge              | 6,723   |  | -                               | 66  | -  | -  | 6,789                                   | -                                      |                                  | -                                | (100)  | -   | -   | 6,689                                    |   |                               |
| 8                              | Total In-Franchise                   | 917,819   |  | (58,570)                        | 6,537   | (25,117)   | (96,236)   | 744,433                                 | 3,762                                  |                                  | 63,272                           | 9,560  | 23,970  | 96,429  | 941,425                                  |   |                               |
| Ex-Franchise                   |                                      |   |  |                                 |   |  |  |   |  |                                  |                                  |  |   |   |  |   |                               |
| 9                              | Rate M12                             | 245,065   |  | -                               | (81,408)  | (652)  | -  | 163,005                                 | 831                                    | 0.51%                            | -                                | 114,965  | 680   | -   | 279,481                                  |   | 14.0%                         |
| 10                             | Rate M13                             | 407   |  | -                               | 5   | -  | -  | 412                                     | 2                                      | 0.51%                            | -                                | (2)  | -   | -   | 412                                      |   | 1.1%                          |
| 11                             | Rate M16                             | 711   |  | -                               | 10  | (3)  | -  | 718                                     | 4                                      | 0.51%                            | -                                | 441  | 2   | -   | 1,165                                    |   | 63.7%                         |
| 12                             | Rate C1                              | 47,403  |  | -                               | (1,922)   | (213)  | -  | 45,268                                  | 40                                     |                                  | -                                | 4,670  | 203   | -   | 50,181                                   |   | 5.9%                          |
| 13                             | Total Ex-Franchise                   | 293,587   |  | -                               | (83,315)  | (868)  | -  | 209,404                                 | 877                                    |                                  | -                                | 120,074  | 885   | -   | 331,239                                  |   |                               |
| 14                             | Total In-Franchise & Ex-Franchise    | 1,211,406                                       |  | (58,570)                        | (76,778)  | (25,985)   | (96,236)   | 953,836                                 | 4,639                                  |                                  | 63,272                           | 129,633  | 24,855  | 96,429  | 1,272,665                                |   |                               |

Notes:

- (1) Rate Order, Working Papers, Schedule 7, column (g).  
(2) Rate Order, Working Papers, Schedule 4, column (c).  
(3) Rate Order, Working Papers, Schedule 11, column (a).  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (m).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (n) + EB-2016-0296, Exhibit 7, Schedule 3, column (e).  
(6) Rate Order, Working Papers, Schedule 15, column (f).

Notes:

- (7) Rate Order, Working Papers, Schedule 2, line 7.  
(8) Rate Order, Working Papers, Schedule 11, column (b).  
(9) Rate Order, Working Papers, Schedule 10.  
(10) Rate Order, Working Papers, Schedule 20, p. 1, column (i).  
(11) Rate Order, Working Papers, Schedule 23, p. 1, column (c).

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                            | Billing Units | Current                     | Current              | Current            | Adjustments to 2017 Base Rates |                                |                                      |                                  | Adjusted Revenue (\$000's) | Price Cap Index (8) 0.51% (\$000's) | Price Cap Index (%) |
|----------|--|---------------|-----------------------------|----------------------|--------------------|--------------------------------|--------------------------------|--------------------------------------|----------------------------------|----------------------------|-------------------------------------|---------------------|
|          |  |               | Approved Forecast Usage (1) | Approved Revenue (2) | Approved Rates (3) | 2017 DSM (4)                   | 2017 Capital Pass-Throughs (5) | 2017 Parkway Delivery Obligation (6) | 2017 Upstream Transportation (7) |                            |                                     |                     |
|          |  |               | (a)                         | (\$000s) (b)         | (cents / m³) (c)   | (\$000s) (d)                   | (\$000's) (e)                  | (\$000's) (f)                        | (\$000's) (g)                    | (h) = (b+d+e+f+g)          | (i)                                 | (j)                 |
| 1        | Rate 01 General Service Monthly Charge | bills         | 3,839,732                   | 80,634               | \$21.00            | -                              | 5,499                          | -                                    | -                                | 86,134                     | 439                                 |                     |
|          | Monthly Delivery Charge - All Zones    |               |                             |                      |                    |                                |                                |                                      |                                  |                            |                                     |                     |
| 2        | First 100 m³                           | 10³m³         | 268,242                     | 24,418               | 9.1028             | (2,501)                        | 621                            | -                                    | (578)                            | 21,958                     | 112                                 |                     |
| 3        | Next 200 m³                            | 10³m³         | 304,582                     | 27,016               | 8.8698             | (2,768)                        | 687                            | -                                    | (621)                            | 24,314                     | 124                                 |                     |
| 4        | Next 200 m³                            | 10³m³         | 132,871                     | 11,297               | 8.5021             | (1,157)                        | 287                            | -                                    | (260)                            | 10,167                     | 52                                  |                     |
| 5        | Next 500 m³                            | 10³m³         | 90,752                      | 7,410                | 8.1646             | (759)                          | 188                            | -                                    | (171)                            | 6,668                      | 34                                  |                     |
| 6        | Over 1,000 m³                          | 10³m³         | 113,243                     | 8,930                | 7.8858             | (915)                          | 227                            | -                                    | (206)                            | 8,037                      | 41                                  |                     |
| 7        | Delivery Commodity charge - 01         |               | 909,690                     | 79,070               | 8.6920             | (8,100)                        | 2,010                          | -                                    | (1,836)                          | 71,144                     | 363                                 | 0.51%               |
| 8        | Total Delivery - 01                    |               | 909,690                     | 159,704              | 17.5559            | (8,100)                        | 7,509                          | -                                    | (1,836)                          | 157,278                    | 802                                 | 0.51%               |
|          | Gas Transportation                     |               |                             |                      |                    |                                |                                |                                      |                                  |                            |                                     |                     |
| 9        | Union North West                       | 10³m³         | 267,830                     | 18,369               | 6.8585             | -                              | (29)                           | -                                    | (18,315)                         | 25                         | 0                                   |                     |
| 10       | Union North East                       | 10³m³         | 659,134                     | 19,775               | 3.0002             | -                              | (72)                           | -                                    | (18,069)                         | 1,635                      | 8                                   |                     |
| 11       | Transportation - 01                    |               | 926,963                     | 38,144               | 4.1150             | -                              | (101)                          | -                                    | (36,384)                         | 1,660                      | 8                                   | 0.51%               |
|          | Storage                                |               |                             |                      |                    |                                |                                |                                      |                                  |                            |                                     |                     |
| 12       | Union North West                       | 10³m³         | 262,839                     | 5,401                | 2.0547             |                                | (1,349)                        | (2)                                  | (1,289)                          | 2,760                      | 14                                  |                     |
| 13       | Union North East                       | 10³m³         | 646,851                     | 43,138               | 6.6690             |                                | (3,319)                        | (5)                                  | (28,959)                         | 10,854                     | 55                                  |                     |
| 14       | Storage - 01                           |               | 909,690                     | 48,539               | 5.3358             |                                | (4,668)                        | (8)                                  | (30,249)                         | 13,615                     | 69                                  | 0.51%               |
| 15       | Total Rate 01                          |               | 909,690                     | 246,388              | 27.0848            | (8,100)                        | 2,740                          | (8)                                  | (68,468)                         | 172,552                    | 880                                 | 0.51%               |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).

(2) Rate Order, Working Papers, Schedule 7, column (g).

(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).

(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).

(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).

(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).

(7) Rate Order, Working Papers, Schedule 15, column (f).

(8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                            | Billing Units | Adjustments to 2018 Base Rates |   |   |   | Monthly Customer Charge Adjustment (\$000's) (o) | Proposed Revenue (\$000's) (p)= sum(h:o) | NAC / LRAM Usage Adjustment (13) (10³m³) (q) | Proposed Forecast Usage (r) = (a + q) | Proposed Rates                   |                     |
|----------|--|---------------|--------------------------------|---|---|---|--|--|--|---------------------------------------|----------------------------------|---------------------|
|          |  |               | 2018 DSM (9) (\$000's) (k)     | 2018 Capital Pass-Throughs (10) (\$000's) (l) | 2018 Parkway Delivery Obligation (11) (\$000's) (m) | 2018 Upstream Transportation (12) (\$000's) (n) |  |  |  |                                       | Rates (cents / m³) (s) = (p / r) | Rate Change (%) (t) |
|          |  |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 1        | Rate 01 General Service Monthly Charge | bills         | -                              | (6,669)                                       | -   | -   | 730  | 80,634                                   | -  | 3,839,732                             | \$21.00                          |                     |
|          | Monthly Delivery Charge - All Zones    |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 2        | First 100 m³                           | 10³m³         | 2,818                          | (711)   | -   | 578   | (226)  | 24,529                                   | (6,885)                                      | 261,357                               | 9.3853                           |                     |
| 3        | Next 200 m³                            | 10³m³         | 3,117                          | (787)   | -   | 621   | (249)  | 27,141                                   | (7,818)                                      | 296,764                               | 9.1457                           |                     |
| 4        | Next 200 m³                            | 10³m³         | 1,304                          | (329)   | -   | 260   | (104)  | 11,349                                   | (3,411)                                      | 129,460                               | 8.7665                           |                     |
| 5        | Next 500 m³                            | 10³m³         | 855                            | (216)   | -   | 171   | (68)   | 7,444                                    | (2,329)                                      | 88,423                                | 8.4185                           |                     |
| 6        | Over 1,000 m³                          | 10³m³         | 1,030                          | (260)   | -   | 206   | (82)   | 8,971                                    | (2,907)                                      | 110,336                               | 8.1310                           |                     |
| 7        | Delivery Commodity charge - 01         |               | 9,124                          | (2,302)                                       | -   | 1,836   | (730)  | 79,435                                   | (23,350)                                     | 886,340                               | 8.9621                           |                     |
| 8        | Total Delivery - 01                    |               | 9,124                          | (8,971)                                       | -   | 1,836   | 0  | 160,069                                  | (23,350)                                     | 886,340                               | 18.0596                          | 2.9%                |
|          | Gas Transportation                     |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 9        | Union North West                       | 10³m³         | -                              | 30  | -   | 18,317  |  | 18,371                                   | -  | 267,830                               | 6.8594                           |                     |
| 10       | Union North East                       | 10³m³         | -                              | 74  | -   | 18,245  |  | 19,962                                   | -  | 659,134                               | 3.0285                           |                     |
| 11       | Transportation - 01                    |               | -                              | 104   | -   | 36,562  | -  | 38,333                                   | -  | 926,963                               | 4.1353                           | 0.5%                |
|          | Storage                                |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 12       | Union North West                       | 10³m³         | -                              | 1,727   | 2   | 1,291   | -  | 5,795                                    | (6,747)                                      | 256,092                               | 2.2627                           |                     |
| 13       | Union North East                       | 10³m³         | -                              | 4,250   | 5   | 28,958  | -  | 44,123                                   | (16,603)                                     | 630,247                               | 7.0010                           |                     |
| 14       | Storage - 01                           |               | -                              | 5,977   | 7   | 30,249  | -  | 49,918                                   | (23,350)                                     | 886,340                               | 5.6319                           | 5.5%                |
| 15       | Total Rate 01                          |               | 9,124                          | (2,890)                                       | 7   | 68,647  | 0  | 248,320                                  | (23,350)                                     | 886,340                               | 28.0164                          | 3.4%                |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                               | Billing Units | Current Approved Forecast Usage<br>(1)<br>(a) | Current Approved Revenue<br>(2)<br>(\$000's)<br>(b) | Current Approved Rates<br>(3)<br>(cents / m³)<br>(c) | Adjustments to 2017 Base Rates      |   |   |  | Adjusted Revenue<br>(\$000's)<br>(h) = (b+d+e+f+g) | Price Cap Index (8)<br>0.51%<br>(\$000's)<br>(i) | Price Cap Index<br>(%)<br>(j) |
|----------|---|---------------|---|---|--|-------------------------------------|---|---|--|--|--|-------------------------------|
|          |   |               |   |   |  | 2017 DSM<br>(4)<br>(\$000's)<br>(d) | 2017 Capital Pass-Throughs<br>(5)<br>(\$000's)<br>(e) | 2017 Parkway Delivery Obligation<br>(6)<br>(\$000's)<br>(f) | Upstream Transportation<br>(8)<br>(\$000's)<br>(g) |  |  |                               |
|          |   |               |   |   |  |                                     |   |   |  |  |  |                               |
|          |   |               |   |   |  |                                     |   |   |  |  |  |                               |
| 1        | Rate 10 General Service<br>Monthly Charge | bills         | 24,629  | 1,724   | \$70.00  | -                                   | 303   | -   | -  | 2,027  | 10   |                               |
|          | Monthly Delivery Charge - All Zones       |               |   |   |  |                                     |   |   |  |  |  |                               |
| 2        | First 1,000 m³                            | 10³m³         | 24,725  | 1,887   | 7.6310   | (294)                               | 64  | -   | (49)   | 1,608  | 8  |                               |
| 3        | Next 9,000 m³                             | 10³m³         | 133,487                                       | 8,274   | 6.1985   | (1,289)                             | 279   | -   | (214)  | 7,050  | 36   |                               |
| 4        | Next 20,000 m³                            | 10³m³         | 84,909  | 4,693   | 5.5269   | (731)                               | 158   | -   | (118)  | 4,001  | 20   |                               |
| 5        | Next 70,000 m³                            | 10³m³         | 64,380  | 3,213   | 4.9901   | (500)                               | 108   | -   | (81)   | 2,739  | 14   |                               |
| 6        | Over 100,000 m³                           | 10³m³         | 29,612  | 875   | 2.9564   | (136)                               | 29  | -   | (22)   | 746  | 4  |                               |
| 7        | Delivery Commodity charge - 10            |               | 337,112                                       | 18,942  | 5.6188   | (2,951)                             | 638   | -   | (485)  | 16,144   | 82   | 0.51%                         |
| 8        | Total Delivery - 10                       |               | 337,112                                       | 20,666  | 6.1303   | (2,951)                             | 941   | -   | (485)  | 18,171   | 93   | 0.51%                         |
|          | Gas Transportation                        |               |   |   |  |                                     |   |   |  |  |  |                               |
| 9        | Union North West                          | 10³m³         | 82,150  | 4,933   | 6.0054   | -                                   | 0   | -   | (4,931)  | 3  | 0  |                               |
| 10       | Union North East                          | 10³m³         | 261,380                                       | 7,219   | 2.7620   | -                                   | 1   | -   | (6,632)  | 588  | 3  |                               |
| 11       | Transportation - 10                       |               | 343,530                                       | 12,153  | 3.5376   | -                                   | 2   | -   | (11,563)   | 591  | 3  | 0.51%                         |
|          | Storage                                   |               |   |   |  |                                     |   |   |  |  |  |                               |
| 12       | Union North West                          | 10³m³         | 80,615  | 1,244   | 1.5437   |                                     | (292)   | (1)   | (301)  | 651  | 3  |                               |
| 13       | Union North East                          | 10³m³         | 256,497                                       | 12,075  | 4.7078   |                                     | (930)   | (2)   | (8,037)  | 3,107  | 16   |                               |
| 14       | Storage - 10                              |               | 337,112                                       | 13,320  | 3.9512   |                                     | (1,222)   | (2)   | (8,337)  | 3,758  | 19   | 0.51%                         |
|          |   |               |   |   |  |                                     |   |   |  | -  |  |                               |
| 15       | Total Rate 10                             |               | 337,112                                       | 46,138  | 13.6864  | (2,951)                             | (280)   | (2)   | (20,385)   | 22,521   | 115  | 0.51%                         |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).  
(2) Rate Order, Working Papers, Schedule 7, column (g).  
(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).  
(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).  
(7) Rate Order, Working Papers, Schedule 15, column (f).  
(8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                            | Billing Units | Adjustments to 2018 Base Rates |                                 |                                       |                                   |                                      | Proposed Revenue (\$000's) | NAC / LRAM Usage Adjustment (13) (10³m³) | Proposed Forecast Usage (r) = (a + q) | Proposed Rates     |                 |
|----------|--|---------------|--------------------------------|---------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|----------------------------|--|---------------------------------------|--------------------|-----------------|
|          |  |               | 2018 DSM (9)                   | 2018 Capital Pass-Throughs (10) | 2018 Parkway Delivery Obligation (11) | 2018 Upstream Transportation (12) | Customer Charge Adjustment (\$000's) |                            |  |                                       | Rates (cents / m³) | Rate Change (%) |
|          |  |               | (\$000's)                      | (\$000's)                       | (\$000's)                             | (\$000's)                         | (\$000's)                            |                            |  |                                       | (s) = (p / r)      | (t)             |
|          |  |               | (k)                            | (l)                             | (m)                                   | (n)                               | (o)                                  |                            |  |                                       | (p)= sum(h:o)      | (q)             |
| 1        | Rate 10 General Service Monthly Charge | bills         | -                              | (361)                           | -                                     | -                                 | 47                                   | 1,724                      | -  | 24,629                                | \$70.00            |                 |
|          | Monthly Delivery Charge - All Zones    |               |                                |                                 |                                       |                                   |                                      |                            |  |                                       |                    |                 |
| 2        | First 1,000 m³                         | 10³m³         | 308                            | (73)                            | -                                     | 49                                | (9)                                  | 1,891                      | (818)                                    | 23,907                                | 7.9109             |                 |
| 3        | Next 9,000 m³                          | 10³m³         | 1,351                          | (319)                           | -                                     | 214                               | (38)                                 | 8,294                      | (4,415)                                  | 129,072                               | 6.4258             |                 |
| 4        | Next 20,000 m³                         | 10³m³         | 766                            | (181)                           | -                                     | 118                               | -                                    | 4,726                      | (2,808)                                  | 82,100                                | 5.7562             |                 |
| 5        | Next 70,000 m³                         | 10³m³         | 525                            | (124)                           | -                                     | 81                                | -                                    | 3,235                      | (2,129)                                  | 62,251                                | 5.1971             |                 |
| 6        | Over 100,000 m³                        | 10³m³         | 143                            | (34)                            | -                                     | 22                                | -                                    | 882                        | (979)                                    | 28,632                                | 3.0790             |                 |
| 7        | Delivery Commodity charge - 10         |               | 3,093                          | (729)                           | -                                     | 485                               | (47)                                 | 19,028                     | (11,150)                                 | 325,962                               | 5.8375             |                 |
| 8        | Total Delivery - 10                    |               | 3,093                          | (1,090)                         | -                                     | 485                               | -                                    | 20,752                     | (11,150)                                 | 325,962                               | 6.3664             | 3.9%            |
|          | Gas Transportation                     |               |                                |                                 |                                       |                                   |                                      |                            |  |                                       |                    |                 |
| 9        | Union North West                       | 10³m³         | -                              | (1)                             | -                                     | 4,931                             | -                                    | 4,934                      | -  | 82,150                                | 6.0056             |                 |
| 10       | Union North East                       | 10³m³         | -                              | (2)                             | -                                     | 6,669                             | -                                    | 7,258                      | -  | 261,380                               | 2.7768             |                 |
| 11       | Transportation - 10                    |               | -                              | (3)                             | -                                     | 11,600                            | -                                    | 12,192                     | -  | 343,530                               | 3.5489             | 0.3%            |
|          | Storage                                |               |                                |                                 |                                       |                                   |                                      |                            |  |                                       |                    |                 |
| 12       | Union North West                       | 10³m³         | -                              | 374                             | 1                                     | 301                               | -                                    | 1,330                      | (2,666)                                  | 77,949                                | 1.7066             |                 |
| 13       | Union North East                       | 10³m³         | -                              | 1,190                           | 2                                     | 8,036                             | -                                    | 12,351                     | (8,483)                                  | 248,013                               | 4.9801             |                 |
| 14       | Storage - 10                           |               | -                              | 1,564                           | 2                                     | 8,338                             | -                                    | 13,682                     | (11,150)                                 | 325,962                               | 4.1973             | 6.2%            |
| 15       | Total Rate 10                          |               | 3,093                          | 472                             | 2                                     | 20,422                            | -                                    | 46,625                     | (11,150)                                 | 325,962                               | 14.3038            | 4.5%            |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                       | Billing Units | Current                 | Current          | Current        | Adjustments to 2017 Base Rates |                            |                                  |                         | Adjusted Revenue (\$000's) | Price Cap | Price Cap Index (%) |
|----------|---|---------------|-------------------------|------------------|----------------|--------------------------------|----------------------------|----------------------------------|-------------------------|----------------------------|-----------|---------------------|
|          |   |               | Approved Forecast Usage | Approved Revenue | Approved Rates | 2017 DSM                       | 2017 Capital Pass-Throughs | 2017 Parkway Delivery Obligation | Upstream Transportation |                            | Index (8) |                     |
|          |   |               | (1)                     | (2)              | (3)            | (4)                            | (5)                        | (6)                              | (8)                     |                            | 0.51%     |                     |
|          |   |               | (a)                     | (b)              | (c)            | (d)                            | (e)                        | (f)                              | (g)                     | (h) = (b+d+e+f+g)          | (i)       | (j)                 |
| 1        | Rate 20 Medium Volume Firm Service Monthly Charge | bills         | 748                     | 662              | \$884.46       | -                              | 97                         | -                                | -                       | 759                        | 4         |                     |
|          | Monthly Demand Charge                             |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 2        | First 70,000 m³                                   | 10³m³/d       | 23,260                  | 6,660            | 28.6326        | (752)                          | 298                        | -                                | -                       | 6,205                      | 32        |                     |
| 3        | All over 70,000 m³                                | 10³m³/d       | 19,701                  | 3,317            | 16.8374        | (375)                          | 148                        | -                                | -                       | 3,091                      | 16        |                     |
|          | Monthly Commodity Charge                          |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 4        | First 852,000 m³                                  | 10³m³         | 318,773                 | 1,726            | 0.5413         | (369)                          | 146                        | -                                | (80)                    | 1,423                      | 7         |                     |
| 5        | All over 852,000 m³                               | 10³m³         | 287,403                 | 1,112            | 0.3870         | (238)                          | 94                         | -                                | (52)                    | 916                        | 5         |                     |
| 6        | Delivery (Commodity/Demand)                       |               | 606,176                 | 12,815           | 2.1140         | (1,734)                        | 686                        | -                                | (132)                   | 11,635                     | 59        | 0.51%               |
| 7        | Transportation Account Charge                     | 10³m³         | 460                     | 104              | \$225.61       | -                              | -                          | -                                | -                       | 104                        | 1         |                     |
| 8        | Total Delivery - 20                               |               | 606,176                 | 13,580           | 2.2403         | (1,734)                        | 783                        | -                                | (132)                   | 12,497                     | 64        | 0.51%               |
|          | Gas Supply Demand Charge                          |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 9        | Union North West                                  | 10³m³         | 2,962                   | 1,671            | 56.4242        | -                              | (137)                      | (0)                              | (1,408)                 | 126                        | 1         |                     |
| 10       | Union North East                                  | 10³m³         | 3,911                   | 1,962            | 50.1792        | -                              | (181)                      | (0)                              | (1,623)                 | 158                        | 1         |                     |
| 11       | Gas Supply Demand - 20                            |               | 6,873                   | 3,634            | 52.8706        | -                              | (318)                      | (1)                              | (3,031)                 | 284                        | 1         | 0.51%               |
|          | Commodity Transportation 1                        |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 12       | Union North West                                  | 10³m³         | 28,383                  | 1,027            | 3.6200         | -                              | -                          | -                                | (944)                   | 84                         | 0         |                     |
| 13       | Union North East                                  | 10³m³         | 45,073                  | 1,194            | 2.6498         | -                              | -                          | -                                | (1,089)                 | 105                        | 1         |                     |
| 14       | Commodity Transportation 1 - 20                   |               | 73,456                  | 2,222            | 3.0247         | -                              | -                          | -                                | (2,033)                 | 189                        | 1         | 0.51%               |
|          | Commodity Transportation 2                        |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 15       | Union North West                                  | 10³m³         | 14,503                  | -                | -              | -                              | -                          | -                                | -                       | -                          | -         |                     |
| 16       | Union North East                                  | 10³m³         | 33,976                  | -                | -              | -                              | -                          | -                                | -                       | -                          | -         |                     |
| 17       | Commodity Transportation 2 - 20                   |               | 48,479                  | -                | -              | -                              | -                          | -                                | -                       | -                          | -         | 0.00%               |
|          | Storage (GJ's)                                    |               |                         |                  |                |                                |                            |                                  |                         |                            |           |                     |
| 18       | Demand  | GJ/d          | 99,288                  | 2,009            | 20.238         | -                              | -                          | -                                | (1,282)                 | 727                        | 4         |                     |
| 19       | Commodity   | GJ            | 639,477                 | 130              | 0.204          | -                              | -                          | -                                | (12)                    | 118                        | 1         |                     |
| 20       | Gas Supply Transportation - 20                    |               | 121,935                 | 7,995            | 6.5571         | -                              | (318)                      | (1)                              | (6,358)                 | 1,318                      | 7         | 0.51%               |
| 21       | Total Rate 20                                     |               | 606,176                 | 21,575           | 3.5593         | (1,734)                        | 465                        | (1)                              | (6,490)                 | 13,815                     | 70        | 0.51%               |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).  
(2) Rate Order, Working Papers, Schedule 7, column (g).  
(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).  
(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).  
(7) Rate Order, Working Papers, Schedule 15, column (f).  
(8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                       | Billing Units | Adjustments to 2018 Base Rates |   |   |   | Customer Charge Adjustment (\$000's) (o) | Proposed Revenue (\$000's) (p)= sum(h:o) | NAC / LRAM Usage Adjustment (13) (10³m³) (q) | Proposed Forecast Usage (r) = (a + q) | Proposed Rates                   |                     |
|----------|---|---------------|--------------------------------|---|---|---|--|--|--|---------------------------------------|----------------------------------|---------------------|
|          |   |               | 2018 DSM (9) (\$000's) (k)     | 2018 Capital Pass-Throughs (10) (\$000's) (l) | 2018 Parkway Delivery Obligation (11) (\$000's) (m) | 2018 Upstream Transportation (12) (\$000's) (n) |  |  |  |                                       | Rates (cents / m³) (s) = (p / r) | Rate Change (%) (t) |
|          |   |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 1        | Rate 20 Medium Volume Firm Service Monthly Charge | bills         | -                              | (119)   | -   | -   |  | 643                                      | -  | 748                                   | \$859.96                         |                     |
|          | Monthly Demand Charge                             |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 2        | First 70,000 m³                                   | 10³m³/d       | 769                            | (344)   | -   | -   |  | 6,662                                    | -  | 23,260                                | 28.6438                          |                     |
| 3        | All over 70,000 m³                                | 10³m³/d       | 383                            | (171)   | -   | -   |  | 3,318                                    | -  | 19,701                                | 16.8440                          |                     |
|          | Monthly Commodity Charge                          |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 4        | First 852,000 m³                                  | 10³m³         | 377                            | (169)   | -   | 80  |  | 1,719                                    | (853)  | 317,920                               | 0.5406                           |                     |
| 5        | All over 852,000 m³                               | 10³m³         | 243                            | (109)   | -   | 52  |  | 1,108                                    | (769)  | 286,634                               | 0.3865                           |                     |
| 6        | Delivery (Commodity/Demand)                       |               | 1,773                          | (792)   | -   | 132   | -  | 12,807                                   | (1,621)                                      | 604,555                               | 2.1184                           | 0.2%                |
| 7        | Transportation Account Charge                     | 10³m³         | -                              | -   | -   | -   |  | 104                                      | -  | 460                                   | \$226.76                         |                     |
| 8        | Total Delivery - 20                               |               | 1,773                          | (911)   | -   | 132   | -  | 13,555                                   | (1,621)                                      | 604,555                               | 2.2421                           | 0.1%                |
|          | Gas Supply Demand Charge                          |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 9        | Union North West                                  | 10³m³         | -                              | 161   | 0   | 1,408   | -  | 1,696                                    | -  | 2,962                                 | 57.2684                          |                     |
| 10       | Union North East                                  | 10³m³         | -                              | 213   | 0   | 1,619   | -  | 1,991                                    | -  | 3,911                                 | 50.9054                          |                     |
| 11       | Gas Supply Demand - 20                            |               | -                              | 374   | 1   | 3,027   | -  | 3,687.07                                 | -  | 6,872.75                              | 53.6477                          | 1.5%                |
|          | Commodity Transportation 1                        |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 12       | Union North West                                  | 10³m³         | -                              | -   | -   | 944   | -  | 1,028                                    | -  | 28,383                                | 3.6224                           |                     |
| 13       | Union North East                                  | 10³m³         | -                              | -   | -   | 1,086   | -  | 1,192                                    | -  | 45,073                                | 2.6450                           |                     |
| 14       | Commodity Transportation 1 - 20                   |               | -                              | -   | -   | 2,030   | -  | 2,220                                    | -  | 73,456                                | 3.0227                           | -0.1%               |
|          | Commodity Transportation 2                        |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 15       | Union North West                                  | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | 14,503                                | -                                |                     |
| 16       | Union North East                                  | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | 33,976                                | -                                |                     |
| 17       | Commodity Transportation 2 - 20                   |               | -                              | -   | -   | -   | -  | -  | -  | 48,479                                | -                                | 0.0%                |
|          | Storage (GJ's)                                    |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 18       | Demand  | GJ/d          | -                              | 29  | -   | 1,282   | -  | 2,042                                    | -  | 99,288                                | 20.568                           |                     |
| 19       | Commodity   | GJ            | -                              | 2   | -   | 12  | -  | 133                                      | -  | 639,477                               | 0.208                            |                     |
| 20       | Gas Supply Transportation - 20                    |               | -                              | 405   | 1   | 6,352   | -  | 8,083                                    | -  | 121,935                               | 6.6286                           | 1.1%                |
| 21       | Total Rate 20                                     |               | 1,773                          | (506)   | 1   | 6,484   | -  | 21,637                                   | (1,621)                                      | 604,555                               | 3.5790                           | 0.6%                |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                | Billing Units | Current                 | Current                 | Current                    | Adjustments to 2017 Base Rates |                            |                                  |                         |                          | Price Cap Index (8)<br>0.51%<br>(\$000's)<br>(i) | Price Cap Index (%)<br>(j) |
|----------|--|---------------|-------------------------|-------------------------|----------------------------|--------------------------------|----------------------------|----------------------------------|-------------------------|--------------------------|--|----------------------------|
|          |  |               | Approved Forecast Usage | Approved Revenue        | Approved Rates             | 2017 DSM                       | 2017 Capital Pass-Throughs | 2017 Parkway Delivery Obligation | Upstream Transportation | Adjusted Revenue         |  |                            |
|          |  |               | (1)<br>(a)              | (2)<br>(\$000's)<br>(b) | (3)<br>(cents / m³)<br>(c) | (4)<br>(\$000's)<br>(d)        | (5)<br>(\$000's)<br>(e)    | (6)<br>(\$000's)<br>(f)          | (8)<br>(\$000's)<br>(g) | (h) = (b+d+e+f+g)<br>(h) |  |                            |
|          | Rate 25 Large Volume Interruptible Service |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 1        | Monthly Charge                             | bills         | 842                     | 258                     | \$306.75                   | -                              | 54                         | -                                | -                       | 312                      | 2  |                            |
| 2        | Monthly Delivery Charge                    | 10³m³         | 159,555                 | 4,074                   | 2.5531                     | -                              | 188                        | -                                | -                       | 4,261                    | 22   |                            |
| 3        | Transportation Account Charge              | bills         | 36                      | 8                       | \$225.61                   | -                              | -                          | -                                | -                       | 8                        | 0  |                            |
| 4        | Total Delivery - 25                        |               | 159,555                 | 4,340                   | 2.7201                     | -                              | 242                        | -                                | -                       | 4,582                    | 23   | 0.51%                      |
| 5        | Gas Supply Transportation                  | 10³m³         | 42,913                  | 696                     | 1.6229                     | -                              | 4                          | -                                | (681)                   | 20                       | 0  |                            |
| 6        | Total Rate 25                              |               | 159,555                 | 5,036                   | 3.1565                     | -                              | 246                        | -                                | (681)                   | 4,601                    | 23   | 0.51%                      |
|          | Rate 100 Large Volume Firm Service         |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 7        | Monthly Charge                             | bills         | 226                     | 310                     | \$1,372.75                 | -                              | 32                         | -                                | -                       | 343                      | 2  |                            |
| 8        | Demand                                     | 10³m³/d       | 71,975                  | 10,874                  | 15.1083                    | (1,411)                        | 474                        | -                                | -                       | 9,937                    | 51   |                            |
| 9        | Commodity                                  | 10³m³         | 1,814,867               | 3,995                   | 0.2201                     | (470)                          | 158                        | -                                | (9)                     | 3,673                    | 19   |                            |
| 10       | Delivery (Commodity/Demand)                |               | 1,814,867               | 15,179                  | 0.8364                     | (1,882)                        | 632                        | -                                | (9)                     | 13,921                   | 71   | 0.51%                      |
| 11       | Transportation Account Charge              | bills         | 226                     | 51                      | \$225.61                   | -                              | -                          | -                                | -                       | 51                       | 0  |                            |
| 12       | Total Delivery - 100                       |               | 1,814,867               | 15,230                  | 0.8392                     | (1,882)                        | 665                        | -                                | (9)                     | 14,004                   | 71   | 0.51%                      |
|          | Gas Supply Demand Charge                   |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 13       | Union North West                           | 10³m³         | -                       | -                       | 114.2215                   | -                              | -                          | -                                | -                       | -                        | -  |                            |
| 14       | Union North East                           | 10³m³         | -                       | -                       | 161.5404                   | -                              | -                          | -                                | -                       | -                        | -  |                            |
|          | Commodity Transportation 1                 |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 15       | Union North West                           | 10³m³         | -                       | -                       | 6.4075                     | -                              | -                          | -                                | -                       | -                        | -  |                            |
| 16       | Union North East                           | 10³m³         | -                       | -                       | 9.2385                     | -                              | -                          | -                                | -                       | -                        | -  |                            |
|          | Commodity Transportation 2                 |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 17       | Union North West                           | 10³m³         | -                       | -                       | -                          | -                              | -                          | -                                | -                       | -                        | -  |                            |
| 18       | Union North East                           | 10³m³         | -                       | -                       | -                          | -                              | -                          | -                                | -                       | -                        | -  |                            |
|          | Storage (GJ's)                             |               |                         |                         |                            |                                |                            |                                  |                         |                          |  |                            |
| 19       | Demand                                     | GJ/d          | 15,600                  | 316                     | 20.238                     | -                              | (19)                       | (0)                              | (201)                   | 95                       | 0  |                            |
| 20       | Commodity                                  | GJ            | 100,000                 | 20                      | 0.204                      | -                              | (1)                        | (0)                              | (2)                     | 17                       | 0  |                            |
| 21       | Gas Supply - 100                           |               | -                       | 336                     | -                          | -                              | (20)                       | (0)                              | (203)                   | 112                      | 1  | 0.51%                      |
| 22       | Total Rate 100                             |               | 1,814,867               | 15,566                  | 0.8577                     | (1,882)                        | 644                        | (0)                              | (212)                   | 14,116                   | 72   | 0.51%                      |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).

(2) Rate Order, Working Papers, Schedule 7, column (g).

(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).

(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).

(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).

(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).

(7) Rate Order, Working Papers, Schedule 15, column (f).

(8) Rate Order, Working Papers, Schedule 2, line 8.



UNION GAS LIMITED  
Union North  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                | Billing Units | Adjustments to 2018 Base Rates |   |   |   | Customer Charge Adjustment (\$000's) (o) | Proposed Revenue (\$000's) (p)= sum(h:o) | NAC / LRAM Usage Adjustment (13) (10³m³) (q) | Proposed Forecast Usage (r) = (a + q) | Proposed Rates                   |                     |
|----------|--|---------------|--------------------------------|---|---|---|--|--|--|---------------------------------------|----------------------------------|---------------------|
|          |  |               | 2018 DSM (9) (\$000's) (k)     | 2018 Capital Pass-Throughs (10) (\$000's) (l) | 2018 Parkway Delivery Obligation (11) (\$000's) (m) | 2018 Upstream Transportation (12) (\$000's) (n) |  |  |  |                                       | Rates (cents / m³) (s) = (p / r) | Rate Change (%) (t) |
|          |  |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
|          | Rate 25 Large Volume Interruptible Service |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 1        | Monthly Charge                             | bills         | -                              | (70)  | -   | -   |  | 244                                      | -  | 842                                   | \$289.36                         |                     |
| 2        | Monthly Delivery Charge                    | 10³m³         | -                              | (215)   | -   | -   |  | 4,068                                    | -  | 159,555                               | 2.5498                           |                     |
| 3        | Transportation Account Charge              | bills         | -                              | -   | -   | -   |  | 8  | -  | 36                                    | \$226.76                         |                     |
| 4        | Total Delivery - 25                        |               | -                              | (285)   | -   | -   | -  | 4,320                                    | -  | 159,555                               | 2.7076                           | -0.5%               |
| 5        | Gas Supply Transportation                  | 10³m³         | -                              | (6)   | -   | 664   |  | 677                                      | -  | 42,913                                | 1.5784                           |                     |
| 6        | Total Rate 25                              |               | -                              | (291)   | -   | 664   | -  | 4,998                                    | -  | 159,555                               | 3.1322                           | -0.8%               |
|          | Rate 100 Large Volume Firm Service         |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 7        | Monthly Charge                             | bills         | -                              | (41)  | -   | -   |  | 303                                      | -  | 226                                   | \$1,340.55                       |                     |
| 8        | Demand                                     | 10³m³/d       | 1,421                          | (552)   | -   | -   |  | 10,857                                   | -  | 71,975                                | 15.0839                          |                     |
| 9        | Commodity                                  | 10³m³         | 474                            | (184)   | -   | 9   |  | 3,990                                    | (762)  | 1,814,105                             | 0.2200                           |                     |
| 10       | Delivery (Commodity/Demand)                |               | 1,895                          | (736)   | -   | 9   | -  | 15,150                                   | (762)  | 1,814,105                             | 0.8351                           | -0.2%               |
| 11       | Transportation Account Charge              | bills         | -                              | -   | -   | -   |  | 51                                       | -  | 226                                   | \$226.76                         |                     |
| 12       | Total Delivery - 100                       |               | 1,895                          | (778)   | -   | 9   | -  | 15,201                                   | (762)  | 1,814,105                             | 0.8380                           | -0.1%               |
|          | Gas Supply Demand Charge                   |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 13       | Union North West                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     | 112.9067                         |                     |
| 14       | Union North East                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     | 160.8218                         |                     |
|          | Commodity Transportation 1                 |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 15       | Union North West                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     | 6.3364                           |                     |
| 16       | Union North East                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     | 9.2013                           |                     |
|          | Commodity Transportation 2                 |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 17       | Union North West                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     |                                  |                     |
| 18       | Union North East                           | 10³m³         | -                              | -   | -   | -   | -  | -  | -  | -                                     |                                  |                     |
|          | Storage (GJ's)                             |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 19       | Demand                                     | GJ/d          | -                              | 24  | 0   | 201   | -  | 321                                      | -  | 15,600                                | 20.568                           |                     |
| 20       | Commodity                                  | GJ            | -                              | 2   | 0   | 2   | -  | 21                                       | -  | 100,000                               | 0.208                            |                     |
| 21       | Gas Supply - 100                           |               | -                              | 25  | 0   | 203   | -  | 342                                      | -  | 115,600                               | -                                |                     |
| 22       | Total Rate 100                             |               | 1,895                          | (752)   | 0   | 212   | -  | 15,543                                   | (762)  | 1,814,105                             | 0.8568                           | -0.1%               |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                       | Billing Units | Current                 | Current                 | Current                    | Adjustments to 2017 Base Rates |                            |                                  |                         |                                | Price Cap Index (8)<br>0.51%<br>(\$000's)<br>(i) | Price Cap Index (%)<br>(j) |
|----------|-----------------------------------|---------------|-------------------------|-------------------------|----------------------------|--------------------------------|----------------------------|----------------------------------|-------------------------|--------------------------------|--|----------------------------|
|          |                                   |               | Approved Forecast Usage | Approved Revenue        | Approved Rates             | 2017 DSM                       | 2017 Capital Pass-Throughs | 2017 Parkway Delivery Obligation | Upstream Transportation | Adjusted Revenue               |  |                            |
|          |                                   |               | (1)<br>(a)              | (2)<br>(\$000's)<br>(b) | (3)<br>(cents / m³)<br>(c) | (4)<br>(\$000's)<br>(d)        | (5)<br>(\$000's)<br>(e)    | (6)<br>(\$000's)<br>(f)          | (8)<br>(\$000's)<br>(g) | (h) = (b+d+e+f+g)<br>(\$000's) |  |                            |
|          | M1                                |               |                         |                         |                            |                                |                            |                                  |                         |                                |  |                            |
| 1        | Monthly Charge                    | bills         | 12,706,802              | 266,843                 | \$21.00                    | -                              | 12,469                     | -                                | -                       | 279,312                        | 1,424  |                            |
|          | Monthly Delivery Commodity Charge |               |                         |                         |                            |                                |                            |                                  |                         |                                |  |                            |
| 2        | First 100 m³                      | 10³m³         | 872,593                 | 40,709                  | 4.6653                     | (7,148)                        | (2,008)                    | (3,933)                          | -                       | 27,621                         | 141  |                            |
| 3        | Next 150 m³                       | 10³m³         | 774,838                 | 34,280                  | 4.4242                     | (6,025)                        | (1,691)                    | (3,312)                          | -                       | 23,253                         | 119  |                            |
| 4        | All over 250 m³                   | 10³m³         | 1,249,748               | 47,505                  | 3.8012                     | (8,377)                        | (2,343)                    | (4,589)                          | -                       | 32,197                         | 164  |                            |
| 5        | Total Delivery - M1               |               | <u>2,897,179</u>        | <u>389,338</u>          | <u>13.4385</u>             | <u>(21,550)</u>                | <u>6,428</u>               | <u>(11,833)</u>                  | <u>-</u>                | <u>362,382</u>                 | <u>1,848</u>                                     | <u>0.51%</u>               |
| 6        | Storage                           | 10³m³         | 2,897,179               | 20,724                  | 0.7153                     | -                              | 1,650                      | -                                | -                       | 22,373                         | 114  |                            |
| 7        | Total Rate M1                     |               | <u>2,897,179</u>        | <u>410,061</u>          | <u>14.1538</u>             | <u>(21,550)</u>                | <u>8,077</u>               | <u>(11,833)</u>                  | <u>-</u>                | <u>384,756</u>                 | <u>1,962</u>                                     | <u>0.51%</u>               |
|          | M2                                |               |                         |                         |                            |                                |                            |                                  |                         |                                |  |                            |
| 8        | Monthly Charge                    | bills         | 81,451                  | 5,702                   | \$70.00                    | -                              | 388                        | -                                | -                       | 6,089                          | 31   |                            |
|          | Monthly Delivery Commodity Charge |               |                         |                         |                            |                                |                            |                                  |                         |                                |  |                            |
| 9        | First 1,000 m³                    | 10³m³         | 61,283                  | 2,849                   | 4.6486                     | (587)                          | (112)                      | (235)                            | -                       | 1,914                          | 10   |                            |
| 10       | Next 6,000 m³                     | 10³m³         | 298,234                 | 13,602                  | 4.5609                     | (2,805)                        | (535)                      | (1,122)                          | -                       | 9,140                          | 47   |                            |
| 11       | Next 13,000 m³                    | 10³m³         | 336,990                 | 14,740                  | 4.3740                     | (3,019)                        | (580)                      | (1,216)                          | -                       | 9,925                          | 51   |                            |
| 12       | All over 20,000 m³                | 10³m³         | 430,521                 | 17,456                  | 4.0546                     | (3,580)                        | (686)                      | (1,440)                          | -                       | 11,749                         | 60   |                            |
| 13       | Total Delivery - M2               |               | <u>1,127,028</u>        | <u>54,348</u>           | <u>4.8223</u>              | <u>(9,992)</u>                 | <u>(1,525)</u>             | <u>(4,013)</u>                   | <u>-</u>                | <u>38,818</u>                  | <u>198</u>                                       | <u>0.51%</u>               |
| 14       | Storage                           | 10³m³         | 1,127,028               | 7,046                   | 0.6252                     | -                              | 563                        | -                                | -                       | 7,609                          | 39   |                            |
| 15       | Total Rate M2                     |               | <u>1,127,028</u>        | <u>61,395</u>           | <u>5.4475</u>              | <u>(9,992)</u>                 | <u>(963)</u>               | <u>(4,013)</u>                   | <u>-</u>                | <u>46,427</u>                  | <u>237</u>                                       | <u>0.51%</u>               |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).
- (2) Rate Order, Working Papers, Schedule 7, column (g).
- (3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).
- (4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).
- (5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).
- (6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).
- (7) Rate Order, Working Papers, Schedule 15, column (f).
- (8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                       | Billing Units | Adjustments to 2018 Base Rates |                                 |                                       |                                   |                                      | Proposed Revenue (\$000's)<br>(p)= sum(h:o) | NAC / LRAM Usage Adjustment (13)<br>(10³m³)<br>(q) | Proposed Forecast Usage<br>(r) = (a + q) | Proposed Rates                      |                        |
|----------|-----------------------------------|---------------|--------------------------------|---------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---|--|--|-------------------------------------|------------------------|
|          |                                   |               | 2018 DSM (9)                   | 2018 Capital Pass-Throughs (10) | 2018 Parkway Delivery Obligation (11) | 2018 Upstream Transportation (12) | Customer Charge Adjustment (\$000's) |   |  |  | Rates (cents / m³)<br>(s) = (p / r) | Rate Change (%)<br>(t) |
|          |                                   |               | (\$000's)                      | (\$000's)                       | (\$000's)                             | (\$000's)                         | (\$000's)                            |   |  |  |                                     |                        |
|          |                                   |               | (k)                            | (l)                             | (m)                                   | (n)                               | (o)                                  |   |  |  |                                     |                        |
| 1        | M1<br>Monthly Charge              | bills         | -                              | (15,272)                        | -                                     | -                                 | 1,379                                | 266,843                                     | -  | 12,706,802                               | \$21.00                             |                        |
|          | Monthly Delivery Commodity Charge |               |                                |                                 |                                       |                                   |                                      |   |  |  |                                     |                        |
| 2        | First 100 m³                      | 10³m³         | 8,101                          | 3,982                           | 3,841                                 | -                                 | (458)                                | 43,227                                      | (26,771)   | 845,823                                  | 5.1107                              |                        |
| 3        | Next 150 m³                       | 10³m³         | 6,821                          | 3,353                           | 3,234                                 | -                                 | (386)                                | 36,395                                      | (23,772)   | 751,066                                  | 4.8457                              |                        |
| 4        | All over 250 m³                   | 10³m³         | 9,453                          | 4,647                           | 4,482                                 | -                                 | (535)                                | 50,408                                      | (38,341)   | 1,211,407                                | 4.1611                              |                        |
| 5        | Total Delivery - M1               |               | 24,375                         | (3,290)                         | 11,557                                | -                                 | -                                    | 396,873                                     | (88,884)   | 2,808,296                                | 14.1322                             | 5.2%                   |
| 6        | Storage                           | 10³m³         | -                              | (1,907)                         | -                                     | -                                 |                                      | 20,580                                      | (88,884)   | 2,808,296                                | 0.7328                              | 2.4%                   |
| 7        | Total Rate M1                     |               | 24,375                         | (5,197)                         | 11,557                                | -                                 | -                                    | 417,453                                     | (88,884)   | 2,808,296                                | 14.8650                             | 5.0%                   |
| 8        | M2<br>Monthly Charge              | bills         | -                              | (478)                           | -                                     | -                                 | 59                                   | 5,702                                       | -  | 81,451                                   | \$70.00                             |                        |
|          | Monthly Delivery Commodity Charge |               |                                |                                 |                                       |                                   |                                      |   |  |  |                                     |                        |
| 9        | First 1,000 m³                    | 10³m³         | 612                            | 229                             | 229                                   | -                                 | (10)                                 | 2,984                                       | (2,571)  | 58,711                                   | 5.0819                              |                        |
| 10       | Next 6,000 m³                     | 10³m³         | 2,920                          | 1,095                           | 1,093                                 | -                                 | (49)                                 | 14,245                                      | (12,514)   | 285,720                                  | 4.9857                              |                        |
| 11       | Next 13,000 m³                    | 10³m³         | 3,164                          | 1,186                           | 1,184                                 | -                                 | -                                    | 15,510                                      | (14,140)   | 322,850                                  | 4.8041                              |                        |
| 12       | All over 20,000 m³                | 10³m³         | 3,747                          | 1,405                           | 1,402                                 | -                                 | -                                    | 18,363                                      | (18,065)   | 412,456                                  | 4.4521                              |                        |
| 13       | Total Delivery - M2               |               | 10,442                         | 3,437                           | 3,908                                 | -                                 | (0)                                  | 56,803                                      | (47,291)   | 1,079,737                                | 5.2609                              | 9.1%                   |
| 14       | Storage                           | 10³m³         | -                              | (650)                           | -                                     | -                                 |                                      | 6,997                                       | (47,291)   | 1,079,737                                | 0.6481                              | 3.7%                   |
| 15       | Total Rate M2                     |               | 10,442                         | 2,787                           | 3,908                                 | -                                 | (0)                                  | 63,801                                      | (47,291)   | 1,079,737                                | 5.9089                              | 8.5%                   |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No.  | Particulars                           | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |                                |                                      |                             | Adjusted Revenue (\$000's) | Price Cap Index (8) 0.51% | Price Cap Index |
|---|---------------------------------------|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|---------------------------|-----------------|
|   |                                       |               | (1)                             | (2)                      | (3)                    | 2017 DSM (4)                   | 2017 Capital Pass-Throughs (5) | 2017 Parkway Delivery Obligation (6) | Upstream Transportation (8) |                            | (i)                       | (j)             |
|   |                                       |               | (a)                             | (\$000's)                | (cents / m³)           | (\$000's)                      | (\$000's)                      | (\$000's)                            | (\$000's)                   | (h) = (b+d+e+f+g)          |                           | (%)             |
| M4 Firm Commercial/Industrial Contract Rate           |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| Monthly Demand Charge                                 |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 1   | First 8,450 m³                        | 10³m³/d       | 12,905                          | 7,355                    | 56.9923                | (1,151)                        | (179)                          | (551)                                | -                           | 5,474                      | 28                        |                 |
| 2   | Next 19,700 m³                        | 10³m³/d       | 7,864                           | 2,009                    | 25.5539                | (315)                          | (49)                           | (151)                                | -                           | 1,495                      | 8                         |                 |
| 3   | All over 28,150 m³                    | 10³m³/d       | 4,507                           | 968                      | 21.4688                | (151)                          | (24)                           | (72)                                 | -                           | 720                        | 4                         |                 |
| Monthly Delivery Commodity Charge                     |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 4   | First Block                           | 10³m³         | 341,905                         | 4,624                    | 1.3523                 | (1,068)                        | (166)                          | (512)                                | -                           | 2,877                      | 15                        |                 |
| 5   | All remaining use                     | 10³m³         | 7,358                           | 39                       | 0.5306                 | (10)                           | (1)                            | (4)                                  | -                           | 24                         | 0                         |                 |
| 7   | Total Rate M4                         |               | 349,263                         | 14,995                   | 4.2933                 | (2,696)                        | (419)                          | (1,290)                              | -                           | 10,590                     | 54                        | 0.51%           |
| M5A Interruptible Commercial/Industrial Contract Rate |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| Firm contracts  |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 8   | Monthly Demand Charge                 | 10³m³/d       | 626                             | 199                      | 31.7959                | (41)                           | 1                              | (9)                                  | -                           | 150                        | 1                         |                 |
| 9   | Monthly Delivery Commodity Charge     | 10³m³         | 15,121                          | 349                      | 2.3066                 | (76)                           | 3                              | (9)                                  | -                           | 267                        | 1                         |                 |
| 10  | Total Delivery - Firm M5A             |               | 15,121                          | 548                      | 3.6220                 | (117)                          | 4                              | (18)                                 | -                           | 417                        | 2                         | 0.51%           |
| Interruptible contracts                               |                                       |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 11  | Monthly Charge                        | bills         | 1,692                           | 1,107                    | \$654.15               | -                              | 79                             | -                                    | -                           | 1,186                      | 6                         |                 |
| 12  | Delivery Commodity Charge (Avg Price) | 10³m³         | 450,329                         | 11,979                   | 2.6601                 | (3,472)                        | 493                            | (236)                                | -                           | 8,765                      | 45                        |                 |
| 13  | Total Delivery -Interruptible M5A     |               | 450,329                         | 13,086                   | 2.9059                 | (3,472)                        | 573                            | (236)                                | -                           | 9,951                      | 51                        | 0.51%           |
| 14  | Total Rate M5A                        |               | 465,451                         | 13,634                   | 2.9291                 | (3,589)                        | 577                            | (253)                                | -                           | 10,368                     | 53                        | 0.51%           |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).

(2) Rate Order, Working Papers, Schedule 7, column (g).

(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).

(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).

(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).

(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).

(7) Rate Order, Working Papers, Schedule 15, column (f).

(8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

|   |                                       |               | Adjustments to 2018 Base Rates |                            |                                  |                              |                            |                  |                             |                         |                |             |
|---|---------------------------------------|---------------|--------------------------------|----------------------------|----------------------------------|------------------------------|----------------------------|------------------|-----------------------------|-------------------------|----------------|-------------|
| Line No.  | Particulars                           | Billing Units | 2018 DSM                       | 2018 Capital Pass-Throughs | 2018 Parkway Delivery Obligation | 2018 Upstream Transportation | Customer Charge Adjustment | Proposed Revenue | NAC / LRAM Usage Adjustment | Proposed Forecast Usage | Proposed Rates |             |
|   |                                       |               | (9)                            | (10)                       | (11)                             | (12)                         | (o)                        | (p)= sum(h:o)    | (13)                        | (r) = (a + q)           | Rates          | Rate Change |
|   |                                       |               | (\$000's)                      | (\$000's)                  | (\$000's)                        | (\$000's)                    | (\$000's)                  | (q)              | (10³m³)                     | (cents / m³)            | (%)            |             |
|   |                                       |               | (k)                            | (l)                        | (m)                              | (n)                          |                            |                  |                             |                         | (s) = (p / r)  | (t)         |
| M4 Firm Commercial/Industrial Contract Rate           |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| Monthly Demand Charge                                 |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| 1   | First                                 | 8,450 m³      | 10³m³/d                        | 1,171                      | 841                              | 520                          | -                          | 8,034            | -                           | 12,905                  | 62.2530        |             |
| 2   | Next                                  | 19,700 m³     | 10³m³/d                        | 320                        | 230                              | 142                          | -                          | 2,195            | -                           | 7,864                   | 27.9127        |             |
| 3   | All over                              | 28,150 m³     | 10³m³/d                        | 154                        | 111                              | 68                           | -                          | 1,057            | -                           | 4,507                   | 23.4505        |             |
| Monthly Delivery Commodity Charge                     |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| 4   | First Block                           |               | 10³m³                          | 1,087                      | 781                              | 483                          | -                          | 5,244            | (9,835)                     | 332,070                 | 1.5791         |             |
| 5   | All remaining use                     |               | 10³m³                          | 9                          | 7                                | 4                            | -                          | 44               | (212)                       | 7,146                   | 0.6088         |             |
| 7   | Total Rate M4                         |               |                                | 2,742                      | 1,970                            | 1,218                        | -                          | 16,573           | (10,047)                    | 339,216                 | 4.8857         | 13.8%       |
| M5A Interruptible Commercial/Industrial Contract Rate |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| Firm contracts  |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| 8   | Monthly Demand Charge                 |               | 10³m³/d                        | 43                         | 14                               | 9                            | -                          | 218              | -                           | 626                     | 34.8081        |             |
| 9   | Monthly Delivery Commodity Charge     |               | 10³m³                          | 75                         | (5)                              | 6                            | -                          | 345              | (499)                       | 14,622                  | 2.3570         |             |
| 10  | Total Delivery - Firm M5A             |               |                                | 118                        | 9                                | 15                           | -                          | 562              | (499)                       | 14,622                  | 3.8461         | 6.2%        |
| Interruptible contracts                               |                                       |               |                                |                            |                                  |                              |                            |                  |                             |                         |                |             |
| 11  | Monthly Charge                        |               | bills                          | -                          | (102)                            | -                            | -                          | 1,090            | -                           | 1,692                   | \$644.05       |             |
| 12  | Delivery Commodity Charge (Avg Price) |               | 10³m³                          | 3,519                      | (578)                            | 156                          | -                          | 11,907           | (14,863)                    | 435,466                 | 2.7343         |             |
| 13  | Total Delivery -Interruptible M5A     |               |                                | 3,519                      | (680)                            | 156                          | -                          | 12,997           | (14,863)                    | 435,466                 | 2.9845         | 2.7%        |
| 14  | Total Rate M5A                        |               |                                | 3,638                      | (671)                            | 171                          | -                          | 13,559           | (15,362)                    | 450,088                 | 3.0125         | 2.8%        |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No.   | Particulars                       | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |                                |                                      |                             | Adjusted Revenue (\$000's) | Price Cap Index (8) 0.51% | Price Cap Index |
|--|-----------------------------------|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|---------------------------|-----------------|
|  |                                   |               | (1)                             | (2)                      | (3)                    | 2017 DSM (4)                   | 2017 Capital Pass-Throughs (5) | 2017 Parkway Delivery Obligation (6) | Upstream Transportation (8) |                            | (i)                       | (j)             |
|  |                                   |               | (a)                             | (b)                      | (c)                    | (d)                            | (e)                            | (f)                                  | (g)                         | (h) = (b+d+e+f+g)          |                           |                 |
| M7 Special Large Volume Contract Rate Firm Contracts |                                   |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 1  | Monthly Demand Charge             | 10³m³/d       | 14,220                          | 4,383                    | 30.8246                | (816)                          | (227)                          | (438)                                | -                           | 2,902                      | 15                        |                 |
| 2  | Monthly Delivery Commodity Charge | 10³m³         | 120,879                         | 468                      | 0.3873                 | (95)                           | 0                              | (137)                                | -                           | 237                        | 1                         |                 |
| 3  | Total Delivery - Firm M7          |               | 120,879                         | 4,851                    | 4.0135                 | (910)                          | (227)                          | (575)                                | -                           | 3,139                      | 16                        | 0.51%           |
| Interruptible / Seasonal Contracts                   |                                   |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 4  | Monthly Delivery Commodity Charge | 10³m³         | 3,949                           | 49                       | 1.2348                 | (30)                           | 7                              | -                                    | -                           | 26                         | 0                         |                 |
| 5  | Total Rate M7                     |               | 124,828                         | 4,900                    | 3.9255                 | (940)                          | (220)                          | (575)                                | -                           | 3,165                      | 16                        | 0.51%           |
| M9 Large Wholesale Service                           |                                   |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 6  | Monthly Demand Charge             | 10³m³/d       | 3,993                           | 891                      | 22.3154                | -                              | (111)                          | (157)                                | -                           | 623                        | 3                         |                 |
| 7  | Monthly Delivery Commodity Charge | 10³m³         | 60,750                          | 132                      | 0.2177                 | -                              | 0                              | (70)                                 | -                           | 62                         | 0                         |                 |
| 8  | Total Rate M9                     |               | 60,750                          | 1,023                    | 1.6844                 | -                              | (111)                          | (227)                                | -                           | 686                        | 3                         | 0.51%           |
| M10 Small Wholesale Service                          |                                   |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 9  | Monthly Delivery Commodity Charge | 10³m³         | 189                             | 13                       | 6.7289                 | -                              | (2)                            | (5)                                  | -                           | 5                          | 0                         |                 |
| 10   | Total Rate M10                    |               | 189                             | 13                       | 6.7289                 | -                              | (2)                            | (5)                                  | -                           | 5                          | 0                         | 0.51%           |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).

(2) Rate Order, Working Papers, Schedule 7, column (g).

(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).

(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).

(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).

(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).

(7) Rate Order, Working Papers, Schedule 15, column (f).

(8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars  | Billing Units | Adjustments to 2018 Base Rates |                                 |                                       |                                   |                                      | Proposed Revenue (\$000's)<br>(p)= sum(h:o) | NAC / LRAM Usage Adjustment (13)<br>(10³m³)<br>(q) | Proposed Forecast Usage<br>(r) = (a + q) | Proposed Rates |             |
|----------|--|---------------|--------------------------------|---------------------------------|---------------------------------------|-----------------------------------|--------------------------------------|---|--|--|----------------|-------------|
|          |  |               | 2018 DSM (9)                   | 2018 Capital Pass-Throughs (10) | 2018 Parkway Delivery Obligation (11) | 2018 Upstream Transportation (12) | Customer Charge Adjustment (\$000's) |   |  |  | Rates          | Rate Change |
|          |  |               | (\$000's)                      | (\$000's)                       | (\$000's)                             | (\$000's)                         | (\$000's)                            |   |  |  | (cents / m³)   | (%)         |
|          |  |               | (k)                            | (l)                             | (m)                                   | (n)                               | (o)                                  |   |  |  | (s) = (p / r)  | (t)         |
|          | M7 Special Large Volume Contract Rate Firm Contracts |               |                                |                                 |                                       |                                   |                                      |   |  |  |                |             |
| 1        | Monthly Demand Charge                                | 10³m³/d       | 843                            | 748                             | 458                                   | -                                 | 4,966                                | -   | 14,220   | 34.9210                                  |                |             |
| 2        | Monthly Delivery Commodity Charge                    | 10³m³         | 90                             | (1)                             | 91                                    | -                                 | 418                                  | (5,410)                                     | 115,469  | 0.3623                                   |                |             |
| 3        | Total Delivery - Firm M7                             |               | 933                            | 747                             | 548                                   | -                                 | 5,384                                | (5,410)                                     | 115,469  | 4.6628                                   | 16.2%          |             |
|          | Interruptible / Seasonal Contracts                   |               |                                |                                 |                                       |                                   |                                      |   |  |  |                |             |
| 4        | Monthly Delivery Commodity Charge                    | 10³m³         | 30                             | (9)                             | -                                     | -                                 | 48                                   | (177)                                       | 3,773  | 1.2692                                   | 2.8%           |             |
| 5        | Total Rate M7  |               | 964                            | 739                             | 548                                   | -                                 | 5,432                                | (5,587)                                     | 119,242  | 4.5554                                   | 16.0%          |             |
|          | M9 Large Wholesale Service                           |               |                                |                                 |                                       |                                   |                                      |   |  |  |                |             |
| 6        | Monthly Demand Charge                                | 10³m³/d       | -                              | 150                             | 164                                   | -                                 | 940                                  | -   | 3,993  | 23.5397                                  |                |             |
| 7        | Monthly Delivery Commodity Charge                    | 10³m³         | -                              | (1)                             | 47                                    | -                                 | 109                                  | -   | 60,750   | 0.1788                                   |                |             |
| 8        | Total Rate M9  |               | -                              | 149                             | 210                                   | -                                 | 1,048                                | -   | 60,750   | 1.7259                                   | 2.5%           |             |
|          | M10 Small Wholesale Service                          |               |                                |                                 |                                       |                                   |                                      |   |  |  |                |             |
| 9        | Monthly Delivery Commodity Charge                    | 10³m³         | -                              | 3                               | 5                                     | -                                 | 14                                   | -   | 189  | 7.1737                                   |                |             |
| 10       | Total Rate M10                                       |               | -                              | 3                               | 5                                     | -                                 | 14                                   | -   | 189  | 7.1737                                   | 6.6%           |             |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No.                      | Particulars                                | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |                            |                                  |                         | Adjusted Revenue (\$000's) | Price Cap Index (8) 0.51% | Price Cap Index |
|-------------------------------|--|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|----------------------------|----------------------------------|-------------------------|----------------------------|---------------------------|-----------------|
|                               |  |               | (1)                             | (2)                      | (3)                    | 2017 DSM                       | 2017 Capital Pass-Throughs | 2017 Parkway Delivery Obligation | Upstream Transportation |                            | (i)                       | (j)             |
|                               |  |               | (a)                             | (b)                      | (c)                    | (d)                            | (e)                        | (f)                              | (g)                     | (h) = (b+d+e+f+g)          |                           |                 |
| T1 Storage and Transportation |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Storage (\$/GJ's)             |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Demand:                       |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
|                               | Firm injection / withdrawal                |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 1                             | Union provides deliverability inventory    | GJ/d/mo.      | 492,360                         | 718                      | 1.459                  | -                              | 32                         | -                                | -                       | 750                        | 4                         |                 |
| 2                             | Customer provides deliverability inventory | GJ/d/mo.      | 166,800                         | 199                      | 1.186                  | -                              | 9                          | -                                | -                       | 207                        | 1                         |                 |
| 3                             | Incremental firm injection right           | GJ/d/mo.      | -                               | -                        | 1.186                  | -                              | -                          | -                                | -                       | -                          | -                         |                 |
| 4                             | Interruptible                              | GJ/d/mo.      | 62,244                          | 77                       | 1.186                  | -                              | -                          | -                                | -                       | 77                         | 0                         |                 |
| 5                             | Space                                      | GJ/d/mo.      | 22,396,680                      | 245                      | 0.011                  | -                              | 16                         | -                                | -                       | 261                        | 1                         |                 |
| 6                             | Commodity (Customer Provides)              | GJ            | 2,750,300                       | 21                       | 0.008                  | -                              | 0                          | -                                | -                       | 21                         | 0                         |                 |
| 7                             | Commodity (Union Provides)                 | GJ            | -                               | -                        | 0.022                  | -                              | -                          | -                                | -                       | -                          | -                         |                 |
| 8                             | Customer supplied fuel                     | GJ            | 16,442                          | 54                       | -                      | -                              | -                          | -                                | -                       | 54                         | 0                         |                 |
| Transportation (cents/ m3)    |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Demand                        |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 9                             | First 28,150 m³                            | 10³m³/d/mo    | 12,448                          | 4,411                    | 35.4376                | (854)                          | (230)                      | (273)                            | -                       | 3,055                      | 16                        |                 |
| 10                            | Next 112,720 m³                            | 10³m³/d/mo    | 13,002                          | 3,183                    | 24.4833                | (616)                          | (166)                      | (197)                            | -                       | 2,205                      | 11                        |                 |
| Commodity                     |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Firm                          |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 11                            | All Volumes                                | 10³m³         | 452,300                         | 615                      | 0.1360                 | -                              | 4                          | (267)                            | -                       | 352                        | 2                         |                 |
| 12                            | Interruptible                              | 10³m³         | 58,934                          | 789                      | 1.3393                 | (62)                           | 27                         | (28)                             | -                       | 726                        | 4                         |                 |
| 13                            | Monthly Charges                            | Meter/mo.     | 528                             | 1,006                    | \$1,905.94             | -                              | 38                         | -                                | -                       | 1,045                      | 5                         |                 |
| 14                            | Customer supplied fuel                     | 10³m³         | 2,979                           | 299                      | -                      | -                              | -                          | (48)                             | -                       | 251                        | 1                         |                 |
| 15                            | Total Rate T1                              |               | 511,234                         | 11,618                   | 2.2725                 | (1,532)                        | (269)                      | (812)                            | -                       | 9,005                      | 46                        | 0.51%           |
| T2 Storage and Transportation |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Storage (\$/GJ's)             |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Demand:                       |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
|                               | Firm injection / withdrawal                |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 16                            | Union provides deliverability inventory    | GJ/d/mo.      | 1,516,920                       | 2,213                    | 1.459                  | -                              | 101                        | -                                | -                       | 2,314                      | 12                        |                 |
| 17                            | Customer provides deliverability inventory | GJ/d/mo.      | 1,336,556                       | 1,588                    | 1.186                  | -                              | 73                         | -                                | -                       | 1,660                      | 8                         |                 |
| 18                            | Incremental firm injection right           | GJ/d/mo.      | -                               | -                        | 1.186                  | -                              | -                          | -                                | -                       | -                          | -                         |                 |
| 19                            | Interruptible                              | GJ/d/mo.      | 415,704                         | 512                      | 1.186                  | -                              | -                          | -                                | -                       | 512                        | 3                         |                 |
| 20                            | Space                                      | GJ/d/mo.      | 106,645,056                     | 1,167                    | 0.011                  | -                              | 75                         | -                                | -                       | 1,242                      | 6                         |                 |
| 21                            | Commodity (Customer Provides)              | GJ            | 7,869,782                       | 60                       | 0.008                  | -                              | 1                          | -                                | -                       | 61                         | 0                         |                 |
| 22                            | Commodity (Union Provides)                 | GJ            | -                               | -                        | 0.022                  | -                              | -                          | -                                | -                       | -                          | -                         |                 |
| 23                            | Customer supplied fuel                     | GJ            | 47,061                          | 154                      | -                      | -                              | -                          | -                                | -                       | 154                        | 1                         |                 |
| Transportation (cents/ m3)    |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Demand                        |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 24                            | First 140,870 m³                           | 10³m³/d/mo    | 49,971                          | 13,215                   | 26.4455                | (1,250)                        | (1,409)                    | (1,100)                          | -                       | 9,456                      | 48                        |                 |
| 25                            | All Over 140,870 m³                        | 10³m³/d/mo    | 167,088                         | 23,373                   | 13.9884                | (2,211)                        | (2,492)                    | (1,945)                          | -                       | 16,725                     | 85                        |                 |
| Commodity                     |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| Firm                          |  |               |                                 |                          |                        |                                |                            |                                  |                         |                            |                           |                 |
| 26                            | All Volumes                                | 10³m³         | 4,259,573                       | 1,729                    | 0.0406                 | -                              | 4                          | (1,374)                          | -                       | 359                        | 2                         |                 |
| 27                            | Interruptible                              | 10³m³         | 337,695                         | 3,393                    | 1.0047                 | (143)                          | 154                        | (32)                             | -                       | 3,371                      | 17                        |                 |
| 28                            | Monthly Charges                            | Meter/mo.     | 444                             | 2,448                    | \$5,513.81             | -                              | 293                        | -                                | -                       | 2,741                      | 14                        |                 |
| 29                            | Customer supplied fuel                     | 10³m³         | 23,922                          | 2,134                    | -                      | -                              | -                          | (228)                            | -                       | 1,906                      | 10                        |                 |
| 30                            | Total Rate T2                              |               | 4,597,268                       | 51,985                   | 1.1308                 | (3,605)                        | (3,199)                    | (4,679)                          | -                       | 40,502                     | 207                       | 0.51%           |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).  
(2) Rate Order, Working Papers, Schedule 7, column (g).  
(3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).  
(6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).  
(7) Rate Order, Working Papers, Schedule 15, column (f).  
(8) Rate Order, Working Papers, Schedule 2, line 8.



UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

|                               |  |            | Adjustments to 2018 Base Rates |               |              |                | NAC / LRAM |               |            |               | Proposed Rates |        |
|-------------------------------|--|------------|--------------------------------|---------------|--------------|----------------|------------|---------------|------------|---------------|----------------|--------|
| Line                          |  | Billing    | 2018                           | 2018 Capital  | 2018 Parkway | 2018           | Customer   | Proposed      | Usage      | Proposed      |                |        |
| No.                           | Particulars                                | Units      | DSM                            | Pass-Throughs | Delivery     | Upstream       | Charge     | Revenue       | Adjustment | Forecast      | Rates          | Rate   |
|                               |  |            | (9)                            | (10)          | Obligation   | Transportation | Adjustment | (\$000's)     | (13)       | Usage         | (cents / m³)   | Change |
|                               |  |            | (\$000's)                      | (\$000's)     | (11)         | (12)           | (\$000's)  |               | (10³m³)    |               | (s) = (p / r)  | (%)    |
|                               |  |            | (k)                            | (l)           | (m)          | (n)            | (o)        | (p)= sum(h:o) | (q)        | (r) = (a + q) |                | (t)    |
| T1 Storage and Transportation |  |            |                                |               |              |                |            |               |            |               |                |        |
| Storage (\$/GJ's)             |  |            |                                |               |              |                |            |               |            |               |                |        |
| Demand:                       |  |            |                                |               |              |                |            |               |            |               |                |        |
| Firm injection / withdrawal   |  |            |                                |               |              |                |            |               |            |               |                |        |
| 1                             | Union provides deliverability inventory    | GJ/d/mo.   | -                              | (36)          | -            | -              |            | 718           | -          | 492,360       | 1.457          |        |
| 2                             | Customer provides deliverability inventory | GJ/d/mo.   | -                              | (10)          | -            | -              |            | 198           | -          | 166,800       | 1.184          |        |
| 3                             | Incremental firm injection right           | GJ/d/mo.   | -                              | -             | -            | -              |            | -             | -          | -             | 1.184          |        |
| 4                             | Interruptible                              | GJ/d/mo.   | -                              | -             | -            | -              |            | 77            | -          | 62,244        | 1.184          |        |
| 5                             | Space                                      | GJ/d/mo.   | -                              | (21)          | -            | -              |            | 241           | -          | 22,396,680    | 0.011          |        |
| 6                             | Commodity (Customer Provides)              | GJ         | -                              | (1)           | -            | -              |            | 21            | -          | 2,750,300     | 0.008          |        |
| 7                             | Commodity (Union Provides)                 | GJ         | -                              | -             | -            | -              |            | -             | -          | -             | 0.022          |        |
| 8                             | Customer supplied fuel                     | GJ         | -                              | -             | -            | -              |            | 54            | -          | 16,442        | -              |        |
| Transportation (cents/ m3)    |  |            |                                |               |              |                |            |               |            |               |                |        |
| Demand                        |  |            |                                |               |              |                |            |               |            |               |                |        |
| 9                             | First 28,150 m³                            | 10³m³/d/mo | 876                            | 892           | 285          | -              |            | 5,124         | -          | 12,448        | 41.1636        |        |
| 10                            | Next 112,720 m³                            | 10³m³/d/mo | 632                            | 644           | 206          | -              |            | 3,698         | -          | 13,002        | 28.4393        |        |
| Commodity                     |  |            |                                |               |              |                |            |               |            |               |                |        |
| Firm                          |  |            |                                |               |              |                |            |               |            |               |                |        |
| 11                            | All Volumes                                | 10³m³      | -                              | (6)           | 163          | -              |            | 511           | (3,446)    | 448,854       | 0.1138         |        |
| 12                            | Interruptible                              | 10³m³      | 64                             | (34)          | 17           | -              |            | 777           | (449)      | 58,485        | 1.3287         |        |
| 13                            | Monthly Charges                            | Meter/mo.  | -                              | (49)          | -            | -              |            | 1,001         | -          | 528           | \$1,895.82     |        |
| 14                            | Customer supplied fuel                     | 10³m³      | -                              | -             | 47           | -              |            | 299           | -          | 2,979         | -              |        |
| 15                            | Total Rate T1                              |            | 1,573                          | 1,378         | 718          | -              | -          | 12,719        | (3,895)    | 507,339       | 2.5070         | 10.3%  |
| T2 Storage and Transportation |  |            |                                |               |              |                |            |               |            |               |                |        |
| Storage (\$/GJ's)             |  |            |                                |               |              |                |            |               |            |               |                |        |
| Demand:                       |  |            |                                |               |              |                |            |               |            |               |                |        |
| Firm injection / withdrawal   |  |            |                                |               |              |                |            |               |            |               |                |        |
| 16                            | Union provides deliverability inventory    | GJ/d/mo.   | -                              | (116)         | -            | -              |            | 2,210         | -          | 1,516,920     | 1.457          |        |
| 17                            | Customer provides deliverability inventory | GJ/d/mo.   | -                              | (83)          | -            | -              |            | 1,586         | -          | 1,336,556     | 1.184          |        |
| 18                            | Incremental firm injection right           | GJ/d/mo.   | -                              | -             | -            | -              |            | -             | -          | -             | 1.184          |        |
| 19                            | Interruptible                              | GJ/d/mo.   | -                              | -             | -            | -              |            | 514           | -          | 415,704       | 1.184          |        |
| 20                            | Space                                      | GJ/d/mo.   | -                              | (99)          | -            | -              |            | 1,149         | -          | 106,645,056   | 0.011          |        |
| 21                            | Commodity (Customer Provides)              | GJ         | -                              | (2)           | -            | -              |            | 59            | -          | 7,869,782     | 0.008          |        |
| 22                            | Commodity (Union Provides)                 | GJ         | -                              | -             | -            | -              |            | -             | -          | -             | 0.022          |        |
| 23                            | Customer supplied fuel                     | GJ         | -                              | -             | -            | -              |            | 155           | -          | 47,061        | -              |        |
| Transportation (cents/ m3)    |  |            |                                |               |              |                |            |               |            |               |                |        |
| Demand                        |  |            |                                |               |              |                |            |               |            |               |                |        |
| 24                            | First 140,870 m³                           | 10³m³/d/mo | 1,267                          | 4,410         | 1,149        | -              |            | 16,330        | -          | 49,971        | 32.6795        |        |
| 25                            | All Over 140,870 m³                        | 10³m³/d/mo | 2,241                          | 7,799         | 2,032        | -              |            | 28,883        | -          | 167,088       | 17.2859        |        |
| Commodity                     |  |            |                                |               |              |                |            |               |            |               |                |        |
| Firm                          |  |            |                                |               |              |                |            |               |            |               |                |        |
| 26                            | All Volumes                                | 10³m³      | -                              | (7)           | 840          | -              |            | 1,193         | (28,152)   | 4,231,421     | 0.0282         |        |
| 27                            | Interruptible                              | 10³m³      | 145                            | (182)         | 20           | -              |            | 3,372         | (2,232)    | 335,463       | 1.0051         |        |
| 28                            | Monthly Charges                            | Meter/mo.  | -                              | (341)         | -            | -              |            | 2,414         | -          | 444           | \$5,437.16     |        |
| 29                            | Customer supplied fuel                     | 10³m³      | -                              | -             | 223          | -              |            | 2,139         | -          | 23,922        | -              |        |
| 30                            | Total Rate T2                              |            | 3,653                          | 11,379        | 4,263        | -              | -          | 60,004        | (30,384)   | 4,566,884     | 1.3139         | 16.2%  |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |                                |                                      |                             | Adjusted Revenue (\$000's) | Price Cap Index (8) 0.51% | Price Cap Index |
|----------|--|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|--------------------------------|--------------------------------------|-----------------------------|----------------------------|---------------------------|-----------------|
|          |  |               | (1)                             | (2)                      | (3)                    | 2017 DSM (4)                   | 2017 Capital Pass-Throughs (5) | 2017 Parkway Delivery Obligation (6) | Upstream Transportation (8) |                            | (i)                       | (j)             |
|          |  |               | (a)                             | (\$000's)                | (cents / m³)           | (\$000's)                      | (\$000's)                      | (\$000's)                            | (\$000's)                   | (h) = (b+d+e+f+g)          |                           |                 |
|          | T3   |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
|          | Storage (\$/GJ's)                          |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
|          | Demand:                                    |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
|          | Firm injection / withdrawal                |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 1        | Union provides deliverability inventory    | GJ/d/mo.      | -                               | -                        | 1.459                  | -                              | -                              | -                                    | -                           | -                          | -                         | -               |
| 2        | Customer provides deliverability inventory | GJ/d/mo.      | 679,320                         | 802                      | 1.186                  | -                              | 42                             | -                                    | -                           | 843                        | 4                         |                 |
| 3        | Incremental firm injection right           | GJ/d/mo.      | -                               | -                        | 1.186                  | -                              | -                              | -                                    | -                           | -                          | -                         |                 |
| 4        | Interruptible                              | GJ/d/mo.      | -                               | -                        | 1.186                  | -                              | -                              | -                                    | -                           | -                          | -                         |                 |
| 5        | Space                                      | GJ/d/mo.      | 36,614,256                      | 400                      | 0.011                  | -                              | 26                             | -                                    | -                           | 426                        | 2                         |                 |
| 6        | Commodity (Customer Provides)              | GJ            | 4,459,672                       | 34                       | 0.008                  | -                              | 1                              | -                                    | -                           | 34                         | 0                         |                 |
| 7        | Commodity (Union Provides)                 | GJ            | -                               | -                        | 0.022                  | -                              | -                              | -                                    | -                           | -                          | -                         |                 |
| 8        | Customer supplied fuel                     | GJ            | 26,668                          | 87                       | -                      | -                              | -                              | -                                    | -                           | 87                         | 0                         |                 |
|          | Transportation (cents/ m3)                 |               |                                 |                          |                        |                                |                                |                                      |                             |                            |                           |                 |
| 9        | Demand                                     | 10³m³/d/mo    | 28,200                          | 4,715                    | 16.7213                | -                              | (894)                          | (1,103)                              | -                           | 2,718                      | 14                        |                 |
| 10       | Commodity                                  | 10³m³         | 272,712                         | 301                      | 0.1104                 | -                              | 0                              | (271)                                | -                           | 30                         | 0                         |                 |
| 11       | Monthly Charges                            | Meter/mo.     | 12                              | 240                      | \$19,968.19            | -                              | 11                             | -                                    | -                           | 250                        | 1                         |                 |
| 12       | Customer supplied fuel                     | 10³m³         | 1,972                           | 189                      | -                      | -                              | -                              | (44)                                 | -                           | 145                        | 1                         |                 |
| 13       | Total Rate T3                              |               | <u>272,712</u>                  | <u>6,769</u>             | <u>2.4820</u>          | <u>-</u>                       | <u>(815)</u>                   | <u>(1,419)</u>                       | <u>-</u>                    | <u>4,535</u>               | <u>23</u>                 | <u>0.51%</u>    |
|          | Gas Supply Admin Charge                    |               |                                 | <u>6,723</u>             |                        | -                              | 66                             | -                                    | -                           | 6,789                      |                           |                 |
| 14       | Total In-franchise                         |               |                                 | <u>917,819</u>           |                        | <u>(58,570)</u>                | <u>6,537</u>                   | <u>(25,117)</u>                      | <u>(96,236)</u>             | <u>744,433</u>             | <u>3,762</u>              |                 |

- Notes:
- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).
  - (2) Rate Order, Working Papers, Schedule 7, column (g).
  - (3) EB-2017-0278, Appendix A, rates effective October 1, 2017 (excludes Price Adjustments), minus Cap-and-Trade facility-related unit rates per EB-2016-0296, Exhibit 7, Schedule 1, p. 2, column (g) (where applicable).
  - (4) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).
  - (5) EB-2016-0245, Rate Order, Working Papers, Schedule 10, column (d).
  - (6) EB-2015-0245, Rate Order, Working Papers, Schedule 20, p. 1, column (i) + EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).
  - (7) Rate Order, Working Papers, Schedule 15, column (f).
  - (8) Rate Order, Working Papers, Schedule 2, line 8.

UNION GAS LIMITED  
Union South  
In-Franchise Customers  
Effective January 1, 2018

| Line No. | Particulars                                | Billing Units | Adjustments to 2018 Base Rates |   |   |   | Customer Charge Adjustment (\$000's) (o) | Proposed Revenue (\$000's) (p)= sum(h:o) | NAC / LRAM Usage Adjustment (13) (10³m³) (q) | Proposed Forecast Usage (r) = (a + q) | Proposed Rates                   |                     |
|----------|--|---------------|--------------------------------|---|---|---|--|--|--|---------------------------------------|----------------------------------|---------------------|
|          |  |               | 2018 DSM (9) (\$000's) (k)     | 2018 Capital Pass-Throughs (10) (\$000's) (l) | 2018 Parkway Delivery Obligation (11) (\$000's) (m) | 2018 Upstream Transportation (12) (\$000's) (n) |  |  |  |                                       | Rates (cents / m³) (s) = (p / r) | Rate Change (%) (t) |
|          |  |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
|          | T3   |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
|          | Storage (\$/GJ's)                          |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
|          | Demand:                                    |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
|          | Firm injection / withdrawal                |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 1        | Union provides deliverability inventory    | GJ/d/mo.      | -                              | -   | -   | -   | -  | -  | -  | -                                     | 1.457                            |                     |
| 2        | Customer provides deliverability inventory | GJ/d/mo.      | -                              | (48)  | -   | -   | 800                                      | -  | -  | 679,320                               | 1.184                            |                     |
| 3        | Incremental firm injection right           | GJ/d/mo.      | -                              | -   | -   | -   | -  | -  | -  | -                                     | 1.184                            |                     |
| 4        | Interruptible                              | GJ/d/mo.      | -                              | -   | -   | -   | -  | -  | -  | -                                     | 1.184                            |                     |
| 5        | Space                                      | GJ/d/mo.      | -                              | (34)  | -   | -   | 394                                      | -  | -  | 36,614,256                            | 0.011                            |                     |
| 6        | Commodity (Customer Provides)              | GJ            | -                              | (1)   | -   | -   | 34                                       | -  | -  | 4,459,672                             | 0.008                            |                     |
| 7        | Commodity (Union Provides)                 | GJ            | -                              | -   | -   | -   | -  | -  | -  | -                                     | 0.022                            |                     |
| 8        | Customer supplied fuel                     | GJ            | -                              | -   | -   | -   | 88                                       | -  | -  | 26,668                                | -                                |                     |
|          | Transportation (cents/ m3)                 |               |                                |   |   |   |  |  |  |                                       |                                  |                     |
| 9        | Demand                                     | 10³m³/d/mo    | -                              | 1,188   | 1,153   | -   | 5,073                                    | -  | -  | 28,200                                | 17.9887                          |                     |
| 10       | Commodity                                  | 10³m³         | -                              | (1)   | 166   | -   | 195                                      | -  | -  | 272,712                               | 0.0717                           |                     |
| 11       | Monthly Charges                            | Meter/mo.     | -                              | (13)  | -   | -   | 238                                      | -  | -  | 12                                    | \$19,838.78                      |                     |
| 12       | Customer supplied fuel                     | 10³m³         | -                              | -   | 43  | -   | 189                                      | -  | -  | 1,972                                 | 0                                |                     |
| 13       | Total Rate T3                              |               | -                              | 1,091   | 1,361   | -   | -  | 7,011                                    | -  | 272,712                               | 2.5708                           | 3.6%                |
|          | Gas Supply Admin Charge                    |               | -                              | (100)   | -   | -   | -  | 6,689                                    |  |                                       |                                  |                     |
| 14       | Total In-franchise                         |               | 63,272                         | 9,560   | 23,970  | 96,429  | 0  | 941,425                                  |  |                                       |                                  |                     |

Notes:  
(9) Rate Order, Working Papers, Schedule 11, column (b).  
(10) Rate Order, Working Papers, Schedule 10, column (d).  
(11) Rate Order, Working Papers, Schedule 20.  
(12) Rate Order, Working Papers, Schedule 23, column (c).  
(13) Rate Order, Working Papers, Schedule 12, p. 2 and 3, column (c) and Rate Order, Working Papers, Schedule 17, column (a).

UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.                                  | Particulars   | Billing Units | Current Approved Forecast Usage<br>(1) | Current Approved Revenue<br>(2)<br>(\$000's) | Current Approved Rates<br>(3)<br>(\$/ GJ) | Adjustments to 2017 Base Rates |   |   |                                      |                               |                                       |                        |
|---|---|---------------|--|--|---|--------------------------------|---|---|--------------------------------------|-------------------------------|---------------------------------------|------------------------|
|   |   |               |  |  |   | 2017 DSM<br>(\$000's)          | 2017 Capital Pass-Throughs<br>(\$000's) | 2017 Parkway                            |                                      | Adjusted Revenue<br>(\$000's) | Price Cap Index<br>0.51%<br>(\$000's) | Price Cap Index<br>(%) |
|   |   |               |  |  |   |                                |   | Delivery Obligation<br>(5)<br>(\$000's) | Upstream Transportation<br>(\$000's) |                               |                                       |                        |
|   |   |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| (a) (b) (c) (d) (e) (f) (g) (i) (j)       |   |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| <b><u>M12 Transportation Service</u></b>  |   |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| <b><u>Demand:</u></b>                     |   |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
|   | Dawn to Kirkwall                                    |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 1   | - 12 months   | GJ/d/mo       | 419,318                                | 16,118                                       | 2.865                                     | -                              | (4,402)                                 | -                                       | -                                    | 11,716                        | 60                                    |                        |
| 2   | - 10 months   | GJ/d/mo       | 304,563                                | 8,726  | 2.865                                     | -                              | (2,383)                                 | -                                       | -                                    | 6,343                         | 32                                    |                        |
| 3   | - 2 months  | GJ/d/mo       | 18,365                                 | 105  | 2.865                                     | -                              | (29)                                    | -                                       | -                                    | 76                            | 0                                     |                        |
| 4   | - F24-T - 12 months                                 | GJ/d/mo       | 49,500                                 | 41   | 0.070                                     | -                              | 0                                       | -                                       | -                                    | 41                            | 0                                     |                        |
|   | Dawn to Parkway                                     |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 5   | - 12 months   | GJ/d/mo       | 3,920,130                              | 172,578                                      | 3.402                                     | -                              | (67,947)                                | -                                       | -                                    | 104,630                       | 534                                   |                        |
| 6   | - 10 months   | GJ/d/mo       | 65,000                                 | 2,211  | 3.402                                     | -                              | (607)                                   | -                                       | -                                    | 1,604                         | 8                                     |                        |
| 7   | - 3 months  | GJ/d/mo       | 2,000                                  | 20   | 3.402                                     | -                              | (5)                                     | -                                       | -                                    | 15                            | 0                                     |                        |
| 8   | - F24-T - 12 months                                 | GJ/d/mo       | 307,000                                | 328  | 0.070                                     | -                              | 0                                       | -                                       | -                                    | 328                           | 2                                     |                        |
|   | M12-X Easterly (between Dawn, Kirkwall and Parkway) |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 9   | - 12 months   | GJ/d/mo       | 391,011                                | 15,963                                       | 3.402                                     | -                              | (4,384)                                 | -                                       | -                                    | 11,579                        | 59                                    |                        |
|   | M12-X Westerly (between Dawn, Kirkwall and Parkway) |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 10  | - 12 months   | GJ/d/mo       | 391,011                                | 3,926  | 0.837                                     | -                              | (1,110)                                 | -                                       | -                                    | 2,815                         | 14                                    |                        |
|   | Kirkwall to Parkway                                 |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 11  | - 12 months   | GJ/d/mo       | 138,940                                | 896  | 0.537                                     | -                              | (486)                                   | -                                       | -                                    | 409                           | 2                                     |                        |
| 12  | - 2 months  | GJ/d/mo       | 174,752                                | 188  | 0.537                                     | -                              | (53)                                    | -                                       | -                                    | 135                           | 1                                     |                        |
| <b><u>Fuel and Commodity Charges:</u></b> |   |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
|   | Fuel  |               |  |  |   |                                |   |   |                                      |                               |                                       |                        |
| 13  | Easterly - Providing Own Fuel                       | GJ            | 705,499,899                            | 23,914                                       |   | -                              | -                                       | (652)                                   | -                                    | 23,262                        | 119                                   |                        |
| 14  | Westerly - Providing Own Fuel                       | GJ            | 5,936,749                              | 50   |   | -                              | -                                       | -                                       | -                                    | 50                            | 0                                     |                        |
| 15  | <b>Total Rate M12</b>                               |               | <b>711,436,648</b>                     | <b>245,065</b>                               |   | <b>-</b>                       | <b>(81,408)</b>                         | <b>(652)</b>                            | <b>-</b>                             | <b>163,005</b>                | <b>831</b>                            | <b>0.51%</b>           |

- Notes:
- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).
  - (2) Rate Order, Working Papers, Schedule 7, Page 2, column (e).
  - (3) EB-2017-0278 Appendix A, rates effective October 1, 2017.
  - (4) EB-2016-0245, Rate Order, Working Papers, Schedule 10, columns (d).
  - (5) EB-2016-0245, Rate Order, Working Papers, Schedule 20.

UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.  | Particulars                   | Billing Units | Adjustments to 2018 Base Rates |   |   |   |   |   | Proposed Rates                        |  |                                    |                           |
|---|-------------------------------|---------------|--------------------------------|---|---|---|---|---|---------------------------------------|--|------------------------------------|---------------------------|
|   |                               |               | 2018 DSM<br>(\$000's)<br>(k)   | 2018 Capital Pass-Throughs<br>(6)<br>(\$000's)<br>(l) | 2018 Parkway Delivery Obligation<br>(7)<br>(\$000's)<br>(m) | Add Back Upstream Transportation<br>(\$000's)<br>(n) = (-g) | Proposed Revenue<br>(\$000's)<br>(o) = sum(h:n) | Proposed Rates<br>(\$/ GJ)<br>(p) = (o / a) | Demand Adjustment<br>(GJ/d/mo)<br>(q) | Usage including Adjustment<br>(r) = (a + q ) | Rates<br>(\$/ GJ)<br>(s) = (o / r) | Rate Change<br>(%)<br>(t) |
|   |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
|   |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| <b><u>M12 Transportation Service</u></b>            |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| <b><u>Demand:</u></b>                               |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| Dawn to Kirkwall                                    |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 1   | - 12 months                   | GJ/d/mo       | -                              | 5,970   | -   | -   | 17,746  | -   | -                                     | 419,318                                      | 3.154                              |                           |
| 2   | - 10 months                   | GJ/d/mo       | -                              | 3,232   | -   | -   | 9,607   | -   | -                                     | 304,563                                      | 3.154                              |                           |
| 3   | - 2 months                    | GJ/d/mo       | -                              | 39  | -   | -   | 116   | -   | -                                     | 18,365                                       | 3.154                              |                           |
| 4   | - F24-T - 12 months           | GJ/d/mo       | -                              | (0)   | -   | -   | 42  | -   | -                                     | 49,500                                       | 0.070                              |                           |
| Dawn to Parkway                                     |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 5   | - 12 months                   | GJ/d/mo       | -                              | 96,781  | -   | -   | 201,944   | -   | 301,735                               | 4,221,865                                    | 3.716                              |                           |
| 6   | - 10 months                   | GJ/d/mo       | -                              | 803   | -   | -   | 2,415   | -   | -                                     | 65,000                                       | 3.716                              |                           |
| 7   | - 3 months                    | GJ/d/mo       | -                              | 7   | -   | -   | 22  | -   | -                                     | 2,000  | 3.716                              |                           |
| 8   | - F24-T - 12 months           | GJ/d/mo       | -                              | (0)   | -   | -   | 330   | -   | -                                     | 307,000                                      | 0.070                              |                           |
| M12-X Easterly (between Dawn, Kirkwall and Parkway) |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 9   | - 12 months                   | GJ/d/mo       | -                              | 5,797   | -   | -   | 17,435  | -   | -                                     | 391,011                                      | 3.716                              |                           |
| M12-X Westerly (between Dawn, Kirkwall and Parkway) |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 10  | - 12 months                   | GJ/d/mo       | -                              | 1,274   | -   | -   | 4,103   | -   | -                                     | 391,011                                      | 0.874                              |                           |
| Kirkwall to Parkway                                 |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 11  | - 12 months                   | GJ/d/mo       | -                              | 1,001   | -   | -   | 1,412   | -   | 70,712                                | 209,652                                      | 0.561                              |                           |
| 12  | - 2 months                    | GJ/d/mo       | -                              | 61  | -   | -   | 196   | -   | -                                     | 174,752                                      | 0.561                              |                           |
| <b><u>Fuel and Commodity Charges:</u></b>           |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| Fuel  |                               |               |                                |   |   |   |   |   |                                       |  |                                    |                           |
| 13  | Easterly - Providing Own Fuel | GJ            | -                              | -   | 680   | -   | 24,061  | -   | -                                     | 705,499,899                                  |                                    |                           |
| 14  | Westerly - Providing Own Fuel | GJ            | -                              | -   | -   | -   | 50  | -   | -                                     | 5,936,749                                    |                                    |                           |
| 15  | <b>Total Rate M12</b>         |               | -                              | 114,965   | 680   | -   | 279,481   | -   | 372,447                               | 711,436,648                                  |                                    | 14.0%                     |

Notes:  
(6) Rate Order, Working Papers, Schedule 10, column (d).  
(7) Rate Order, Working Papers, Schedule 20, column (c).

UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.   | Particulars                    | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |                            |                                  |                         |                   |          |              | Adjusted Revenue (\$000's) | Price Cap Index (\$000's) | Price Cap Index (%) |
|--|--------------------------------|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|----------------------------|----------------------------------|-------------------------|-------------------|----------|--------------|----------------------------|---------------------------|---------------------|
|  |                                |               | (1)                             | (2)                      | (3)                    | 2017 DSM                       | 2017 Capital Pass-Throughs | 2017 Parkway Delivery Obligation | Upstream Transportation | (h) = (b+d+e+f+g) | (i)      | (j)          |                            |                           |                     |
|  |                                |               | (\$000's)                       | (\$/ GJ)                 | (\$000's)              | (\$000's)                      | (\$000's)                  | (\$000's)                        |                         |                   |          |              |                            |                           |                     |
|  |                                |               | (a)                             | (b)                      | (c)                    | (d)                            | (e)                        | (f)                              | (g)                     |                   |          |              |                            |                           |                     |
| <b><u>M13 Transportation of Locally Produced Gas</u></b> |                                |               |                                 |                          |                        |                                |                            |                                  |                         |                   |          |              |                            |                           |                     |
| 1  | Monthly Fixed Charge           | monthly       | 15                              | 171                      | \$952.72               | -                              | -                          | -                                | -                       | 171               | 1        |              |                            |                           |                     |
| 2  | Transmission Commodity Charge  | GJ            | 5,934,507                       | 203                      | 0.035                  | -                              | 5                          | -                                | -                       | 208               | 1        |              |                            |                           |                     |
| 3  | Commodity - Providing Own Fuel | GJ            | 5,934,507                       | 33                       | 0.006                  | -                              | -                          | -                                | -                       | 33                | 0        |              |                            |                           |                     |
| 4  | <b>Total Rate M13</b>          |               | <u>5,934,507</u>                | <u>407</u>               |                        | <u>-</u>                       | <u>5</u>                   | <u>-</u>                         | <u>-</u>                | <u>412</u>        | <u>2</u> | <u>0.51%</u> |                            |                           |                     |
| <b><u>M16 Transportation Service</u></b>                 |                                |               |                                 |                          |                        |                                |                            |                                  |                         |                   |          |              |                            |                           |                     |
| 5  | Monthly Fixed Charge           | monthly       | 4                               | 73                       | \$1,515.67             | -                              | -                          | -                                | -                       | 73                | 0        |              |                            |                           |                     |
| 6  | Transmission Commodity Charge  | GJ            | 6,236,394                       | 217                      | 0.035                  | -                              | 0                          | -                                | -                       | 217               | 1        |              |                            |                           |                     |
| Charges West of Dawn:                                    |                                |               |                                 |                          |                        |                                |                            |                                  |                         |                   |          |              |                            |                           |                     |
| 7  | Firm Demand Charge             | GJ/d          | 17,846                          | 224                      | 1.045                  | -                              | 9                          | -                                | -                       | 233               | 1        |              |                            |                           |                     |
| 8  | Fuel & UFG to Dawn             | GJ            | 4,098,775                       | 23                       | 0.006                  | -                              | -                          | -                                | -                       | 23                | 0        |              |                            |                           |                     |
| 9  | Fuel & UFG to Pool             | GJ            | 4,098,775                       | 65                       | 0.016                  | -                              | -                          | -                                | -                       | 65                | 0        |              |                            |                           |                     |
| Charges East of Dawn:                                    |                                |               |                                 |                          |                        |                                |                            |                                  |                         |                   |          |              |                            |                           |                     |
| 10   | Firm Demand Charge             | GJ/d          | 9,067                           | 84                       | 0.770                  | -                              | -                          | -                                | -                       | 84                | 0        |              |                            |                           |                     |
| 11   | Fuel & UFG to Dawn             | GJ            | 2,137,619                       | 12                       | 0.006                  | -                              | -                          | -                                | -                       | 12                | 0        |              |                            |                           |                     |
| 12   | Fuel & UFG to Pool             | GJ            | 2,137,619                       | 14                       | 0.007                  | -                              | -                          | (3)                              | -                       | 11                | 0        |              |                            |                           |                     |
| 13   | <b>Total Rate M16</b>          |               | <u>12,472,788</u>               | <u>711</u>               |                        | <u>-</u>                       | <u>10</u>                  | <u>(3)</u>                       | <u>-</u>                | <u>718</u>        | <u>4</u> | <u>0.51%</u> |                            |                           |                     |

Notes:

(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).  
(2) Rate Order, Working Papers, Schedule 7, Page 2, column (e).  
(3) EB-2017-0278 Appendix A, rates effective October 1, 2017.  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 10, columns (d).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 20.

UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.  | Particulars                    | Billing Units | Adjustments to 2018 Base Rates |  |  |   | Proposed Revenue (\$000's) | Proposed Rates (\$/ GJ) | Demand Adjustment (GJ/d/mo) | Proposed Rates                           |                              |                     |
|---|--------------------------------|---------------|--------------------------------|--|--|---|----------------------------|-------------------------|-----------------------------|--|------------------------------|---------------------|
|   |                                |               | 2018 DSM (\$000's)             | 2018 Capital Pass-Throughs (6) (\$000's) | 2018 Parkway Delivery Obligation (7) (\$000's) | Add Back Upstream Transportation (n) = (-g) (\$000's) |                            |                         |                             | Usage including Adjustment (r) = (a + q) | Rates (\$/ GJ) (s) = (o / r) | Rate Change (%) (t) |
|   |                                |               | (k)                            | (l)                                      | (m)  | (n) = (-g)  | (o) = sum(h:n)             | (p) = (o / a)           | (q)                         | (r) = (a + q)                            | (s) = (o / r)                | (t)                 |
| <b>M13 Transportation of Locally Produced Gas</b> |                                |               |                                |  |  |   |                            |                         |                             |  |                              |                     |
| 1   | Monthly Fixed Charge           | monthly       | -                              | -  | -  | -   | 172                        |                         | -                           | 15                                       | \$957.58                     |                     |
| 2   | Transmission Commodity Charge  | GJ            | -                              | (2)                                      | -  | -   | 206                        |                         | -                           | 5,934,507                                | 0.035                        |                     |
| 3   | Commodity - Providing Own Fuel | GJ            | -                              | -  | -  | -   | 33                         |                         | -                           | 5,934,507                                | 0.006                        |                     |
| 4   | <b>Total Rate M13</b>          |               | <u>-</u>                       | <u>(2)</u>                               | <u>-</u>                                       | <u>-</u>  | <u>412</u>                 | <u>-</u>                | <u>-</u>                    | <u>5,934,507</u>                         |                              | <u>1.1%</u>         |
| <b>M16 Transportation Service</b>                 |                                |               |                                |  |  |   |                            |                         |                             |  |                              |                     |
| 5   | Monthly Fixed Charge           | monthly       | -                              | -  | -  | -   | 73                         |                         | -                           | 4  | \$1,523.40                   |                     |
| 6   | Transmission Commodity Charge  | GJ            | -                              | (0)                                      | -  | -   | 218                        |                         | -                           | 6,236,394                                | 0.035                        |                     |
| Charges West of Dawn:                             |                                |               |                                |  |  |   |                            |                         |                             |  |                              |                     |
| 7   | Firm Demand Charge             | GJ/d          | -                              | 441                                      | -  | -   | 676                        |                         | -                           | 17,846                                   | \$3.155                      |                     |
| 8   | Fuel & UFG to Dawn             | GJ            | -                              | -  | -  | -   | 23                         |                         | -                           | 4,098,775                                | 0.006                        |                     |
| 9   | Fuel & UFG to Pool             | GJ            | -                              | -  | -  | -   | 65                         |                         | -                           | 4,098,775                                | 0.016                        |                     |
| Charges East of Dawn:                             |                                |               |                                |  |  |   |                            |                         |                             |  |                              |                     |
| 10  | Firm Demand Charge             | GJ/d          | -                              | -  | -  | -   | 84                         |                         | -                           | 9,067                                    | \$0.774                      |                     |
| 11  | Fuel & UFG to Dawn             | GJ            | -                              | -  | -  | -   | 12                         |                         | -                           | 2,137,619                                | 0.006                        |                     |
| 12  | Fuel & UFG to Pool             | GJ            | -                              | -  | 2  | -   | 13                         |                         | -                           | 2,137,619                                | 0.006                        |                     |
| 13  | <b>Total Rate M16</b>          |               | <u>-</u>                       | <u>441</u>                               | <u>2</u>                                       | <u>-</u>  | <u>1,165</u>               | <u>-</u>                | <u>-</u>                    | <u>12,472,788</u>                        |                              | <u>63.7%</u>        |

Notes:  
(6) Rate Order, Working Papers, Schedule 10, column (d).  
(7) Rate Order, Working Papers, Schedule 20, column (c).

UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.                                  | Particulars                                   | Billing Units | Current Approved Forecast Usage | Current Approved Revenue | Current Approved Rates | Adjustments to 2017 Base Rates |  |  |                                   |                            |     |     | Price Cap Index (\$000's) | Price Cap Index (%) |     |     |     |     |     |                   |     |
|---|---|---------------|---------------------------------|--------------------------|------------------------|--------------------------------|--|--|-----------------------------------|----------------------------|-----|-----|---------------------------|---------------------|-----|-----|-----|-----|-----|-------------------|-----|
|   |   |               | (1)                             | (2)                      | (3)                    | 2017 DSM (\$000's)             | 2017 Capital Pass-Throughs (4) (\$000's) | 2017 Parkway Delivery Obligation (5) (\$000's) | Upstream Transportation (\$000's) | Adjusted Revenue (\$000's) |     |     |                           |                     |     |     |     |     |     |                   |     |
|   |   |               |                                 |                          |                        |                                |  |  |                                   |                            | (a) | (b) |                           |                     | (c) | (d) | (e) | (f) | (g) | (h) = (b+d+e+f+g) | (i) |
|   |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| C1 Cross Franchise Transportation Service |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| Storage Service:                          |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 1   | Peak Storage (Short-term)                     | GJ            | 22,489,337                      | 7,665                    |                        | -                              | 239                                      | -  | -                                 | 7,904                      | n/a |     |                           |                     |     |     |     |     |     |                   |     |
| Commodity                                 |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 2   | Off Peak Storage/ Balancing / Loans           | GJ            |                                 | 2,500                    |                        | -                              | -  | -  | -                                 | 2,500                      | n/a |     |                           |                     |     |     |     |     |     |                   |     |
| Transportation Service:                   |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| Demand:                                   |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 3   | St.Claire & Dawn / Ojibway & Dawn - 12 months | GJ/mo         | 85,460                          | 3,246                    | 1.045                  | -                              | 45                                       | -  | -                                 | 3,291                      | 17  |     |                           |                     |     |     |     |     |     |                   |     |
| Parkway to Dawn/Kirkwall                  |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 4   | - 12 months                                   | GJ/mo         | 347,371                         | 3,488                    | 0.837                  | -                              | (986)                                    | -  | -                                 | 2,501                      | 13  |     |                           |                     |     |     |     |     |     |                   |     |
| 5   | - 3 months                                    | GJ/mo         | 54,357                          | 136                      | 0.837                  | -                              | (39)                                     | -  | -                                 | 98                         | 0   |     |                           |                     |     |     |     |     |     |                   |     |
| 6   | Kirkwall to Dawn                              | GJ/mo         | -                               | -                        | 1.475                  | -                              | -  | -  | -                                 | -                          | -   |     |                           |                     |     |     |     |     |     |                   |     |
| Dawn to Parkway                           |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 7   | - 12 months                                   | GJ/mo         | 7,065                           | 424                      | 3.402                  | -                              | -  | -  | -                                 | 424                        | 2   |     |                           |                     |     |     |     |     |     |                   |     |
| 8   | - 12 months North T-Service                   | GJ/mo         | 30,111                          | 1,229                    | 3.402                  | -                              | (1,229)                                  | -  | -                                 | -                          | -   |     |                           |                     |     |     |     |     |     |                   |     |
| 9   | Kirkwall to Parkway                           | GJ/mo         | -                               | -                        | 0.537                  | -                              | -  | -  | -                                 | -                          | -   |     |                           |                     |     |     |     |     |     |                   |     |
| Dawn to Dawn-Vector                       |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 10  | - 12 months                                   | GJ/mo         | 92,845                          | 33                       | 0.029                  | -                              | -  | -  | -                                 | 33                         | 0   |     |                           |                     |     |     |     |     |     |                   |     |
| Dawn to Dawn-TCPL                         |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 11  | - 12 months                                   | GJ/mo         | 500,000                         | 828                      | 0.138                  | -                              | -  | -  | -                                 | 828                        | 4   |     |                           |                     |     |     |     |     |     |                   |     |
| Firm Commodity                            |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| Easterly                                  |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| Union Providing Fuel                      |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 12  | Dawn to Parkway (TCPL / EGT)                  | GJ            | 2,423,295                       | 94                       |                        | -                              | -  | (7)  | -                                 | 86                         | 0   |     |                           |                     |     |     |     |     |     |                   |     |
| Providing Own Fuel                        |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 13  | Dawn to Dawn-TCPL                             | GJ            | 5,000,000                       | 85                       |                        | -                              | -  | -  | -                                 | 85                         | 0   |     |                           |                     |     |     |     |     |     |                   |     |
| 14  | Dawn to Dawn-Vector                           | GJ            | 18,280,703                      | 251                      |                        | -                              | -  | -  | -                                 | 251                        | 1   |     |                           |                     |     |     |     |     |     |                   |     |
| 15  | Ojibway to Dawn                               | GJ            | 9,968,577                       | 169                      |                        | -                              | -  | -  | -                                 | 169                        | 1   |     |                           |                     |     |     |     |     |     |                   |     |
| Westerly - Providing Own Fuel             |   |               |                                 |                          |                        |                                |  |  |                                   |                            |     |     |                           |                     |     |     |     |     |     |                   |     |
| 16  | Parkway to Kirkwall                           | GJ            | -                               | -                        |                        | -                              | -  | -  | -                                 | -                          | -   |     |                           |                     |     |     |     |     |     |                   |     |
| 17  | Parkway to Dawn                               | GJ            | 3,990,264                       | 53                       |                        | -                              | -  | -  | -                                 | 53                         | 0   |     |                           |                     |     |     |     |     |     |                   |     |
| 18  | Short-term Transportation                     | GJ            | 177,529,686                     | 11,218                   |                        | -                              | 48                                       | (206)  | -                                 | 11,061                     | n/a |     |                           |                     |     |     |     |     |     |                   |     |
| 19  | Exchanges                                     |               |                                 | 14,918                   |                        | -                              | -  | -  | -                                 | 14,918                     | n/a |     |                           |                     |     |     |     |     |     |                   |     |
| 20  | Other Transactional                           |               |                                 | 1,067                    |                        | -                              | -  | -  | -                                 | 1,067                      | n/a |     |                           |                     |     |     |     |     |     |                   |     |
| 21  | Total Rate C1                                 |               | 217,192,525                     | 47,403                   |                        | -                              | (1,922)                                  | (213)  | -                                 | 45,268                     | 40  |     |                           |                     |     |     |     |     |     |                   |     |
| 22  | Total Ex-Franchise                            |               |                                 | 293,587                  |                        | -                              | (83,315)                                 | (868)  | -                                 | 209,404                    | 877 |     | 0.42%                     |                     |     |     |     |     |     |                   |     |

Notes:  
(1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).  
(2) Rate Order, Working Papers, Schedule 7, Page 2, column (e).  
(3) EB-2017-0278 Appendix A, rates effective October 1, 2017.  
(4) EB-2016-0245, Rate Order, Working Papers, Schedule 10, columns (d).  
(5) EB-2016-0245, Rate Order, Working Papers, Schedule 20.



UNION GAS LIMITED  
Union South  
Ex-Franchise Customers  
Effective January 1, 2018

| Line No.                                  | Particulars                                     | Billing Units | Adjustment to 2018 Base Rates |  |   |   |                               |                            |                                | Proposed Rates                               |                                     |                           |
|---|---|---------------|-------------------------------|--|---|---|-------------------------------|----------------------------|--------------------------------|--|-------------------------------------|---------------------------|
|   |   |               | 2018 DSM<br>(\$000's)         | 2018 Capital Pass-Throughs<br>(6)<br>(\$000's) | 2018 Parkway                            |   | Proposed Revenue<br>(\$000's) | Proposed Rates<br>(\$/ GJ) | Demand Adjustment<br>(GJ/d/mo) | Usage including Adjustment<br>(r) = (a + q ) | Rates<br>(\$/ GJ)<br>(s) = (o / r ) | Rate Change<br>(%)<br>(t) |
|   |   |               |                               |  | Delivery Obligation<br>(7)<br>(\$000's) | Add Back Upstream Transportation<br>(n) = (-g)<br>(\$000's) |                               |                            |                                |  |                                     |                           |
|   |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| (k)                                       | (l)   | (m)           | (n) = (-g)                    | (o) = sum(h:n)                                 | (p) = (o / a)                           | (q)   | (r) = (a + q )                | (s) = (o / r )             | (t)                            |  |                                     |                           |
| C1 Cross Franchise Transportation Service |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| Storage Service:                          |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 1   | Peak Storage (Short-term)                       | GJ            | -                             | (293)  | -                                       | -   | 7,611                         |                            | -                              | 22,489,337                                   |                                     |                           |
| Commodity                                 |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 2   | Off Peak Storage/ Balancing / Loans             | GJ            | -                             | -  | -                                       | -   | 2,500                         |                            | -                              | -  |                                     |                           |
| Transportation Service:                   |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| Demand:                                   |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 3   | St.Clair & Dawn / Ojibway & Dawn<br>- 12 months | GJ/mo         | -                             | 2,115  | -                                       | -   | 5,423                         |                            | -                              | 85,460                                       | 3.155                               |                           |
| Parkway to Dawn/Kirkwall                  |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 4   | - 12 months                                     | GJ/mo         | -                             | 1,131  | -                                       | -   | 3,645                         |                            | -                              | 347,371                                      | 0.874                               |                           |
| 5   | - 3 months                                      | GJ/mo         | -                             | 44   | -                                       | -   | 143                           |                            | -                              | 54,357                                       | 0.874                               |                           |
| 6   | Kirkwall to Dawn                                | GJ/mo         | -                             | -  | -                                       | -   | -                             |                            | -                              | -  | 1.542                               |                           |
| Dawn to Parkway                           |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 7   | - 12 months                                     | GJ/mo         | -                             | -  | -                                       | -   | 426                           |                            | -                              | 7,065  | 3.716                               |                           |
| 8   | - 12 months North T-Service                     | GJ/mo         | -                             | 1,565  | -                                       | -   | 1,565                         |                            | 4,979                          | 35,090                                       | 3.716                               |                           |
| 9   | Kirkwall to Parkway                             | GJ/mo         | -                             | -  | -                                       | -   | -                             |                            | -                              | 0  | 0.561                               |                           |
| Dawn to Dawn-Vector                       |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 10  | - 12 months                                     | GJ/mo         | -                             | -  | -                                       | -   | 33                            |                            | -                              | 92,845                                       | 0.030                               |                           |
| Dawn to Dawn-TCPL                         |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 11  | - 12 months                                     | GJ/mo         | -                             | -  | -                                       | -   | 832                           |                            | -                              | 500,000                                      | 0.139                               |                           |
| Firm Commodity                            |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| Easterly                                  |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| Union Providing Fuel                      |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 12  | Dawn to Parkway (TCPL / EGT)                    | GJ            | -                             | -  | 7                                       | -   | 94                            |                            | -                              | 2,423,295                                    |                                     |                           |
| Providing Own Fuel                        |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 13  | Dawn to Dawn-TCPL                               | GJ            | -                             | -  | -                                       | -   | 85                            |                            | -                              | 5,000,000                                    |                                     |                           |
| 14  | Dawn to Dawn-Vector                             | GJ            | -                             | -  | -                                       | -   | 252                           |                            | -                              | 18,280,703                                   |                                     |                           |
| 15  | Ojibway to Dawn                                 | GJ            | -                             | -  | -                                       | -   | 170                           |                            | -                              | 9,968,577                                    |                                     |                           |
| Westerly - Providing Own Fuel             |   |               |                               |  |   |   |                               |                            |                                |  |                                     |                           |
| 16  | Parkway to Kirkwall                             | GJ            | -                             | -  | -                                       | -   | -                             |                            | -                              | -  |                                     |                           |
| 17  | Parkway to Dawn                                 | GJ            | -                             | -  | -                                       | -   | 53                            |                            | -                              | 3,990,264                                    |                                     |                           |
| 18  | Short-term Transportation                       | GJ            | -                             | 107  | 196                                     | -   | 11,364                        |                            | -                              | 177,529,686                                  |                                     |                           |
| 19  | Exchanges                                       |               | -                             | -  | -                                       | -   | 14,918                        |                            | -                              | -  |                                     |                           |
| 20  | Other Transactional                             |               | -                             | -  | -                                       | -   | 1,067                         |                            | -                              | -  |                                     |                           |
| 21  | Total Rate C1                                   |               | -                             | 4,670  | 203                                     | -   | 50,181                        | -                          | 4,979                          | 217,192,525                                  |                                     | 5.9%                      |
| 22  | Total Ex-Franchise                              |               | -                             | 120,074  | 885                                     | -   | 331,239                       | -                          | 377,426                        |  |                                     |                           |

Notes:  
(6) Rate Order, Working Papers, Schedule 10, column (d).  
(7) Rate Order, Working Papers, Schedule 20, column (c).

UNION GAS LIMITED  
Rate Impact Continuity  
Effective January 1, 2018

| Line No.              | Particulars               | 2017 Current Approved Revenue (2) (\$000s)<br>(a) | Price Cap Index (2) (\$000s)<br>(b) | DSM (2) (\$000s)<br>(d) | Capital Pass-Throughs (2) (\$000s)<br>(e) | Parkway Delivery Obligation (2) (\$000s)<br>(f) | Upstream Transportation (\$000's)<br>(h) | Total Excluding Volume Adjustments<br>(i) | Volume Adjustments<br>(j) | Total Including Volume Adjustments<br>(k) |
|-----------------------|---------------------------|---|-------------------------------------|-------------------------|---|---|--|---|---------------------------|---|
| <u>North Delivery</u> |                           |   |                                     |                         |   |   |  |   |                           |   |
| 1                     | R01 Revenue (\$000s)      | 159,704   | 802                                 | 1,024                   | (1,461)                                   | -   | -  | 160,069                                   |                           | 160,069                                   |
| 2                     | Volumes (10³m³)           | 909,690   | 909,690                             | 909,690                 | 909,690                                   | 909,690   | 909,690                                  | 909,690                                   | (23,350)                  | 886,340                                   |
| 3                     | Average rate (cents / m³) | 17.5559   | 0.0882                              | 0.1126                  | (0.1606)                                  | -   | -  | 17.5960                                   | 0.4636                    | 18.0596                                   |
| 4                     | Average rate change (1)   |   | 0.5%                                | 0.6%                    | -0.9%                                     | 0.0%  | 0.0%                                     | 0.2%                                      | 2.6%                      | 2.9%                                      |
| 5                     | R10 Revenue (\$000s)      | 20,666  | 93                                  | 142                     | (149)                                     | -   | -  | 20,752                                    |                           | 20,752                                    |
| 6                     | Volumes (10³m³)           | 337,112   | 337,112                             | 337,112                 | 337,112                                   | 337,112   | 337,112                                  | 337,112                                   | (11,150)                  | 325,962                                   |
| 7                     | Average rate (cents / m³) | 6.1303  | 0.0275                              | 0.0422                  | (0.0442)                                  | -   | -  | 6.1558                                    | 0.2106                    | 6.3664                                    |
| 8                     | Average rate change (1)   |   | 0.4%                                | 0.7%                    | -0.7%                                     | 0.0%  | 0.0%                                     | 0.4%                                      | 3.4%                      | 3.9%                                      |
| 9                     | R20 Revenue (\$000s)      | 13,580  | 64                                  | 39                      | (128)                                     | -   | -  | 13,555                                    |                           | 13,555                                    |
| 10                    | Volumes (10³m³)           | 606,176   | 606,176                             | 606,176                 | 606,176                                   | 606,176   | 606,176                                  | 606,176                                   | (1,621)                   | 604,555                                   |
| 11                    | Average rate (cents / m³) | 2.2403  | 0.0105                              | 0.0065                  | (0.0212)                                  | -   | -  | 2.2361                                    | 0.0060                    | 2.2421                                    |
| 12                    | Average rate change (1)   |   | 0.5%                                | 0.3%                    | -0.9%                                     | 0.0%  | 0.0%                                     | -0.2%                                     | 0.3%                      | 0.1%                                      |
| 13                    | R25 Revenue (\$000s)      | 4,340   | 23                                  | -                       | (43)                                      | -   | -  | 4,320                                     |                           | 4,320                                     |
| 14                    | Volumes (10³m³)           | 159,555   | 159,555                             | 159,555                 | 159,555                                   | 159,555   | 159,555                                  | 159,555                                   | -                         | 159,555                                   |
| 15                    | Average rate (cents / m³) | 2.7201  | 0.0146                              | -                       | (0.0271)                                  | -   | -  | 2.7076                                    | -                         | 2.7076                                    |
| 16                    | Average rate change (1)   |   | 0.5%                                | 0.0%                    | -1.0%                                     | 0.0%  | 0.0%                                     | -0.5%                                     | 0.0%                      | -0.5%                                     |
| 17                    | R100 Revenue (\$000s)     | 15,230  | 71                                  | 13                      | (113)                                     | -   | -  | 15,201                                    |                           | 15,201                                    |
| 18                    | Volumes (10³m³)           | 1,814,867   | 1,814,867                           | 1,814,867               | 1,814,867                                 | 1,814,867                                       | 1,814,867                                | 1,814,867                                 | (762)                     | 1,814,105                                 |
| 19                    | Average rate (cents / m³) | 0.8392  | 0.0039                              | 0.0007                  | (0.0062)                                  | -   | -  | 0.8376                                    | 0.0004                    | 0.8380                                    |
| 20                    | Average rate change (1)   |   | 0.5%                                | 0.1%                    | -0.7%                                     | 0.0%  | 0.0%                                     | -0.2%                                     | 0.0%                      | -0.1%                                     |

Notes:

- (1) Average rate change is compared to column (a).  
(2) Rate Order, Working Paper, Schedule 3.

UNION GAS LIMITED  
Rate Impact Continuity  
Effective January 1, 2018

| Line No.                            | Particulars   | 2017 Current Approved Revenue (2) (\$000s) | Price Cap Index (2) (\$000s) | DSM (2) (\$000s) | Capital Pass-Throughs (2) (\$000s) | Parkway Delivery Obligation (2) (\$000s) | Upstream Transportation (\$000's) | Total Excluding Volume Adjustments | Volume Adjustments | Total Including Volume Adjustments |
|-------------------------------------|---------------|--|------------------------------|------------------|------------------------------------|--|-----------------------------------|------------------------------------|--------------------|------------------------------------|
|                                     |               | (a)  | (b)                          | (d)              | (e)                                | (f)                                      | (h)                               | (i)                                | (j)                | (k)                                |
| <u>South Delivery &amp; Storage</u> |               |  |                              |                  |                                    |  |                                   |                                    |                    |                                    |
| 1                                   | M1 - Delivery | Revenue (\$000s)                           | 389,338                      | 1,848            | 2,825                              | 3,138                                    | (276)                             | -                                  | 396,873            | 396,873                            |
| 2                                   |               | Volumes (10³m³)                            | 2,897,179                    | 2,897,179        | 2,897,179                          | 2,897,179                                | 2,897,179                         | 2,897,179                          | (88,884)           | 2,808,296                          |
| 3                                   |               | Average rate (cents / m³)                  | 13.4385                      | 0.0638           | 0.0975                             | 0.1083                                   | (0.0095)                          | -                                  | 13.6986            | 14.1322                            |
| 4                                   | M1 - Storage  | Revenue (\$000s)                           | 20,724                       | 114              | -                                  | (257)                                    | -                                 | -                                  | 20,580             | 20,580                             |
| 5                                   |               | Volumes (10³m³)                            | 2,897,179                    | 2,897,179        | 2,897,179                          | 2,897,179                                | 2,897,179                         | 2,897,179                          | (88,884)           | 2,808,296                          |
| 6                                   |               | Average rate (cents / m³)                  | 0.7153                       | 0.0039           | -                                  | (0.0089)                                 | -                                 | -                                  | 0.7104             | 0.7328                             |
| 7                                   | M1            | Revenue (\$000s)                           | 410,061                      | 1,962            | 2,825                              | 2,881                                    | (276)                             | -                                  | 417,453            | 417,453                            |
| 8                                   |               | Total Average rate (cents / m³)            | 14.1538                      | 0.0677           | 0.0975                             | 0.0994                                   | (0.0095)                          | -                                  | 14.4089            | 14.8650                            |
| 9                                   |               | Average rate change (1)                    |                              | 0.5%             | 0.7%                               | 0.7%                                     | -0.1%                             | 0.0%                               | 1.8%               | 5.0%                               |
| 10                                  | M2 - Delivery | Revenue (\$000s)                           | 54,348                       | 198              | 451                                | 1,912                                    | (106)                             | -                                  | 56,803             | 56,803                             |
| 11                                  |               | Volumes (10³m³)                            | 1,127,028                    | 1,127,028        | 1,127,028                          | 1,127,028                                | 1,127,028                         | 1,127,028                          | (47,291)           | 1,079,737                          |
| 12                                  |               | Average rate (cents / m³)                  | 4.8223                       | 0.0176           | 0.0400                             | 0.1696                                   | (0.0094)                          | -                                  | 5.0401             | 5.2609                             |
| 13                                  | M2 - Storage  | Revenue (\$000s)                           | 7,046                        | 39               | -                                  | (88)                                     | -                                 | -                                  | 6,997              | 6,997                              |
| 14                                  |               | Volumes (10³m³)                            | 1,127,028                    | 1,127,028        | 1,127,028                          | 1,127,028                                | 1,127,028                         | 1,127,028                          | (47,291)           | 1,079,737                          |
| 15                                  |               | Average rate (cents / m³)                  | 0.6252                       | 0.0034           | -                                  | (0.0078)                                 | -                                 | -                                  | 0.6209             | 0.6481                             |
| 16                                  | M2            | Revenue (\$000s)                           | 61,395                       | 237              | 451                                | 1,824                                    | (106)                             | -                                  | 63,801             | 63,801                             |
| 17                                  |               | Total Average rate (cents / m³)            | 5.4475                       | 0.0210           | 0.0400                             | 0.1619                                   | (0.0094)                          | -                                  | 5.6610             | 5.9089                             |
| 18                                  |               | Average rate change (1)                    |                              | 0.4%             | 0.7%                               | 3.0%                                     | -0.2%                             | 0.0%                               | 3.9%               | 8.5%                               |
| 19                                  | M4            | Revenue (\$000s)                           | 14,995                       | 54               | 46                                 | 1,551                                    | (72)                              | -                                  | 16,573             | 16,573                             |
| 20                                  |               | Volumes (10³m³)                            | 349,263                      | 349,263          | 349,263                            | 349,263                                  | 349,263                           | 349,263                            | (10,047)           | 339,216                            |
| 21                                  |               | Average rate (cents / m³)                  | 4.2933                       | 0.0155           | 0.0131                             | 0.4440                                   | (0.0207)                          | -                                  | 4.7451             | 4.8857                             |
| 22                                  |               | Average rate change (1)                    |                              | 0.4%             | 0.3%                               | 10.3%                                    | -0.5%                             | 0.0%                               | 10.5%              | 13.8%                              |
| 23                                  | M5            | Revenue (\$000s)                           | 13,634                       | 53               | 49                                 | (94)                                     | (82)                              | -                                  | 13,559             | 13,559                             |
| 24                                  |               | Volumes (10³m³)                            | 465,451                      | 465,451          | 465,451                            | 465,451                                  | 465,451                           | 465,451                            | (15,362)           | 450,088                            |
| 25                                  |               | Average rate (cents / m³)                  | 2.9291                       | 0.0114           | 0.0105                             | (0.0203)                                 | (0.0177)                          | -                                  | 2.9131             | 3.0125                             |
| 26                                  |               | Average rate change (1)                    |                              | 0.4%             | 0.4%                               | -0.7%                                    | -0.6%                             | 0.0%                               | -0.5%              | 2.8%                               |

Notes:

- (1) Average rate change is compared to column (a).  
(2) Rate Order, Working Paper, Schedule 3.

UNION GAS LIMITED  
Rate Impact Continuity  
Effective January 1, 2018

| Line No.                                    | Particulars               | 2017 Current Approved Revenue (2) (\$000s)<br>(a) | Price Cap Index (2) (\$000s)<br>(b) | DSM (2) (\$000s)<br>(d) | Capital Pass-Throughs (2) (\$000s)<br>(e) | Parkway Delivery Obligation (2) (\$000s)<br>(f) | Upstream Transportation (\$000's)<br>(h) | Total Excluding Volume Adjustments<br>(i) | Volume Adjustments<br>(j) | Total Including Volume Adjustments<br>(k) |
|---|---------------------------|---|-------------------------------------|-------------------------|---|---|--|---|---------------------------|---|
| <u>South Delivery &amp; Storage (cont.)</u> |                           |   |                                     |                         |   |   |  |   |                           |   |
| 1   | M7 Revenue (\$000s)       | 4,900   | 16                                  | 24                      | 519                                       | (27)  | -  | 5,432                                     |                           | 5,432                                     |
| 2   | Volumes (10³m³)           | 124,828   | 124,828                             | 124,828                 | 124,828                                   | 124,828   | 124,828                                  | 124,828                                   | (5,587)                   | 119,242                                   |
| 3   | Average rate (cents / m³) | 3.9255  | 0.0129                              | 0.0189                  | 0.4155                                    | (0.0213)  | -  | 4.3515                                    | 0.2039                    | 4.5554                                    |
| 4   | Average rate change (1)   |   | 0.3%                                | 0.5%                    | 10.6%                                     | -0.5%   | 0.0%                                     | 10.9%                                     | 5.2%                      | 16.0%                                     |
| 5   | M9 Revenue (\$000s)       | 1,023   | 3                                   | -                       | 38  | (17)  | -  | 1,048                                     |                           | 1,048                                     |
| 6   | Volumes (10³m³)           | 60,750  | 60,750                              | 60,750                  | 60,750                                    | 60,750  | 60,750                                   | 60,750                                    | -                         | 60,750                                    |
| 7   | Average rate (cents / m³) | 1.6844  | 0.0058                              | -                       | 0.0633                                    | (0.0275)  | -  | 1.7259                                    | -                         | 1.7259                                    |
| 8   | Average rate change (1)   |   | 0.3%                                | 0.0%                    | 3.8%                                      | -1.6%   | 0.0%                                     | 2.5%                                      | 0.0%                      | 2.5%                                      |
| 9   | M10 Revenue (\$000s)      | 13  | 0                                   | -                       | 1   | 0   | -  | 14  |                           | 14  |
| 10  | Volumes (10³m³)           | 189   | 189                                 | 189                     | 189                                       | 189   | 189                                      | 189                                       | -                         | 189                                       |
| 11  | Average rate (cents / m³) | 6.7289  | 0.0142                              | -                       | 0.3549                                    | 0.0756  | -  | 7.1737                                    | -                         | 7.1737                                    |
| 12  | Average rate change (1)   |   | 0.2%                                | 0.0%                    | 5.3%                                      | 1.1%  | 0.0%                                     | 6.6%                                      | 0.0%                      | 6.6%                                      |
| 13  | T1 Revenue (\$000s)       | 11,618  | 46                                  | 41                      | 1,110                                     | (95)  | -  | 12,719                                    |                           | 12,719                                    |
| 14  | Volumes (10³m³)           | 511,234   | 511,234                             | 511,234                 | 511,234                                   | 511,234   | 511,234                                  | 511,234                                   | (3,895)                   | 507,339                                   |
| 15  | Average rate (cents / m³) | 2.2725  | 0.0090                              | 0.0079                  | 0.2171                                    | (0.0185)  | -  | 2.4879                                    | 0.0191                    | 2.5070                                    |
| 16  | Average rate change (1)   |   | 0.4%                                | 0.3%                    | 9.6%                                      | -0.8%   | 0.0%                                     | 9.5%                                      | 0.8%                      | 10.3%                                     |
| 17  | T2 Revenue (\$000s)       | 51,985  | 207                                 | 49                      | 8,180                                     | (415)   | -  | 60,004                                    |                           | 60,004                                    |
| 18  | Volumes (10³m³)           | 4,597,268   | 4,597,268                           | 4,597,268               | 4,597,268                                 | 4,597,268                                       | 4,597,268                                | 4,597,268                                 | (30,384)                  | 4,566,884                                 |
| 19  | Average rate (cents / m³) | 1.1308  | 0.0045                              | 0.0011                  | 0.1779                                    | (0.0090)  | -  | 1.3052                                    | 0.0087                    | 1.3139                                    |
| 20  | Average rate change (1)   |   | 0.4%                                | 0.1%                    | 15.7%                                     | -0.8%   | 0.0%                                     | 15.4%                                     | 0.8%                      | 16.2%                                     |
| 21  | T3 Revenue (\$000s)       | 6,769   | 23                                  | -                       | 276                                       | (57)  | -  | 7,011                                     |                           | 7,011                                     |
| 22  | Volumes (10³m³)           | 272,712   | 272,712                             | 272,712                 | 272,712                                   | 272,712   | 272,712                                  | 272,712                                   | -                         | 272,712                                   |
| 23  | Average rate (cents / m³) | 2.4820  | 0.0085                              | -                       | 0.1013                                    | (0.0209)  | -  | 2.5708                                    | -                         | 2.5708                                    |
| 24  | Average rate change (1)   |   | 0.3%                                | 0.0%                    | 4.1%                                      | -0.8%   | 0.0%                                     | 3.6%                                      | 0.0%                      | 3.6%                                      |

Notes:

- (1) Average rate change is compared to column (a).  
(2) Rate Order, Working Paper, Schedule 3.

UNION GAS LIMITED  
Rate Impact Continuity  
Effective January 1, 2018

| Line No.                                  | Particulars               | 2017 Current Approved Revenue (2) (\$000s)<br>(a) | Price Cap Index (2) (\$000s)<br>(b) | DSM (2) (\$000s)<br>(d) | Capital Pass-Throughs (2) (\$000s)<br>(e) | Parkway Delivery Obligation (2) (\$000s)<br>(f) | Upstream Transportation (\$000's)<br>(h) | Total Excluding Volume Adjustments<br>(i) | Volume Adjustments<br>(j) | Total Including Volume Adjustments<br>(k) |
|---|---------------------------|---|-------------------------------------|-------------------------|---|---|--|---|---------------------------|---|
| <u>North Transportation &amp; Storage</u> |                           |   |                                     |                         |   |   |  |   |                           |   |
| 1   | R01 Revenue (\$000s)      | 86,683  | 78                                  | -                       | 1,311                                     | (0)   | 179                                      | 88,251                                    |                           | 88,251                                    |
| 2   | Volumes (10³m³)           | 909,690   | 909,690                             | 909,690                 | 909,690                                   | 909,690   | 909,690                                  | 909,690                                   | (23,350)                  | 886,340                                   |
| 3   | Average rate (cents / m³) | 9.5289  | 0.0086                              | -                       | 0.1442                                    | (0.0000)  | 0.0197                                   | 9.7012                                    | 0.2556                    | 9.9568                                    |
| 4   | Average rate change (1)   |   | 0.1%                                | 0.0%                    | 1.5%                                      | 0.0%  | 0.2%                                     | 1.8%                                      | 2.7%                      | 4.5%                                      |
| 5   | R10 Revenue (\$000s)      | 25,473  | 22                                  | -                       | 341                                       | (0)   | 37                                       | 25,873                                    |                           | 25,873                                    |
| 6   | Volumes (10³m³)           | 337,112   | 337,112                             | 337,112                 | 337,112                                   | 337,112   | 337,112                                  | 337,112                                   | (11,150)                  | 325,962                                   |
| 7   | Average rate (cents / m³) | 7.5561  | 0.0066                              | -                       | 0.1012                                    | (0.0000)  | 0.0111                                   | 7.6750                                    | 0.2625                    | 7.9375                                    |
| 8   | Average rate change (1)   |   | 0.1%                                | 0.0%                    | 1.3%                                      | 0.0%  | 0.1%                                     | 1.6%                                      | 3.5%                      | 5.0%                                      |
| 9   | R20 Revenue (\$000s)      | 7,995   | 7                                   | -                       | 87  | 0   | (6)                                      | 8,083                                     |                           | 8,083                                     |
| 10  | Volumes (10³m³)           | 121,935   | 121,935                             | 121,935                 | 121,935                                   | 121,935   | 121,935                                  | 121,935                                   | -                         | 121,935                                   |
| 11  | Average rate (cents / m³) | 6.5571  | 0.0055                              | -                       | 0.0711                                    | 0.0000  | (0.0051)                                 | 6.6286                                    | -                         | 6.6286                                    |
| 12  | Average rate change (1)   |   | 0.1%                                | 0.0%                    | 1.1%                                      | 0.0%  | -0.1%                                    | 1.1%                                      | 0.0%                      | 1.1%                                      |
| 13  | R25 Revenue (\$000s)      | 696   | 0                                   | -                       | (2)                                       | -   | (17)                                     | 677                                       |                           | 677                                       |
| 14  | Volumes (10³m³)           | 42,913  | 42,913                              | 42,913                  | 42,913                                    | 42,913  | 42,913                                   | 42,913                                    | -                         | 42,913                                    |
| 15  | Average rate (cents / m³) | 1.6229  | 0.0002                              | -                       | (0.0053)                                  | -   | (0.0394)                                 | 1.5784                                    | -                         | 1.5784                                    |
| 16  | Average rate change (1)   |   | 0.0%                                | 0.0%                    | -0.3%                                     | 0.0%  | -2.4%                                    | -2.7%                                     | 0.0%                      | -2.7%                                     |
| 17  | R100 Revenue (\$000s)     | 336   | 1                                   | -                       | 5   | (0)   | (0)                                      | 342                                       |                           | 342                                       |
| 18  | Change (1)                |   | 0.2%                                | 0.0%                    | 1.5%                                      | 0.0%  | 0.0%                                     | 1.6%                                      | 0.0%                      | 1.6%                                      |
| <u>Ex-Franchise</u>                       |                           |   |                                     |                         |   |   |  |   |                           |   |
| 19  | M12 Revenue (\$000s)      | 245,065   | 831                                 | -                       | 33,557                                    | 28  | -  | 279,481                                   | -                         | 279,481                                   |
| 20  | Change (1)                |   | 0.3%                                | 0.0%                    | 13.7%                                     | 0.0%  | 0.0%                                     | 14.0%                                     | 0.0%                      | 14.0%                                     |
| 21  | M13 Revenue (\$000s)      | 407   | 2                                   | -                       | 2   | -   | -  | 412                                       | -                         | 412                                       |
| 22  | Change (1)                |   | 0.5%                                | 0.0%                    | 0.6%                                      | 0.0%  | 0.0%                                     | 1.1%                                      | 0.0%                      | 1.1%                                      |
| 23  | M16 Revenue (\$000s)      | 711   | 4                                   | -                       | 451                                       | (1)   | -  | 1,165                                     | -                         | 1,165                                     |
| 24  | Change (1)                |   | 0.5%                                | 0.0%                    | 63.4%                                     | -0.1%   | 0.0%                                     | 63.7%                                     | 0.0%                      | 63.7%                                     |
| 25  | C1 Revenue (\$000s)       | 47,403  | 40                                  | -                       | 2,748                                     | (10)  | -  | 50,181                                    | -                         | 50,181                                    |
| 26  | Change (1)                |   | 0.1%                                | 0.0%                    | 5.8%                                      | 0.0%  | 0.0%                                     | 5.9%                                      | 0.0%                      | 5.9%                                      |
| 27  | Gas Supply Admin          | 6,723   | -                                   | -                       | (35)                                      | -   | -  | 6,689                                     | -                         | 6,689                                     |
| 28  | Totals                    | 1,211,406   | 4,639                               | 4,702                   | 52,855                                    | (1,130)   | 193                                      | 1,272,665                                 | -                         | 1,272,665                                 |

Notes:

- (1) Average rate change is compared to column (a).  
(2) Rate Order, Working Paper, Schedule 3.

UNION GAS LIMITED  
Union North  
Percentage Change in Average Unit Price  
Effective January 1, 2018

| Line No. | Particulars (cents/m <sup>3</sup> )    | Rate Class | Current Rates (1)<br>(cents / m <sup>3</sup> )<br>(a) | Proposed Rates (2)<br>(cents / m <sup>3</sup> )<br>(b) | Rate Change<br>(c) = (b - a) | Percent Change (3)<br>(%)<br>(d) = (c / a) |
|----------|--|------------|---|--|------------------------------|--|
|          | Small Volume General Service           | 01         |   |  |                              |  |
| 1        | Delivery                               |            | 17.5559   | 18.0596  | 0.5037                       | 2.9%                                       |
| 2        | Gas Supply Transportation              |            | 4.1150  | 4.1353   | 0.0203                       | 0.5%                                       |
| 3        | Storage                                |            | 5.3358  | 5.6319   | 0.2961                       | 5.5%                                       |
| 4        | Total                                  |            | <u>27.0067</u>  | <u>27.8268</u>   | <u>0.8201</u>                | <u>3.0%</u>                                |
|          | Large Volume General Service           | 10         |   |  |                              |  |
| 5        | Delivery                               |            | 6.1303  | 6.3664   | 0.2361                       | 3.9%                                       |
| 6        | Gas Supply Transportation              |            | 3.5376  | 3.5489   | 0.0113                       | 0.3%                                       |
| 7        | Storage                                |            | 3.9512  | 4.1973   | 0.2461                       | 6.2%                                       |
| 8        | Total                                  |            | <u>13.6191</u>  | <u>14.1126</u>   | <u>0.4935</u>                | <u>3.6%</u>                                |
|          | Medium Volume Firm Service             | 20         |   |  |                              |  |
| 9        | Delivery                               |            | 2.2403  | 2.2421   | 0.0018                       | 0.1%                                       |
| 10       | Gas Supply Transportation              |            | 6.5571  | 6.6286   | 0.0715                       | 1.1%                                       |
| 11       | Total                                  |            | <u>8.7974</u>   | <u>8.8707</u>  | <u>0.0733</u>                | <u>0.8%</u>                                |
| 12       | Large Volume High Load Factor Delivery | 100        | <u>0.8392</u>   | <u>0.8380</u>  | <u>(0.0012)</u>              | <u>-0.1%</u>                               |
| 13       | Large Volume Interruptible Delivery    | 25         | <u>2.7201</u>   | <u>2.7076</u>  | <u>(0.0125)</u>              | <u>-0.5%</u>                               |

Notes:

- (1) Rate Order, Working Papers, Schedule 4, column (c).
- (2) Rate Order, Working Papers, Schedule 4, column (s).
- (3) Excludes Gas Supply Commodity related costs.

UNION GAS LIMITED  
Union South  
Percentage Change in Average Unit Price  
Effective January 1, 2018

| Line No. | Particulars (cents/m <sup>3</sup> )                     | Rate Class | Current Rates (1)<br>(cents / m <sup>3</sup> )<br>(a) | Proposed Rates (2)<br>(cents / m <sup>3</sup> )<br>(b) | Rate Change<br>(c) = (b - a) | Percent Change (3)<br>(%)<br>(d) = (c / a) |
|----------|---|------------|---|--|------------------------------|--|
|          | General Service   | M1         |   |  |                              |  |
| 1        | Delivery  |            | 13.4385   | 14.1322  | 0.6937                       | 5.2%                                       |
| 2        | Storage   |            | 0.7153  | 0.7328   | 0.0175                       | 2.4%                                       |
| 3        | Total   |            | <u>14.1538</u>  | <u>14.8650</u>   | <u>0.7112</u>                | <u>5.0%</u>                                |
|          | General Service   | M2         |   |  |                              |  |
| 4        | Delivery  |            | 4.8223  | 5.2609   | 0.4386                       | 9.1%                                       |
| 5        | Storage   |            | 0.6252  | 0.6481   | 0.0229                       | 3.7%                                       |
| 6        | Total   |            | <u>5.4475</u>   | <u>5.9090</u>  | <u>0.4615</u>                | <u>8.5%</u>                                |
| 7        | Firm Contract Commercial / Industrial Delivery          | M4         | <u>4.2933</u>   | <u>4.8857</u>  | <u>0.5924</u>                | <u>13.8%</u>                               |
| 8        | Firm Contract Commercial / Industrial Delivery          | M5 (F)     | <u>3.6220</u>   | <u>3.8461</u>  | <u>0.2241</u>                | <u>6.2%</u>                                |
| 9        | Interruptible Contract Commercial / Industrial Delivery | M5 (I)     | <u>2.9059</u>   | <u>2.9845</u>  | <u>0.0786</u>                | <u>2.7%</u>                                |
| 10       | Firm Special Large Volume Contract Delivery             | M7 (F)     | <u>4.0135</u>   | <u>4.6628</u>  | <u>0.6493</u>                | <u>16.2%</u>                               |
| 11       | Interruptible Special Large Volume Contract Delivery    | M7 (I)     | <u>1.2348</u>   | <u>1.2692</u>  | <u>0.0344</u>                | <u>2.8%</u>                                |
| 12       | Large Wholesale Service Delivery                        | M9         | <u>1.6844</u>   | <u>1.7259</u>  | <u>0.0415</u>                | <u>2.5%</u>                                |
| 13       | Small Wholesale Service Delivery                        | M10        | <u>6.7289</u>   | <u>7.1737</u>  | <u>0.4448</u>                | <u>6.6%</u>                                |
| 14       | Storage and Transportation Delivery                     | T1 (F/I)   | <u>2.2725</u>   | <u>2.5070</u>  | <u>0.2345</u>                | <u>10.3%</u>                               |
| 15       | Total Delivery excluding fuel                           |            | <u>2.2035</u>   | <u>2.4374</u>  | <u>0.2339</u>                | <u>10.6%</u>                               |
| 16       | Storage and Transportation Delivery                     | T2 (F/I)   | <u>1.1308</u>   | <u>1.3139</u>  | <u>0.1831</u>                | <u>16.2%</u>                               |
| 17       | Total Delivery excluding fuel                           |            | <u>1.0810</u>   | <u>1.2637</u>  | <u>0.1827</u>                | <u>16.9%</u>                               |
| 18       | Storage and Transportation Distributor Delivery         | T3         | <u>2.4820</u>   | <u>2.5708</u>  | <u>0.0888</u>                | <u>3.6%</u>                                |

Notes:

- (1) Rate Order, Working Papers, Schedule 4, column (c).
- (2) Rate Order, Working Papers, Schedule 4, column (s).
- (3) Excludes Gas Supply Commodity related costs.

UNION GAS LIMITED  
Summary of Approved 2017 Revenue Changes

| Line No. | Particulars (\$000's)                         | 2017 Revenue<br>EB-2016-0245<br>2017 Rates (1) | 2017 Revenue Changes            |                                   |                                   |                                   |                                   | Updated 2017<br>Revenue for<br>EB-2017-0087 |
|----------|---|--|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
|          |   | (a)  | EB-2016-0296<br>PDCI Update (2) | EB-2016-0334<br>Jan 2017 QRAM (3) | EB-2017-0089<br>Apr 2017 QRAM (4) | EB-2017-0185<br>Jul 2017 QRAM (5) | EB-2017-0278<br>Oct 2017 QRAM (6) | (g) = (a+b+c+d+e+f)                         |
|          |   |  | (b)                             | (c)                               | (d)                               | (e)                               | (f)                               |   |
|          | <u>North Delivery</u>                         |  |                                 |                                   |                                   |                                   |                                   |   |
| 1        | Rate 01                                       | 161,111  | -                               | (778)                             | (43)                              | 117                               | (703)                             | 159,704                                     |
| 2        | Rate 10                                       | 21,091   | -                               | (235)                             | (13)                              | 35                                | (212)                             | 20,666                                      |
| 3        | Rate 20                                       | 13,723   | -                               | (79)                              | (4)                               | 12                                | (72)                              | 13,580                                      |
| 4        | Rate 25                                       | 4,340  | -                               | -                                 | -                                 | -                                 | -                                 | 4,340                                       |
| 5        | Rate 100                                      | 15,237   | -                               | (3)                               | (0)                               | 0                                 | (3)                               | 15,230                                      |
| 6        | Total In-Franchise North Delivery             | <u>215,502</u>                                 | <u>-</u>                        | <u>(1,096)</u>                    | <u>(61)</u>                       | <u>165</u>                        | <u>(990)</u>                      | <u>213,520</u>                              |
|          | <u>South Delivery &amp; Storage</u>           |  |                                 |                                   |                                   |                                   |                                   |   |
| 7        | Rate M1                                       | 412,278  | 355                             | (1,423)                           | (79)                              | 215                               | (1,286)                           | 410,061                                     |
| 8        | Rate M2                                       | 62,135   | 126                             | (479)                             | (27)                              | 72                                | (433)                             | 61,395                                      |
| 9        | Rate M4                                       | 15,211   | 57                              | (151)                             | (8)                               | 23                                | (137)                             | 14,995                                      |
| 10       | Rate M5A                                      | 13,941   | 41                              | (193)                             | (11)                              | 29                                | (174)                             | 13,634                                      |
| 11       | Rate M7                                       | 4,979  | 23                              | (56)                              | (3)                               | 8                                 | (51)                              | 4,900                                       |
| 12       | Rate M9                                       | 1,055  | 12                              | (24)                              | (1)                               | 4                                 | (22)                              | 1,023                                       |
| 13       | Rate M10                                      | 13   | 0                               | (0)                               | (0)                               | 0                                 | (0)                               | 13  |
| 14       | Rate T1                                       | 11,611   | 58                              | (28)                              | (2)                               | 4                                 | (25)                              | 11,618                                      |
| 15       | Rate T2                                       | 51,863   | 275                             | (85)                              | (6)                               | 12                                | (76)                              | 51,985                                      |
| 16       | Rate T3                                       | 6,715  | 53                              | -                                 | -                                 | -                                 | -                                 | 6,769                                       |
| 17       | Total In-Franchise South Delivery and Storage | <u>579,802</u>                                 | <u>1,000</u>                    | <u>(2,438)</u>                    | <u>(137)</u>                      | <u>367</u>                        | <u>(2,203)</u>                    | <u>576,392</u>                              |
| 18       | Total In-franchise Delivery                   | <u>795,303</u>                                 | <u>1,000</u>                    | <u>(3,534)</u>                    | <u>(198)</u>                      | <u>531</u>                        | <u>(3,193)</u>                    | <u>789,912</u>                              |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 3.
- (2) EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).
- (3) EB-2016-0334, Tab 2, Schedule 3, column (g) & EB-2016-0334, Tab 2, Schedule 2, p. 1, column (a).
- (4) EB-2017-0089, Tab 2, Schedule 3, column (g) & EB-2017-0089, Tab 2, Schedule 2, p. 1, column (a).
- (5) EB-2017-0185, Tab 2, Schedule 3, column (g) & EB-2017-0185, Tab 2, Schedule 2, p. 1, column (a).
- (6) EB-2017-0278, Tab 2, Schedule 3, column (g) & EB-2017-0278, Tab 2, Schedule 2, p. 1, column (a).



UNION GAS LIMITED  
Summary of Approved 2017 Revenue Changes

| Line No. | Particulars (\$000's)                     | 2017 Revenue<br>EB-2016-0245<br>2017 Rates (1) | 2017 Revenue Changes            |                                   |                                   |                                   |                                   | Updated 2017<br>Revenue for<br>EB-2017-0087 |
|----------|---|--|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
|          |   | (a)  | EB-2016-0296<br>PDCI Update (2) | EB-2016-0334<br>Jan 2017 QRAM (3) | EB-2017-0089<br>Apr 2017 QRAM (4) | EB-2017-0185<br>Jul 2017 QRAM (5) | EB-2017-0278<br>Oct 2017 QRAM (6) | (g) = (a+b+c+d+e+f)                         |
|          |   |  | (b)                             | (c)                               | (d)                               | (e)                               | (f)                               |   |
|          | <u>North Transportation &amp; Storage</u> |  |                                 |                                   |                                   |                                   |                                   |   |
| 1        | Rate 01                                   | 85,815   | -                               | 71                                | 1,035                             | (23)                              | (214)                             | 86,683                                      |
| 2        | Rate 10                                   | 25,221   | -                               | 25                                | 309                               | (7)                               | (76)                              | 25,473                                      |
| 3        | Rate 20                                   | 7,914  | -                               | 11                                | 106                               | (3)                               | (33)                              | 7,995                                       |
| 4        | Rate 25                                   | 688  | -                               | 2                                 | 7                                 | 4                                 | (5)                               | 696   |
| 5        | Rate 100                                  | 334  | -                               | 0                                 | 2                                 | 0                                 | (0)                               | 336   |
| 6        | Total Northern Transportation and Storage | <u>119,972</u>                                 | <u>-</u>                        | <u>109</u>                        | <u>1,460</u>                      | <u>(29)</u>                       | <u>(329)</u>                      | <u>121,184</u>                              |
| 7        | Gas Supply Admin Charge                   | <u>6,723</u>                                   | <u>-</u>                        | <u>-</u>                          | <u>-</u>                          | <u>-</u>                          | <u>-</u>                          | <u>6,723</u>                                |
| 8        | Total In-Franchise                        | <u>921,999</u>                                 | <u>1,000</u>                    | <u>(3,425)</u>                    | <u>1,262</u>                      | <u>502</u>                        | <u>(3,522)</u>                    | <u>917,819</u>                              |
|          | <u>Ex-Franchise</u>                       |  |                                 |                                   |                                   |                                   |                                   |   |
| 9        | Rate M12                                  | 245,065  | -                               | -                                 | -                                 | -                                 | -                                 | 245,065                                     |
| 10       | Rate M13                                  | 420  | -                               | (7)                               | (1)                               | 1                                 | (6)                               | 407   |
| 11       | Rate M16                                  | 755  | -                               | (23)                              | (2)                               | 4                                 | (21)                              | 711   |
| 12       | Rate C1                                   | 47,403   | -                               | -                                 | -                                 | -                                 | -                                 | 47,403                                      |
| 13       | Total Ex-Franchise                        | <u>293,643</u>                                 | <u>-</u>                        | <u>(30)</u>                       | <u>(2)</u>                        | <u>5</u>                          | <u>(27)</u>                       | <u>293,587</u>                              |
| 14       | Total Union Gas                           | <u>1,215,642</u>                               | <u>1,000</u>                    | <u>(3,455)</u>                    | <u>1,260</u>                      | <u>507</u>                        | <u>(3,549)</u>                    | <u>1,211,406</u>                            |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 3.
- (2) EB-2016-0296, Exhibit 7, Schedule 2, p. 1, column (i).
- (3) EB-2016-0334, Tab 2, Schedule 3, column (g) & EB-2016-0334, Tab 2, Schedule 2, p. 1, column (a).
- (4) EB-2017-0089, Tab 2, Schedule 3, column (g) & EB-2017-0089, Tab 2, Schedule 2, p. 1, column (a).
- (5) EB-2017-0185, Tab 2, Schedule 3, column (g) & EB-2017-0185, Tab 2, Schedule 2, p. 1, column (a).
- (6) EB-2017-0278, Tab 2, Schedule 3, column (g) & EB-2017-0278, Tab 2, Schedule 2, p. 1, column (a).

UNION GAS LIMITED  
Union South  
General Service Customer Bill Impacts

| Line No. | Particulars                                     | Rate M1 - Residential<br>(Annual Consumption of 2,200 m³)              |  |                                   | Rate M2 - Commercial<br>(Annual Consumption of 73,000 m³)              |  |                                   |
|----------|---|--|--|-----------------------------------|--|--|-----------------------------------|
|          |   | EB-2017-0278<br>Approved<br>01-Oct-17<br>Total<br>Bill (\$) (1)<br>(a) | EB-2017-0087<br>Proposed<br>01-Jan-18<br>Total<br>Bill (\$) (1)<br>(b) | Impact<br>(\$)<br>(c) = (b) - (a) | EB-2017-0278<br>Approved<br>01-Oct-17<br>Total<br>Bill (\$) (1)<br>(d) | EB-2017-0087<br>Proposed<br>01-Jan-18<br>Total<br>Bill (\$) (1)<br>(e) | Impact<br>(\$)<br>(f) = (e) - (d) |
|          | <u>Delivery Charges</u>                         |  |  |                                   |  |  |                                   |
| 1        | Monthly Charge                                  | 252.00   | 252.00   | -                                 | 840.00   | 840.00   | -                                 |
|          | Delivery Commodity Charge                       |  |  |                                   |  |  |                                   |
| 2        | Cap-and-Trade Customer-Related Charge           | 73.00  | 73.00  | -                                 | 2,422.23   | 2,422.23   | -                                 |
| 3        | Other Delivery Commodity                        | 97.83  | 107.09   | 9.26                              | 3,321.75   | 3,633.85   | 312.10                            |
| 4        | Storage Services                                | 15.75  | 16.11  | 0.36                              | 456.38   | 473.11   | 16.73                             |
| 5        | Total Delivery Charge                           | 438.58   | 448.20   | 9.62                              | 7,040.36   | 7,369.19   | 328.83                            |
|          | <u>Supply Charges</u>                           |  |  |                                   |  |  |                                   |
| 6        | Transportation to Union                         | -  | -  | -                                 | -  | -  | -                                 |
| 7        | Commodity                                       | 302.10   | 302.08   | (0.02)                            | 10,023.78  | 10,023.12  | (0.66)                            |
| 8        | Total Gas Supply Charge                         | 302.10   | 302.08   | (0.02)                            | 10,023.78  | 10,023.12  | (0.66)                            |
|          | <u>Total Bill</u>                               |  |  |                                   |  |  |                                   |
| 9        | Including Cap-and-Trade Customer-Related Charge | 740.68   | 750.28   | 9.60                              | 17,064.14  | 17,392.31  | 328.17                            |
| 10       | Excluding Cap-and-Trade Customer-Related Charge | 667.68   | 677.28   | 9.60                              | 14,641.91  | 14,970.08  | 328.17                            |
|          | <u>Impacts</u>                                  |  |  |                                   |  |  |                                   |
| 11       | Sales Service                                   |  |  | 9.60                              |  |  | 328.17                            |
| 12       | Direct Purchase                                 |  |  | 9.62                              |  |  | 328.83                            |
| 13       | Commodity Bill Impact                           |  |  | (0.0%) (2)                        |  |  | (0.0%) (2)                        |
|          | <u>Total Bill Impact</u>                        |  |  |                                   |  |  |                                   |
| 14       | Including Cap-and-Trade Customer-Related Charge |  |  | 1.3%                              |  |  | 1.9%                              |
| 15       | Excluding Cap-and-Trade Customer-Related Charge |  |  | 1.4%                              |  |  | 2.2%                              |

Notes:

(1) Excludes temporary charges/(credits) and prospective recovery.

(2) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 7.

UNION GAS LIMITED  
Union North  
General Service Customer Bill Impacts

| Line No. | Particulars                                     | Union North West Zone<br>Rate 01 - Residential<br>(Annual Consumption of 2,200 m³) |   |                                   | Union North East Zone<br>Rate 01 - Residential<br>(Annual Consumption of 2,200 m³) |   |                                   |
|----------|---|--|---|-----------------------------------|--|---|-----------------------------------|
|          |   | EB-2017-0278<br>Approved<br>01-Oct-17<br>Total Bill (\$) (1)<br>(a)                | EB-2017-0087<br>Proposed<br>01-Jan-18<br>Total Bill (\$) (1)<br>(b) | Impact<br>(\$)<br>(c) = (b) - (a) | EB-2017-0278<br>Approved<br>01-Oct-17<br>Total Bill (\$) (1)<br>(d)                | EB-2017-0087<br>Proposed<br>01-Jan-18<br>Total Bill (\$) (1)<br>(e) | Impact<br>(\$)<br>(f) = (e) - (d) |
|          | <u>Delivery Charges</u>                         |  |   |                                   |  |   |                                   |
| 1        | Monthly Charge                                  | 252.00   | 252.00  | -                                 | 252.00   | 252.00  | -                                 |
|          | Delivery Commodity Charge                       |  |   |                                   |  |   |                                   |
| 2        | Cap-and-Trade Customer-Related Charge           | 73.00  | 73.00   | -                                 | 73.00  | 73.00   | -                                 |
| 3        | Other Delivery Commodity                        | 198.05   | 204.21  | 6.16                              | 198.05   | 204.21  | 6.16                              |
| 4        | Total Delivery Charge                           | 523.05   | 529.21  | 6.16                              | 523.05   | 529.21  | 6.16                              |
|          | <u>Supply Charges</u>                           |  |   |                                   |  |   |                                   |
| 5        | Transportation to Union                         | 150.89   | 150.91  | 0.02                              | 66.02  | 66.62   | 0.60                              |
| 6        | Storage Services                                | 45.19  | 49.78   | 4.59                              | 146.73   | 154.02  | 7.29                              |
| 7        | Subtotal  | 196.08   | 200.69  | 4.61                              | 212.75   | 220.64  | 7.89                              |
| 8        | Commodity                                       | 228.36   | 228.34  | (0.02)                            | 308.29   | 308.27  | (0.02)                            |
| 9        | Total Gas Supply Charge                         | 424.44   | 429.03  | 4.59                              | 521.04   | 528.91  | 7.87                              |
|          | <u>Total Bill</u>                               |  |   |                                   |  |   |                                   |
| 10       | Including Cap-and-Trade Customer-Related Charge | 947.49   | 958.24  | 10.75                             | 1,044.09   | 1,058.12  | 14.03                             |
| 11       | Excluding Cap-and-Trade Customer-Related Charge | 874.49   | 885.24  | 10.75                             | 971.09   | 985.12  | 14.03                             |
|          | <u>Impacts</u>                                  |  |   |                                   |  |   |                                   |
| 12       | Sales Service                                   |  |   | 10.75                             |  |   | 14.03                             |
| 13       | Direct Purchase                                 |  |   | 10.77                             |  |   | 14.05                             |
| 14       | Commodity Bill Impact                           |  |   | (0.0%) (2)                        |  |   | (0.0%) (2)                        |
|          | <u>Total Bill Impact</u>                        |  |   |                                   |  |   |                                   |
| 15       | Including Cap-and-Trade Customer-Related Charge |  |   | 1.1%                              |  |   | 1.3%                              |
| 16       | Excluding Cap-and-Trade Customer-Related Charge |  |   | 1.2%                              |  |   | 1.4%                              |

Notes:

(1) Excludes temporary charges/(credits).

(2) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 8.

UNION GAS LIMITED  
Union North  
General Service Customer Bill Impacts

| Line No. | Particulars                                     | Union North West<br>Rate 10 - Commercial / Industrial<br>(Annual Consumption of 93,000 m³) |                                       |                 | Union North East<br>Rate 10 - Commercial / Industrial<br>(Annual Consumption of 93,000 m³) |                                       |                 |
|----------|---|--|---------------------------------------|-----------------|--|---------------------------------------|-----------------|
|          |   | EB-2017-0278<br>Approved<br>01-Oct-17  | EB-2017-0087<br>Proposed<br>01-Jan-18 | Impact          | EB-2017-0278<br>Approved<br>01-Oct-17  | EB-2017-0087<br>Proposed<br>01-Jan-18 | Impact          |
|          |   | Total Bill (\$) (1)  | Total Bill (\$) (1)                   | (\$)            | Total Bill (\$) (1)  | Total Bill (\$) (1)                   | (\$)            |
|          |   | (a)  | (b)                                   | (c) = (b) - (a) | (d)  | (e)                                   | (f) = (e) - (d) |
|          | <u>Delivery Charges</u>                         |  |                                       |                 |  |                                       |                 |
| 1        | Monthly Charge                                  | 840.00   | 840.00                                | -               | 840.00   | 840.00                                | -               |
|          | Delivery Commodity Charge                       |  |                                       |                 |  |                                       |                 |
| 2        | Cap-and-Trade Customer-Related Charge           | 3,085.83   | 3,085.83                              | -               | 3,085.83   | 3,085.83                              | -               |
| 3        | Other Delivery Commodity                        | 5,892.85   | 6,075.61                              | 182.76          | 5,892.85   | 6,075.61                              | 182.76          |
| 4        | Total Delivery Charge                           | 9,818.68   | 10,001.44                             | 182.76          | 9,818.68   | 10,001.44                             | 182.76          |
|          | <u>Supply Charges</u>                           |  |                                       |                 |  |                                       |                 |
| 5        | Transportation to Union                         | 5,585.01   | 5,585.21                              | 0.20            | 2,568.66   | 2,582.43                              | 13.77           |
| 6        | Storage Services                                | 1,435.63   | 1,587.14                              | 151.51          | 4,378.24   | 4,631.50                              | 253.26          |
| 7        | Subtotal  | 7,020.64   | 7,172.35                              | 151.71          | 6,946.90   | 7,213.93                              | 267.03          |
| 8        | Commodity                                       | 9,652.93   | 9,652.09                              | (0.84)          | 13,032.65  | 13,031.81                             | (0.84)          |
| 9        | Total Gas Supply Charge                         | 16,673.57  | 16,824.44                             | 150.87          | 19,979.55  | 20,245.74                             | 266.19          |
|          | <u>Total Bill</u>                               |  |                                       |                 |  |                                       |                 |
| 10       | Including Cap-and-Trade Customer-Related Charge | 26,492.25  | 26,825.88                             | 333.63          | 29,798.23  | 30,247.18                             | 448.95          |
| 11       | Excluding Cap-and-Trade Customer-Related Charge | 23,406.42  | 23,740.05                             | 333.63          | 26,712.40  | 27,161.35                             | 448.95          |
|          | <u>Impacts</u>                                  |  |                                       |                 |  |                                       |                 |
| 12       | Sales Service                                   |  |                                       | 333.63          |  |                                       | 448.95          |
| 13       | Direct Purchase                                 |  |                                       | 334.47          |  |                                       | 449.79          |
| 14       | Commodity Bill Impact                           |  |                                       | (0.0%) (2)      |  |                                       | (0.0%) (2)      |
|          | <u>Total Bill Impact</u>                        |  |                                       |                 |  |                                       |                 |
| 15       | Including Cap-and-Trade Customer-Related Charge |  |                                       | 1.3%            |  |                                       | 1.5%            |
| 16       | Excluding Cap-and-Trade Customer-Related Charge |  |                                       | 1.4%            |  |                                       | 1.7%            |

Notes:

(1) Excludes temporary charges/(credits).

(2) Commodity bill impact reflects the impact of the gas commodity bill change divided by the current approved gas commodity bill shown at line 8.

UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union North

| Line No.             | Particulars                        | Excluding Cap-and-Trade Customer-Related Charge |                         |                         |                         |                   |               | Including Cap-and-Trade Customer-Related Charge (2) |                         |                         |                         |                   |               |
|----------------------|------------------------------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|
|                      |                                    | Approved - EB-2017-0278 (1)                     |                         | Proposed - EB-2017-0087 |                         |                   |               | Approved - EB-2017-0278 (1)                         |                         | Proposed - EB-2017-0087 |                         |                   |               |
|                      |                                    | Total Bill                                      | Unit Rate               | Total Bill              | Unit Rate               | Total Bill Change | Bill Impact   | Total Bill  | Unit Rate               | Total Bill              | Unit Rate               | Total Bill Change | Bill Impact   |
|                      |                                    | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           |
|                      |                                    | (a)   | (b)                     | (c)                     | (d)                     | (e) = (c - a)     | (f) = (e / a) | (g)   | (h)                     | (i)                     | (j)                     | (k) = (l - g)     | (l) = (k / g) |
| <u>Small Rate 01</u> |                                    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 1                    | Delivery Charges                   | 450   | 20.4568                 | 456                     | 20.7368                 | 6.16              | 1.4%          | 523   | 23.7750                 | 529                     | 24.0550                 | 6.16              | 1.2%          |
| 2                    | Gas Supply Charges                 | 521   | 23.6836                 | 529                     | 24.0414                 | 7.87              | 1.5%          | 521   | 23.6836                 | 529                     | 24.0414                 | 7.87              | 1.5%          |
| 3                    | Total Bill                         | 971   | 44.1405                 | 985                     | 44.7782                 | 14.03             | 1.4%          | 1,044   | 47.4586                 | 1,058                   | 48.0964                 | 14.03             | 1.3%          |
| 4                    | Sales Service Impact               |   |                         |                         |                         | 14.03             | 1.4%          |   |                         |                         |                         | 14.03             | 1.3%          |
| 5                    | Bundled-T (Direct Purchase) Impact |   |                         |                         |                         | 14.05             | 1.9%          |   |                         |                         |                         | 14.05             | 1.9%          |
| <u>Small Rate 10</u> |                                    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 6                    | Delivery Charges                   | 4,754   | 7.9228                  | 4,896                   | 8.1606                  | 143               | 3.0%          | 6,745   | 11.2409                 | 6,887                   | 11.4787                 | 143               | 2.1%          |
| 7                    | Gas Supply Charges                 | 12,890  | 21.4834                 | 13,062                  | 21.7696                 | 172               | 1.3%          | 12,890  | 21.4834                 | 13,062                  | 21.7696                 | 172               | 1.3%          |
| 8                    | Total Bill                         | 17,644  | 29.4062                 | 17,958                  | 29.9302                 | 314               | 1.8%          | 19,635  | 32.7243                 | 19,949                  | 33.2483                 | 314               | 1.6%          |
| 9                    | Sales Service Impact               |   |                         |                         |                         | 314               | 1.8%          |   |                         |                         |                         | 314               | 1.6%          |
| 10                   | Bundled-T (Direct Purchase) Impact |   |                         |                         |                         | 315               | 3.4%          |   |                         |                         |                         | 315               | 2.8%          |
| <u>Large Rate 10</u> |                                    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 11                   | Delivery Charges                   | 15,608  | 6.2430                  | 16,181                  | 6.4725                  | 574               | 3.7%          | 23,903  | 9.5611                  | 24,476                  | 9.7906                  | 574               | 2.4%          |
| 12                   | Gas Supply Charges                 | 53,709  | 21.4834                 | 54,424                  | 21.7696                 | 715               | 1.3%          | 53,709  | 21.4834                 | 54,424                  | 21.7696                 | 715               | 1.3%          |
| 13                   | Total Bill                         | 69,316  | 27.7264                 | 70,605                  | 28.2421                 | 1,289             | 1.9%          | 77,611  | 31.0445                 | 78,900                  | 31.5602                 | 1,289             | 1.7%          |
| 14                   | Sales Service Impact               |   |                         |                         |                         | 1,289             | 1.9%          |   |                         |                         |                         | 1,289             | 1.7%          |
| 15                   | Bundled-T (Direct Purchase) Impact |   |                         |                         |                         | 1,291             | 3.0%          |   |                         |                         |                         | 1,291             | 3.0%          |
| <u>Small Rate 20</u> |                                    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 16                   | Delivery Charges                   | 75,201  | 2.5067                  | 74,905                  | 2.4968                  | (296)             | -0.4%         | 174,744   | 5.8248                  | 174,448                 | 5.8149                  | (296)             | -0.2%         |
| 17                   | Gas Supply Charges                 | 547,733   | 18.2578                 | 548,828                 | 18.2943                 | 1,095             | 0.2%          | 547,733   | 18.2578                 | 548,828                 | 18.2943                 | 1,095             | 0.2%          |
| 18                   | Total Bill                         | 622,935   | 20.7645                 | 623,733                 | 20.7911                 | 798               | 0.1%          | 722,478   | 24.0826                 | 723,276                 | 24.1092                 | 798               | 0.1%          |
| 19                   | Sales Service Impact               |   |                         |                         |                         | 798               | 0.1%          |   |                         |                         |                         | 798               | 0.1%          |
| 20                   | Bundled-T (Direct Purchase) Impact |   |                         |                         |                         | 825               | 0.3%          |   |                         |                         |                         | 825               | 0.3%          |
| <u>Large Rate 20</u> |                                    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 21                   | Delivery Charges                   | 291,824   | 1.9455                  | 291,515                 | 1.9434                  | (309)             | -0.1%         | 789,539   | 5.2636                  | 789,230                 | 5.2615                  | (309)             | 0.0%          |
| 22                   | Gas Supply Charges                 | 2,639,659                                       | 17.5977                 | 2,644,331               | 17.6289                 | 4,672             | 0.2%          | 2,639,659   | 17.5977                 | 2,644,331               | 17.6289                 | 4,672             | 0.2%          |
| 23                   | Total Bill                         | 2,931,483                                       | 19.5432                 | 2,935,846               | 19.5723                 | 4,363             | 0.1%          | 3,429,198   | 22.8613                 | 3,433,561               | 22.8904                 | 4,363             | 0.1%          |
| 24                   | Sales Service Impact               |   |                         |                         |                         | 4,363             | 0.1%          |   |                         |                         |                         | 4,363             | 0.1%          |
| 25                   | Bundled-T (Direct Purchase) Impact |   |                         |                         |                         | 4,498             | 0.5%          |   |                         |                         |                         | 4,498             | 0.3%          |

Notes:

(1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.

(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.

UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union North

| Line No. | Particulars                        | Excluding Cap-and-Trade Customer-Related Charge |                         |                         |                         |                   |               | Including Cap-and-Trade Customer-Related Charge (2) |                         |                         |                         |                   |               |
|----------|------------------------------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|
|          |                                    | Approved - EB-2017-0278 (1)                     |                         | Proposed - EB-2017-0087 |                         |                   |               | Approved - EB-2017-0278 (1)                         |                         | Proposed - EB-2017-0087 |                         |                   |               |
|          |                                    | Total Bill                                      | Unit Rate               | Total Bill              | Unit Rate               | Total Bill Change | Bill Impact   | Total Bill  | Unit Rate               | Total Bill              | Unit Rate               | Total Bill Change | Bill Impact   |
|          |                                    | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           |
|          |                                    | (a)   | (b)                     | (c)                     | (d)                     | (e) = (c - a)     | (f) = (e / a) | (g)   | (h)                     | (i)                     | (j)                     | (k) = (l - g)     | (l) = (k / g) |
|          | <u>Average Rate 25</u>             |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 1        | Delivery Charges                   | 61,803  | 2.7166                  | 61,519                  | 2.7041                  | (284)             | -0.5%         | 137,289   | 6.0347                  | 137,006                 | 6.0222                  | (284)             | -0.2%         |
| 2        | Gas Supply Charges                 | 347,172   | 15.2603                 | 346,139                 | 15.2149                 | (1,033)           | -0.3%         | 347,172   | 15.2603                 | 346,139                 | 15.2149                 | (1,033)           | -0.3%         |
| 3        | Total Bill                         | 408,975   | 17.9769                 | 407,658                 | 17.9190                 | (1,317)           | -0.3%         | 484,461   | 21.2950                 | 483,145                 | 21.2371                 | (1,317)           | -0.3%         |
| 4        | Sales Service Impact               |   |                         |                         |                         | (1,317)           | -0.3%         |   |                         |                         |                         | (1,317)           | -0.3%         |
| 5        | T-Service (Direct Purchase) Impact |   |                         |                         |                         | (284)             | -0.5%         |   |                         |                         |                         | (284)             | -0.2%         |
|          | <u>Small Rate 100</u>              |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 6        | Delivery Charges                   | 257,308   | 0.9530                  | 256,601                 | 0.9504                  | (706)             | -0.3%         | 1,153,195   | 4.2711                  | 1,152,488               | 4.2685                  | (706)             | -0.1%         |
| 7        | Gas Supply Charges                 | 6,634,970                                       | 24.5740                 | 6,622,014               | 24.5260                 | (12,956)          | -0.2%         | 6,634,970   | 24.5740                 | 6,622,014               | 24.5260                 | (12,956)          | -0.2%         |
| 8        | Total Bill                         | 6,892,277                                       | 25.5270                 | 6,878,615               | 25.4764                 | (13,662)          | -0.2%         | 7,788,164   | 28.8451                 | 7,774,502               | 28.7945                 | (13,662)          | -0.2%         |
| 9        | Sales Service Impact               |   |                         |                         |                         | (13,662)          | -0.2%         |   |                         |                         |                         | (13,662)          | -0.2%         |
| 10       | T-Service (Direct Purchase) Impact |   |                         |                         |                         | (706)             | -0.3%         |   |                         |                         |                         | (706)             | -0.1%         |
|          | <u>Large Rate 100</u>              |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 11       | Delivery Charges                   | 2,086,720                                       | 0.8695                  | 2,083,604               | 0.8682                  | (3,115)           | -0.1%         | 10,050,160  | 4.1876                  | 10,047,044              | 4.1863                  | (3,115)           | 0.0%          |
| 12       | Gas Supply Charges                 | 57,829,168                                      | 24.0955                 | 57,718,951              | 24.0496                 | (110,217)         | -0.2%         | 57,829,168  | 24.0955                 | 57,718,951              | 24.0496                 | (110,217)         | -0.2%         |
| 13       | Total Bill                         | 59,915,888                                      | 24.9650                 | 59,802,555              | 24.9177                 | (113,333)         | -0.2%         | 67,879,328  | 28.2831                 | 67,765,995              | 28.2358                 | (113,333)         | -0.2%         |
| 14       | Sales Service Impact               |   |                         |                         |                         | (113,333)         | -0.2%         |   |                         |                         |                         | (113,333)         | -0.2%         |
| 15       | T-Service (Direct Purchase) Impact |   |                         |                         |                         | (3,115)           | -0.1%         |   |                         |                         |                         | (3,115)           | 0.0%          |

Notes:

(1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.

(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.

UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union South

| Line No. | Particulars            | Excluding Cap-and-Trade Customer-Related Charge |                                   |                         |                                   |                        |                 | Including Cap-and-Trade Customer-Related Charge (2) |                                   |                         |                                   |                        |                 |
|----------|------------------------|---|-----------------------------------|-------------------------|-----------------------------------|------------------------|-----------------|---|-----------------------------------|-------------------------|-----------------------------------|------------------------|-----------------|
|          |                        | Approved - EB-2017-0278 (1)                     |                                   | Proposed - EB-2017-0087 |                                   | Total Bill Change (\$) | Bill Impact (%) | Approved - EB-2017-0278 (1)                         |                                   | Proposed - EB-2017-0087 |                                   | Total Bill Change (\$) | Bill Impact (%) |
|          |                        | Total Bill (\$)                                 | Unit Rate (cents/m <sup>3</sup> ) | Total Bill (\$)         | Unit Rate (cents/m <sup>3</sup> ) |                        |                 | Total Bill (\$)                                     | Unit Rate (cents/m <sup>3</sup> ) | Total Bill (\$)         | Unit Rate (cents/m <sup>3</sup> ) |                        |                 |
|          |                        | (a)   | (b)                               | (c)                     | (d)                               |                        |                 | (g)   | (h)                               | (i)                     | (j)                               |                        |                 |
|          |                        |   |                                   |                         |                                   | (e) = (c - a)          | (f) = (e / a)   |   |                                   |                         |                                   | (k) = (i - g)          | (l) = (k / g)   |
|          | <u>Small Rate M1</u>   |   |                                   |                         |                                   |                        |                 |   |                                   |                         |                                   |                        |                 |
| 1        | Delivery Charges       | 366   | 16.6173                           | 375                     | 17.0545                           | 9.62                   | 2.6%            | 439   | 19.9355                           | 448                     | 20.3727                           | 9.62                   | 2.2%            |
| 2        | Gas Supply Charges     | 302   | 13.7318                           | 302                     | 13.7309                           | (0.02)                 | 0.0%            | 302   | 13.7318                           | 302                     | 13.7309                           | (0.02)                 | 0.0%            |
| 3        | Total Bill             | 668   | 30.3491                           | 677                     | 30.7855                           | 9.60                   | 1.4%            | 741   | 33.6673                           | 750                     | 34.1036                           | 9.60                   | 1.3%            |
| 4        | Sales Service Impact   |   |                                   |                         |                                   | 9.60                   | 1.4%            |   |                                   |                         |                                   | 9.60                   | 1.3%            |
| 5        | Direct Purchase Impact |   |                                   |                         |                                   | 9.62                   | 2.6%            |   |                                   |                         |                                   | 9.62                   | 2.2%            |
|          | <u>Small Rate M2</u>   |   |                                   |                         |                                   |                        |                 |   |                                   |                         |                                   |                        |                 |
| 6        | Delivery Charges       | 3,957   | 6.5942                            | 4,227                   | 7.0445                            | 270                    | 6.8%            | 5,947   | 9.9123                            | 6,218                   | 10.3626                           | 270                    | 4.5%            |
| 7        | Gas Supply Charges     | 8,239   | 13.7312                           | 8,238                   | 13.7303                           | (1)                    | 0.0%            | 8,239   | 13.7312                           | 8,238                   | 13.7303                           | (1)                    | 0.0%            |
| 8        | Total Bill             | 12,195  | 20.3254                           | 12,465                  | 20.7748                           | 270                    | 2.2%            | 14,186  | 23.6435                           | 14,456                  | 24.0929                           | 270                    | 1.9%            |
| 9        | Sales Service Impact   |   |                                   |                         |                                   | 270                    | 2.2%            |   |                                   |                         |                                   | 270                    | 1.9%            |
| 10       | Direct Purchase Impact |   |                                   |                         |                                   | 270                    | 6.8%            |   |                                   |                         |                                   | 270                    | 4.5%            |
|          | <u>Large Rate M2</u>   |   |                                   |                         |                                   |                        |                 |   |                                   |                         |                                   |                        |                 |
| 11       | Delivery Charges       | 13,289  | 5.3158                            | 14,393                  | 5.7570                            | 1,103                  | 8.3%            | 21,585  | 8.6339                            | 22,688                  | 9.0751                            | 1,103                  | 5.1%            |
| 12       | Gas Supply Charges     | 34,328  | 13.7312                           | 34,326                  | 13.7303                           | (2)                    | 0.0%            | 34,328  | 13.7312                           | 34,326                  | 13.7303                           | (2)                    | 0.0%            |
| 13       | Total Bill             | 47,617  | 19.0470                           | 48,718                  | 19.4873                           | 1,101                  | 2.3%            | 55,913  | 22.3651                           | 57,014                  | 22.8054                           | 1,101                  | 2.0%            |
| 14       | Sales Service Impact   |   |                                   |                         |                                   | 1,101                  | 2.3%            |   |                                   |                         |                                   | 1,101                  | 2.0%            |
| 15       | Direct Purchase Impact |   |                                   |                         |                                   | 1,103                  | 8.3%            |   |                                   |                         |                                   | 1,103                  | 5.1%            |
|          | <u>Small Rate M4</u>   |   |                                   |                         |                                   |                        |                 |   |                                   |                         |                                   |                        |                 |
| 16       | Delivery Charges       | 44,905  | 5.1320                            | 49,920                  | 5.7051                            | 5,015                  | 11.2%           | 73,939  | 8.4501                            | 78,953                  | 9.0232                            | 5,015                  | 6.8%            |
| 17       | Gas Supply Charges     | 120,148   | 13.7312                           | 120,140                 | 13.7303                           | (8)                    | 0.0%            | 120,148   | 13.7312                           | 120,140                 | 13.7303                           | (8)                    | 0.0%            |
| 18       | Total Bill             | 165,053   | 18.8632                           | 170,060                 | 19.4354                           | 5,007                  | 3.0%            | 194,087   | 22.1813                           | 199,093                 | 22.7535                           | 5,007                  | 2.6%            |
| 19       | Sales Service Impact   |   |                                   |                         |                                   | 5,007                  | 3.0%            |   |                                   |                         |                                   | 5,007                  | 2.6%            |
| 20       | Direct Purchase Impact |   |                                   |                         |                                   | 5,015                  | 11.2%           |   |                                   |                         |                                   | 5,015                  | 6.8%            |
|          | <u>Large Rate M4</u>   |   |                                   |                         |                                   |                        |                 |   |                                   |                         |                                   |                        |                 |
| 21       | Delivery Charges       | 340,127   | 2.8344                            | 383,449                 | 3.1954                            | 43,323                 | 12.7%           | 738,299   | 6.1525                            | 781,621                 | 6.5135                            | 43,323                 | 5.9%            |
| 22       | Gas Supply Charges     | 1,647,744                                       | 13.7312                           | 1,647,636               | 13.7303                           | (108)                  | 0.0%            | 1,647,744   | 13.7312                           | 1,647,636               | 13.7303                           | (108)                  | 0.0%            |
| 23       | Total Bill             | 1,987,871                                       | 16.5656                           | 2,031,085               | 16.9257                           | 43,215                 | 2.2%            | 2,386,043   | 19.8837                           | 2,429,257               | 20.2438                           | 43,215                 | 1.8%            |
| 24       | Sales Service Impact   |   |                                   |                         |                                   | 43,215                 | 2.2%            |   |                                   |                         |                                   | 43,215                 | 1.8%            |
| 25       | Direct Purchase Impact |   |                                   |                         |                                   | 43,323                 | 12.7%           |   |                                   |                         |                                   | 43,323                 | 5.9%            |

Notes:

(1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.

(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.

UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union South

| Line No.             | Particulars            | Excluding Cap-and-Trade Customer-Related Charge |                                   |                         |                                   |                   |               | Including Cap-and-Trade Customer-Related Charge (2) |                                   |                         |                                   |                   |               |
|----------------------|------------------------|---|-----------------------------------|-------------------------|-----------------------------------|-------------------|---------------|---|-----------------------------------|-------------------------|-----------------------------------|-------------------|---------------|
|                      |                        | Approved - EB-2017-0278 (1)                     |                                   | Proposed - EB-2017-0087 |                                   | Total Bill Change | Bill Impact   | Approved - EB-2017-0278 (1)                         |                                   | Proposed - EB-2017-0087 |                                   | Total Bill Change | Bill Impact   |
|                      |                        | Total Bill (\$)                                 | Unit Rate (cents/m <sup>3</sup> ) | Total Bill (\$)         | Unit Rate (cents/m <sup>3</sup> ) |                   |               | Total Bill (\$)                                     | Unit Rate (cents/m <sup>3</sup> ) | Total Bill (\$)         | Unit Rate (cents/m <sup>3</sup> ) |                   |               |
|                      |                        | (a)   | (b)                               | (c)                     | (d)                               | (e) = (c - a)     | (f) = (e / a) | (g)   | (h)                               | (i)                     | (j)                               | (k) = (i - g)     | (l) = (k / g) |
| <u>Small Rate M5</u> |                        |   |                                   |                         |                                   |                   |               |   |                                   |                         |                                   |                   |               |
| 1                    | Delivery Charges       | 32,519  | 3.9417                            | 33,010                  | 4.0012                            | 491               | 1.5%          | 59,893  | 7.2598                            | 60,384                  | 7.3193                            | 491               | 0.8%          |
| 2                    | Gas Supply Charges     | 113,282   | 13.7312                           | 113,275                 | 13.7303                           | (7)               | 0.0%          | 113,282   | 13.7312                           | 113,275                 | 13.7303                           | (7)               | 0.0%          |
| 3                    | Total Bill             | 145,801   | 17.6729                           | 146,285                 | 17.7315                           | 484               | 0.3%          | 173,176   | 20.9910                           | 173,659                 | 21.0496                           | 484               | 0.3%          |
| 4                    | Sales Service Impact   |   |                                   |                         |                                   | 484               | 0.3%          |   |                                   |                         |                                   | 484               | 0.3%          |
| 5                    | Direct Purchase Impact |   |                                   |                         |                                   | 491               | 1.5%          |   |                                   |                         |                                   | 491               | 0.8%          |
| <u>Large Rate M5</u> |                        |   |                                   |                         |                                   |                   |               |   |                                   |                         |                                   |                   |               |
| 6                    | Delivery Charges       | 186,216   | 2.8649                            | 190,918                 | 2.9372                            | 4,702             | 2.5%          | 401,893   | 6.1830                            | 406,595                 | 6.2553                            | 4,702             | 1.2%          |
| 7                    | Gas Supply Charges     | 892,528   | 13.7312                           | 892,470                 | 13.7303                           | (59)              | 0.0%          | 892,528   | 13.7312                           | 892,470                 | 13.7303                           | (59)              | 0.0%          |
| 8                    | Total Bill             | 1,078,744                                       | 16.5961                           | 1,083,388               | 16.6675                           | 4,643             | 0.4%          | 1,294,421   | 19.9142                           | 1,299,064               | 19.9856                           | 4,643             | 0.4%          |
| 9                    | Sales Service Impact   |   |                                   |                         |                                   | 4,643             | 0.4%          |   |                                   |                         |                                   | 4,643             | 0.4%          |
| 10                   | Direct Purchase Impact |   |                                   |                         |                                   | 4,702             | 2.5%          |   |                                   |                         |                                   | 4,702             | 1.2%          |
| <u>Small Rate M7</u> |                        |   |                                   |                         |                                   |                   |               |   |                                   |                         |                                   |                   |               |
| 11                   | Delivery Charges       | 760,123   | 2.1115                            | 832,232                 | 2.3118                            | 72,109            | 9.5%          | 1,954,639   | 5.4296                            | 2,026,748               | 5.6299                            | 72,109            | 3.7%          |
| 12                   | Gas Supply Charges     | 4,943,232                                       | 13.7312                           | 4,942,908               | 13.7303                           | (324)             | 0.0%          | 4,943,232   | 13.7312                           | 4,942,908               | 13.7303                           | (324)             | 0.0%          |
| 13                   | Total Bill             | 5,703,355                                       | 15.8427                           | 5,775,140               | 16.0421                           | 71,785            | 1.3%          | 6,897,871   | 19.1608                           | 6,969,656               | 19.3602                           | 71,785            | 1.0%          |
| 14                   | Sales Service Impact   |   |                                   |                         |                                   | 71,785            | 1.3%          |   |                                   |                         |                                   | 71,785            | 1.0%          |
| 15                   | Direct Purchase Impact |   |                                   |                         |                                   | 72,109            | 9.5%          |   |                                   |                         |                                   | 72,109            | 3.7%          |
| <u>Large Rate M7</u> |                        |   |                                   |                         |                                   |                   |               |   |                                   |                         |                                   |                   |               |
| 16                   | Delivery Charges       | 2,879,617                                       | 5.5377                            | 3,220,546               | 6.1934                            | 340,929           | 11.8%         | 4,605,029   | 8.8558                            | 4,945,958               | 9.5115                            | 340,929           | 7.4%          |
| 17                   | Gas Supply Charges     | 7,140,224                                       | 13.7312                           | 7,139,756               | 13.7303                           | (468)             | 0.0%          | 7,140,224   | 13.7312                           | 7,139,756               | 13.7303                           | (468)             | 0.0%          |
| 18                   | Total Bill             | 10,019,841                                      | 19.2689                           | 10,360,302              | 19.9237                           | 340,461           | 3.4%          | 11,745,253  | 22.5870                           | 12,085,714              | 23.2418                           | 340,461           | 2.9%          |
| 19                   | Sales Service Impact   |   |                                   |                         |                                   | 340,461           | 3.4%          |   |                                   |                         |                                   | 340,461           | 2.9%          |
| 20                   | Direct Purchase Impact |   |                                   |                         |                                   | 340,929           | 11.8%         |   |                                   |                         |                                   | 340,929           | 7.4%          |

Notes:

(1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.

(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.



UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union South

| Line No. | Particulars                 | Excluding Cap-and-Trade Customer-Related Charge |                         |                         |                         |                   |               | Including Cap-and-Trade Customer-Related Charge (2) |                         |                         |                         |                   |               |
|----------|-----------------------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|
|          |                             | Approved - EB-2017-0278 (1)                     |                         | Proposed - EB-2017-0087 |                         | Total Bill Change | Bill Impact   | Approved - EB-2017-0278 (1)                         |                         | Proposed - EB-2017-0087 |                         | Total Bill Change | Bill Impact   |
|          |                             | Total Bill                                      | Unit Rate               | Total Bill              | Unit Rate               |                   |               | Total Bill  | Unit Rate               | Total Bill              | Unit Rate               |                   |               |
|          |                             | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           |
|          |                             | (a)   | (b)                     | (c)                     | (d)                     | (e) = (c - a)     | (f) = (e / a) | (g)   | (h)                     | (i)                     | (j)                     | (k) = (l - g)     | (l) = (k / g) |
|          | <u>Small Rate M9 (3)</u>    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 1        | Delivery Charges            | 167,989   | 2.4171                  | 173,577                 | 2.4975                  | 5,588             | 3.3%          | 167,989   | 2.4171                  | 173,577                 | 2.4975                  | 5,588             | 3.3%          |
| 2        | Gas Supply Charges          | 954,318   | 13.7312                 | 954,256                 | 13.7303                 | (63)              | 0.0%          | 954,318   | 13.7312                 | 954,256                 | 13.7303                 | (63)              | 0.0%          |
| 3        | Total Bill                  | 1,122,307                                       | 16.1483                 | 1,127,833               | 16.2278                 | 5,526             | 0.5%          | 1,122,307   | 16.1483                 | 1,127,833               | 16.2278                 | 5,526             | 0.5%          |
| 4        | Sales Service Impact        |   |                         |                         |                         | 5,526             | 0.5%          |   |                         |                         |                         | 5,526             | 0.5%          |
| 5        | Direct Purchase Impact      |   |                         |                         |                         | 5,588             | 3.3%          |   |                         |                         |                         | 5,588             | 3.3%          |
|          | <u>Large Rate M9 (3)</u>    |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 6        | Delivery Charges            | 499,078   | 2.4734                  | 515,925                 | 2.5569                  | 16,847            | 3.4%          | 499,078   | 2.4734                  | 515,925                 | 2.5569                  | 16,847            | 3.4%          |
| 7        | Gas Supply Charges          | 2,770,682                                       | 13.7312                 | 2,770,500               | 13.7303                 | (182)             | 0.0%          | 2,770,682   | 13.7312                 | 2,770,500               | 13.7303                 | (182)             | 0.0%          |
| 8        | Total Bill                  | 3,269,759                                       | 16.2046                 | 3,286,425               | 16.2872                 | 16,666            | 0.5%          | 3,269,759   | 16.2046                 | 3,286,425               | 16.2872                 | 16,666            | 0.5%          |
| 9        | Sales Service Impact        |   |                         |                         |                         | 16,666            | 0.5%          |   |                         |                         |                         | 16,666            | 0.5%          |
| 10       | Direct Purchase Impact      |   |                         |                         |                         | 16,847            | 3.4%          |   |                         |                         |                         | 16,847            | 3.4%          |
|          | <u>Average Rate M10 (3)</u> |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 11       | Delivery Charges            | 6,383   | 6.7547                  | 6,804                   | 7.1995                  | 420               | 6.6%          | 6,383   | 6.7547                  | 6,804                   | 7.1995                  | 420               | 6.6%          |
| 12       | Gas Supply Charges          | 12,976  | 13.7312                 | 12,975                  | 13.7303                 | (1)               | 0.0%          | 12,976  | 13.7312                 | 12,975                  | 13.7303                 | (1)               | 0.0%          |
| 13       | Total Bill                  | 19,359  | 20.4859                 | 19,779                  | 20.9298                 | 419               | 2.2%          | 19,359  | 20.4859                 | 19,779                  | 20.9298                 | 419               | 2.2%          |
| 14       | Sales Service Impact        |   |                         |                         |                         | 419               | 2.2%          |   |                         |                         |                         | 419               | 2.2%          |
| 15       | Direct Purchase Impact      |   |                         |                         |                         | 420               | 6.6%          |   |                         |                         |                         | 420               | 6.6%          |
|          | <u>Small Rate T1</u>        |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 16       | Delivery Charges            | 143,882   | 1.9090                  | 159,781                 | 2.1200                  | 15,899            | 11.0%         | 393,968   | 5.2271                  | 409,866                 | 5.4381                  | 15,899            | 4.0%          |
| 17       | Gas Supply Charges          | 1,034,921                                       | 13.7312                 | 1,034,853               | 13.7303                 | (68)              | 0.0%          | 1,034,921   | 13.7312                 | 1,034,853               | 13.7303                 | (68)              | 0.0%          |
| 18       | Total Bill                  | 1,178,803                                       | 15.6402                 | 1,194,634               | 15.8503                 | 15,831            | 1.3%          | 1,428,888   | 18.9583                 | 1,444,719               | 19.1684                 | 15,831            | 1.1%          |
| 19       | Sales Service Impact        |   |                         |                         |                         | 15,831            | 1.3%          |   |                         |                         |                         | 15,831            | 1.1%          |
| 20       | Direct Purchase Impact      |   |                         |                         |                         | 15,899            | 11.0%         |   |                         |                         |                         | 15,899            | 4.0%          |
|          | <u>Average Rate T1</u>      |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 21       | Delivery Charges            | 220,763   | 1.9087                  | 247,196                 | 2.1373                  | 26,433            | 12.0%         | 604,533   | 5.2268                  | 630,965                 | 5.4554                  | 26,433            | 4.4%          |
| 22       | Gas Supply Charges          | 1,588,142                                       | 13.7312                 | 1,588,038               | 13.7303                 | (104)             | 0.0%          | 1,588,142   | 13.7312                 | 1,588,038               | 13.7303                 | (104)             | 0.0%          |
| 23       | Total Bill                  | 1,808,905                                       | 15.6399                 | 1,835,234               | 15.8676                 | 26,328            | 1.5%          | 2,192,675   | 18.9580                 | 2,219,003               | 19.1857                 | 26,328            | 1.2%          |
| 24       | Sales Service Impact        |   |                         |                         |                         | 26,328            | 1.5%          |   |                         |                         |                         | 26,328            | 1.2%          |
| 25       | Direct Purchase Impact      |   |                         |                         |                         | 26,433            | 12.0%         |   |                         |                         |                         | 26,433            | 4.4%          |

Notes:

- (1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.  
(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.  
(3) The customer-related Cap-and-Trade rates are not applicable to Rate M9, Rate M10, and Rate T3 as there are no customers in these rate classes covered by Union's compliance obligation.

UNION GAS LIMITED  
Calculation of Sales Service and Direct Purchase Bill Impacts for Typical Small and Large Customers - Union South

| Line No. | Particulars              | Excluding Cap-and-Trade Customer-Related Charge |                         |                         |                         |                   |               | Including Cap-and-Trade Customer-Related Charge (2) |                         |                         |                         |                   |               |
|----------|--------------------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|---|-------------------------|-------------------------|-------------------------|-------------------|---------------|
|          |                          | Approved - EB-2017-0278 (1)                     |                         | Proposed - EB-2017-0087 |                         | Total Bill Change | Bill Impact   | Approved - EB-2017-0278 (1)                         |                         | Proposed - EB-2017-0087 |                         | Total Bill Change | Bill Impact   |
|          |                          | Total Bill                                      | Unit Rate               | Total Bill              | Unit Rate               |                   |               | Total Bill  | Unit Rate               | Total Bill              | Unit Rate               |                   |               |
|          |                          | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           | (\$)  | (cents/m <sup>3</sup> ) | (\$)                    | (cents/m <sup>3</sup> ) | (\$)              | (%)           |
|          |                          | (a)   | (b)                     | (c)                     | (d)                     | (e) = (c - a)     | (f) = (e / a) | (g)   | (h)                     | (i)                     | (j)                     | (k) = (l - g)     | (l) = (k / g) |
|          | <u>Large Rate T1</u>     |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 1        | Delivery Charges         | 489,756   | 1.9113                  | 553,063                 | 2.1584                  | 63,307            | 12.9%         | 1,339,989   | 5.2294                  | 1,403,296               | 5.4765                  | 63,307            | 4.7%          |
| 2        | Gas Supply Charges       | 3,518,494                                       | 13.7312                 | 3,518,263               | 13.7303                 | (231)             | 0.0%          | 3,518,494   | 13.7312                 | 3,518,263               | 13.7303                 | (231)             | 0.0%          |
| 3        | Total Bill               | 4,008,250                                       | 15.6425                 | 4,071,326               | 15.8887                 | 63,076            | 1.6%          | 4,858,483   | 18.9606                 | 4,921,559               | 19.2068                 | 63,076            | 1.3%          |
| 4        | Sales Service Impact     |   |                         |                         |                         | 63,076            | 1.6%          |   |                         |                         |                         | 63,076            | 1.3%          |
| 5        | Direct Purchase Impact   |   |                         |                         |                         | 63,307            | 12.9%         |   |                         |                         |                         | 63,307            | 4.7%          |
|          | <u>Small Rate T2</u>     |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 6        | Delivery Charges         | 626,553   | 1.0574                  | 743,109                 | 1.2541                  | 116,555           | 18.6%         | 2,592,727   | 4.3755                  | 2,709,282               | 4.5722                  | 116,555           | 4.5%          |
| 7        | Gas Supply Charges       | 8,136,560                                       | 13.7312                 | 8,136,027               | 13.7303                 | (533)             | 0.0%          | 8,136,560   | 13.7312                 | 8,136,027               | 13.7303                 | (533)             | 0.0%          |
| 8        | Total Bill               | 8,763,113                                       | 14.7886                 | 8,879,135               | 14.9844                 | 116,022           | 1.3%          | 10,729,287  | 18.1067                 | 10,845,309              | 18.3025                 | 116,022           | 1.1%          |
| 9        | Sales Service Impact     |   |                         |                         |                         | 116,022           | 1.3%          |   |                         |                         |                         | 116,022           | 1.1%          |
| 10       | Direct Purchase Impact   |   |                         |                         |                         | 116,555           | 18.6%         |   |                         |                         |                         | 116,555           | 4.5%          |
|          | <u>Average Rate T2</u>   |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 11       | Delivery Charges         | 1,502,783                                       | 0.7598                  | 1,791,700               | 0.9059                  | 288,917           | 19.2%         | 8,065,648   | 4.0779                  | 8,354,565               | 4.2240                  | 288,917           | 3.6%          |
| 12       | Gas Supply Charges       | 27,158,920                                      | 13.7312                 | 27,157,140              | 13.7303                 | (1,780)           | 0.0%          | 27,158,920  | 13.7312                 | 27,157,140              | 13.7303                 | (1,780)           | 0.0%          |
| 13       | Total Bill               | 28,661,703                                      | 14.4910                 | 28,948,840              | 14.6362                 | 287,137           | 1.0%          | 35,224,568  | 17.8091                 | 35,511,705              | 17.9543                 | 287,137           | 0.8%          |
| 14       | Sales Service Impact     |   |                         |                         |                         | 287,137           | 1.0%          |   |                         |                         |                         | 287,137           | 0.8%          |
| 15       | Direct Purchase Impact   |   |                         |                         |                         | 288,917           | 19.2%         |   |                         |                         |                         | 288,917           | 3.6%          |
|          | <u>Large Rate T2</u>     |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 16       | Delivery Charges         | 2,483,891                                       | 0.6712                  | 2,961,560               | 0.8002                  | 477,669           | 19.2%         | 14,763,815  | 3.9893                  | 15,241,484              | 4.1183                  | 477,669           | 3.2%          |
| 17       | Gas Supply Charges       | 50,817,661                                      | 13.7312                 | 50,814,330              | 13.7303                 | (3,331)           | 0.0%          | 50,817,661  | 13.7312                 | 50,814,330              | 13.7303                 | (3,331)           | 0.0%          |
| 18       | Total Bill               | 53,301,552                                      | 14.4024                 | 53,775,890              | 14.5305                 | 474,338           | 0.9%          | 65,581,475  | 17.7205                 | 66,055,814              | 17.8486                 | 474,338           | 0.7%          |
| 19       | Sales Service Impact     |   |                         |                         |                         | 474,338           | 0.9%          |   |                         |                         |                         | 474,338           | 0.7%          |
| 20       | Direct Purchase Impact   |   |                         |                         |                         | 477,669           | 19.2%         |   |                         |                         |                         | 477,669           | 3.2%          |
|          | <u>Large Rate T3 (3)</u> |   |                         |                         |                         |                   |               |   |                         |                         |                         |                   |               |
| 21       | Delivery Charges         | 5,320,186                                       | 1.9508                  | 5,570,501               | 2.0426                  | 250,314           | 4.7%          | 5,320,186   | 1.9508                  | 5,570,501               | 2.0426                  | 250,314           | 4.7%          |
| 22       | Gas Supply Charges       | 37,446,630                                      | 13.7312                 | 37,444,176              | 13.7303                 | (2,454)           | 0.0%          | 37,446,630  | 13.7312                 | 37,444,176              | 13.7303                 | (2,454)           | 0.0%          |
| 23       | Total Bill               | 42,766,816                                      | 15.6820                 | 43,014,676              | 15.7729                 | 247,860           | 0.6%          | 42,766,816  | 15.6820                 | 43,014,676              | 15.7729                 | 247,860           | 0.6%          |
| 24       | Sales Service Impact     |   |                         |                         |                         | 247,860           | 0.6%          |   |                         |                         |                         | 247,860           | 0.6%          |
| 25       | Direct Purchase Impact   |   |                         |                         |                         | 250,314           | 4.7%          |   |                         |                         |                         | 250,314           | 4.7%          |

Notes:

- (1) Reflects approved rates per October 2017 QRAM (EB-2017-0278), Appendix A.  
(2) Bill impacts including Cap-and-Trade Customer-Related Charge are applicable to customers for whom Union is required to fulfill Cap-and-Trade obligations.  
(3) The customer-related Cap-and-Trade rates are not applicable to Rate M9, Rate M10, and Rate T3 as there are no customers in these rate calsses covered by Union's compliance obligation.

**UNION GAS LIMITED**  
Summary of 2018 Capital Pass-Through Adjustments  
Related to Parkway Projects, Burlington - Oakville Pipeline, 2016 Dawn Parkway, 2017 Dawn Parkway, and Panhandle Reinforcement

| Line No.                        | Particulars (\$000s)                    | Delivery<br>(a) | Transportation<br>(b) | Storage<br>(c) | Total<br>(d) = (a + b + c) |
|---------------------------------|---|-----------------|-----------------------|----------------|----------------------------|
| <u>Union North In-franchise</u> |   |                 |                       |                |                            |
| 1                               | Rate 01                                 | (8,971)         | 104                   | 5,977          | (2,890)                    |
| 2                               | Rate 10                                 | (1,090)         | (3)                   | 1,564          | 472                        |
| 3                               | Rate 20                                 | (911)           | (13)                  | 418            | (506)                      |
| 4                               | Rate 25                                 | (285)           | (6)                   | -              | (291)                      |
| 5                               | Rate 100                                | (778)           | (4)                   | 29             | (752)                      |
| 6                               | Total Union North In-Franchise          | <u>(12,034)</u> | <u>77</u>             | <u>7,989</u>   | <u>(3,968)</u>             |
| <u>Union South In-franchise</u> |   |                 |                       |                |                            |
| 7                               | Rate M1                                 | (3,290)         | -                     | (1,907)        | (5,197)                    |
| 8                               | Rate M2                                 | 3,437           | -                     | (650)          | 2,787                      |
| 9                               | Rate M4                                 | 2,086           | -                     | (116)          | 1,970                      |
| 10                              | Rate M5A                                | (569)           | -                     | (102)          | (671)                      |
| 11                              | Rate M7                                 | 782             | -                     | (43)           | 739                        |
| 12                              | Rate M9                                 | 165             | -                     | (15)           | 149                        |
| 13                              | Rate M10                                | 3               | -                     | (0)            | 3                          |
| 14                              | Rate T1                                 | 1,446           | -                     | (68)           | 1,378                      |
| 15                              | Rate T2                                 | 11,679          | -                     | (300)          | 11,379                     |
| 16                              | Rate T3                                 | 1,174           | -                     | (83)           | 1,091                      |
| 17                              | Total Union South In-franchise          | <u>16,915</u>   | <u>-</u>              | <u>(3,286)</u> | <u>13,628</u>              |
| <u>Ex-franchise</u>             |   |                 |                       |                |                            |
| 18                              | Excess Utility Space                    | -               | (44)                  | (249)          | (293)                      |
| 19                              | Rate M12                                | -               | 116,666               | -              | 116,666                    |
| 20                              | Rate M13                                | -               | (2)                   | -              | (2)                        |
| 21                              | Rate M16                                | -               | 441                   | -              | 441                        |
| 22                              | Rate C1                                 | -               | 3,261                 | -              | 3,261                      |
| 23                              | Total Ex-franchise                      | <u>-</u>        | <u>120,322</u>        | <u>(249)</u>   | <u>120,074</u>             |
| 24                              | Total (line 6 + line 17 + line 23)      | <u>4,880</u>    | <u>120,400</u>        | <u>4,454</u>   | <u>129,734</u>             |
| 25                              | Gas Supply Admin                        |                 |                       |                | (100)                      |
| 26                              | Total In-franchise and Ex-franchise (1) |                 |                       |                | <u>129,633</u>             |

Note:

- (1) Sum of projects from EB-2012-0433/EB-2013-0074 Parkway Projects, EB-2014-0182 Burlington Oakville, EB-2014-0261 Dawn Parkway 2016 Expansion, EB-2015-0200 2017 Dawn Parkway Project, and EB-2016-0186 Panhandle Reinforcement.

UNION GAS LIMITED  
Summary of 2018 Capital Pass-Through Adjustments  
Related to Parkway Projects, Burlington - Oakville Pipeline, 2016 Dawn Parkway, 2017 Dawn Parkway, and Panhandle Reinforcement

| Line No.                        | Particulars (\$000s)                | Parkway Projects (1)<br>(a) | BOP (2)<br>(b) | 2016 D-P Expansion (3)<br>(c) | 2017 D-P Expansion (4)<br>(d) | Panhandle Reinforcement (5)<br>(e) | Total<br>(f) = (a + b + c + d + e) |
|---------------------------------|-------------------------------------|-----------------------------|----------------|-------------------------------|-------------------------------|------------------------------------|------------------------------------|
| <u>Union North In-franchise</u> |                                     |                             |                |                               |                               |                                    |                                    |
| 1                               | Rate 01                             | 1,208                       | (694)          | (54)                          | (2,409)                       | (941)                              | (2,890)                            |
| 2                               | Rate 10                             | 543                         | (100)          | 265                           | (105)                         | (131)                              | 472                                |
| 3                               | Rate 20                             | 44                          | (71)           | (79)                          | (301)                         | (99)                               | (506)                              |
| 4                               | Rate 25                             | (49)                        | (20)           | (68)                          | (126)                         | (29)                               | (291)                              |
| 5                               | Rate 100                            | (113)                       | (56)           | (174)                         | (332)                         | (77)                               | (752)                              |
| 6                               | Total Union North In-Franchise      | <u>1,633</u>                | <u>(942)</u>   | <u>(110)</u>                  | <u>(3,272)</u>                | <u>(1,277)</u>                     | <u>(3,968)</u>                     |
| <u>Union South In-franchise</u> |                                     |                             |                |                               |                               |                                    |                                    |
| 7                               | Rate M1                             | (2,491)                     | 3,530          | (2,157)                       | (5,993)                       | 1,915                              | (5,197)                            |
| 8                               | Rate M2                             | (13)                        | 1,486          | 306                           | (85)                          | 1,092                              | 2,787                              |
| 9                               | Rate M4                             | 3                           | 495            | 113                           | 10                            | 1,348                              | 1,970                              |
| 10                              | Rate M5A                            | (121)                       | (40)           | (159)                         | (309)                         | (43)                               | (671)                              |
| 11                              | Rate M7                             | 20                          | 181            | 75                            | 48                            | 415                                | 739                                |
| 12                              | Rate M9                             | 15                          | 61             | 38                            | 37                            | (2)                                | 149                                |
| 13                              | Rate M10                            | 0                           | 2              | 1                             | 1                             | (0)                                | 3                                  |
| 14                              | Rate T1                             | (32)                        | 431            | 17                            | (66)                          | 1,029                              | 1,378                              |
| 15                              | Rate T2                             | 25                          | 3,291          | 403                           | 118                           | 7,542                              | 11,379                             |
| 16                              | Rate T3                             | 115                         | 423            | 275                           | 286                           | (7)                                | 1,091                              |
| 17                              | Total Union South In-franchise      | <u>(2,478)</u>              | <u>9,859</u>   | <u>(1,090)</u>                | <u>(5,952)</u>                | <u>13,290</u>                      | <u>13,628</u>                      |
| <u>Ex-franchise</u>             |                                     |                             |                |                               |                               |                                    |                                    |
| 18                              | Excess Utility Space                | (51)                        | (22)           | (74)                          | (110)                         | (35)                               | (293)                              |
| 19                              | Rate M12                            | 34,597                      | (361)          | 30,535                        | 52,085                        | (191)                              | 116,666                            |
| 20                              | Rate M13                            | (1)                         | 2              | (1)                           | (2)                           | 0                                  | (2)                                |
| 21                              | Rate M16                            | (2)                         | (0)            | (3)                           | (5)                           | 451                                | 441                                |
| 22                              | Rate C1                             | (30)                        | (3)            | 1,012                         | (56)                          | 2,338                              | 3,261                              |
| 23                              | Total Ex-franchise                  | <u>34,514</u>               | <u>(384)</u>   | <u>31,469</u>                 | <u>51,911</u>                 | <u>2,564</u>                       | <u>120,074</u>                     |
| 24                              | Total (line 6 + line 17 + line 23)  | <u>33,668</u>               | <u>8,533</u>   | <u>30,269</u>                 | <u>42,687</u>                 | <u>14,577</u>                      | <u>129,734</u>                     |
| 25                              | Gas Supply Admin                    | (29)                        | (2)            | (18)                          | (48)                          | (3)                                | (100)                              |
| 26                              | Total In-franchise and Ex-franchise | <u>33,639</u>               | <u>8,531</u>   | <u>30,251</u>                 | <u>42,639</u>                 | <u>14,574</u>                      | <u>129,633</u>                     |

Notes:

- (1) EB-2012-0433, Schedule 12-6 Updated and EB-2013-0074, Schedule 10-2. Projects were combined in the cost study for a consolidated allocation of \$33.6M to rate classes.
- (2) EB-2014-0182, Exhibit A, Tab 9, Schedule 9.
- (3) EB-2014-0261, Settlement Agreement, Appendix 3, Schedule 6, updated for C1 North T-Service \$1.042M allocation adjustment between Rate 20 and Rate C1.
- (4) EB-2015-0200, Exhibit A, Tab 10, Schedule 5 Updated.
- (5) Rate Order, Appendix G, p. 2, column (c).

UNION GAS LIMITED  
2017 and 2018 DSM Budget Allocation by Rate Class

| Line No. | Particulars (\$000s)               | Board-Approved<br>2017 DSM<br>Budget (1)<br>(a) | Board-Approved<br>2018 DSM<br>Budget<br>(b) | Change<br>(c) = (b - a) |
|----------|------------------------------------|---|---|-------------------------|
|          | <u>Union North</u>                 |   |   |                         |
| 1        | Rate 01                            | 8,100   | 9,124                                       | 1,024                   |
| 2        | Rate 10                            | 2,951   | 3,093                                       | 142                     |
| 3        | Rate 20                            | 1,734   | 1,773                                       | 39                      |
| 4        | Rate 100                           | 1,882   | 1,895                                       | 13                      |
| 5        | Total Union North                  | <u>14,667</u>                                   | <u>15,885</u>                               | <u>1,219</u>            |
|          | <u>Union South</u>                 |   |   |                         |
| 6        | Rate M1                            | 21,550  | 24,375                                      | 2,825                   |
| 7        | Rate M2                            | 9,992   | 10,442                                      | 451                     |
| 8        | Rate M4                            | 2,696   | 2,742                                       | 46                      |
| 9        | Rate M5                            | 3,589   | 3,638                                       | 49                      |
| 10       | Rate M7                            | 940   | 964   | 24                      |
| 11       | Rate T1                            | 1,532   | 1,573                                       | 41                      |
| 12       | Rate T2                            | 3,605   | 3,653                                       | 49                      |
| 13       | Total Union South                  | <u>43,903</u>                                   | <u>47,387</u>                               | <u>3,484</u>            |
| 14       | Total Union (line 5 + line 13) (2) | <u>58,570</u>                                   | <u>63,272</u>                               | <u>4,702</u>            |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 11, column (b).  
(2) EB-2015-0029, Decision and Order, p.56.

UNION GAS LIMITED  
Calculation of 2018 NAC Target Percentage Change  
to General Service Rate Classes

| <u>Line<br/>No.</u> | <u>Particulars (m<sup>3</sup>)</u> | <u>2015<br/>Actual<br/>NAC (1)(2)<br/>(a)</u> | <u>2016<br/>Actual<br/>NAC (1)(3)<br/>(b)</u> | <u>NAC<br/>Variance<br/>(c) = (b - a)</u> | <u>2018 NAC<br/>Target<br/>% Change<br/>(d) = (c / a)</u> |
|---------------------|------------------------------------|---|---|---|---|
| 1                   | Rate 01                            | 2,844   | 2,771   | (73)                                      | -2.6%   |
| 2                   | Rate 10                            | 164,329                                       | 158,894                                       | (5,435)                                   | -3.3%   |
| 3                   | Rate M1                            | 2,738   | 2,654   | (84)                                      | -3.1%   |
| 4                   | Rate M2                            | 166,297                                       | 159,319                                       | (6,978)                                   | -4.2%   |

Notes:

- (1) NAC based on 2013 Board-approved 50:50 weather normal methodology.
- (2) 2015 actual NAC calculated using 2017 weather normal.
- (3) 2016 actual NAC calculated using 2018 weather normal.

UNION GAS LIMITED  
Calculation of 2018 NAC Target Percentage Change  
Volumetric Adjustments to Union North General Service Rate Classes

| Line No.                | Particulars (10 <sup>3</sup> m <sup>3</sup> ) | Approved<br>2017<br>Billing<br>Units (1)<br>(a) | 2018 NAC<br>Target %<br>Change (2)<br>(b) | Change<br>in Billing<br>Units<br>(c) = (a x b) | Proposed<br>2018<br>Billing<br>Units<br>(d) = (a + c) |
|-------------------------|---|---|---|--|---|
| <u>Rate 01 Delivery</u> |   |   |   |  |   |
| 1                       | First 100 m <sup>3</sup>                      | 268,242   | -2.6%                                     | (6,885)  | 261,357   |
| 2                       | Next 200 m <sup>3</sup>                       | 304,582   | -2.6%                                     | (7,818)  | 296,764   |
| 3                       | Next 200 m <sup>3</sup>                       | 132,871   | -2.6%                                     | (3,411)  | 129,460   |
| 4                       | Next 500 m <sup>3</sup>                       | 90,752  | -2.6%                                     | (2,329)  | 88,423  |
| 5                       | All Over 100 m <sup>3</sup>                   | 113,243   | -2.6%                                     | (2,907)  | 110,336   |
| 6                       | Total Rate 01 Delivery                        | <u>909,690</u>                                  |   | <u>(23,350)</u>                                | <u>886,340</u>  |
| <u>Rate 01 Storage</u>  |   |   |   |  |   |
| 7                       | Union North West                              | 262,839   | -2.6%                                     | (6,747)  | 256,092   |
| 8                       | Union North East                              | 646,851   | -2.6%                                     | (16,603)                                       | 630,247   |
| 9                       | Total Rate 01 Storage                         | <u>909,690</u>                                  |   | <u>(23,350)</u>                                | <u>886,340</u>  |
| <u>Rate 10 Delivery</u> |   |   |   |  |   |
| 10                      | First 1,000 m <sup>3</sup>                    | 24,725  | -3.3%                                     | (818)  | 23,907  |
| 11                      | Next 9,000 m <sup>3</sup>                     | 133,487   | -3.3%                                     | (4,415)  | 129,072   |
| 12                      | Next 20,000 m <sup>3</sup>                    | 84,909  | -3.3%                                     | (2,808)  | 82,100  |
| 13                      | Next 70,000 m <sup>3</sup>                    | 64,380  | -3.3%                                     | (2,129)  | 62,251  |
| 14                      | All Over 100,000 m <sup>3</sup>               | 29,612  | -3.3%                                     | (979)  | 28,632  |
| 15                      | Total Rate 10                                 | <u>337,112</u>                                  |   | <u>(11,150)</u>                                | <u>325,962</u>  |
| <u>Rate 10 Storage</u>  |   |   |   |  |   |
| 16                      | Union North West                              | 80,615  | -3.3%                                     | (2,666)  | 77,949  |
| 17                      | Union North East                              | 256,497   | -3.3%                                     | (8,483)  | 248,013   |
| 18                      | Total Rate 10 Storage                         | <u>337,112</u>                                  |   | <u>(11,150)</u>                                | <u>325,962</u>  |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).
- (2) Rate Order, Working Papers, Schedule 12, p.1, column (d).

UNION GAS LIMITED  
Calculation of 2018 NAC Target Percentage Change  
Volumetric Adjustments to Union South General Service Rate Classes

| Line No.                | Particulars (10 <sup>3</sup> m <sup>3</sup> ) | Approved 2017 Billing Units (1)<br>(a) | 2018 NAC Target % Change (2)<br>(b) | Change in Billing Units<br>(c) = (a x b) | Proposed 2018 Billing Units<br>(d) = (a + c) |
|-------------------------|---|--|-------------------------------------|--|--|
| <u>Rate M1 Delivery</u> |   |  |                                     |  |  |
| 1                       | First 100 m <sup>3</sup>                      | 872,593                                | -3.1%                               | (26,771)                                 | 845,823                                      |
| 2                       | Next 150 m <sup>3</sup>                       | 774,838                                | -3.1%                               | (23,772)                                 | 751,066                                      |
| 3                       | All Over 250 m <sup>3</sup>                   | 1,249,748                              | -3.1%                               | (38,341)                                 | 1,211,407                                    |
| 4                       | Total Rate M1 Delivery                        | <u>2,897,179</u>                       |                                     | <u>(88,884)</u>                          | <u>2,808,296</u>                             |
| 5                       | Rate M1 Storage                               | <u>2,897,179</u>                       | -3.1%                               | <u>(88,884)</u>                          | <u>2,808,296</u>                             |
| <u>Rate M2 Delivery</u> |   |  |                                     |  |  |
| 6                       | First 1,000 m <sup>3</sup>                    | 61,283                                 | -4.2%                               | (2,571)                                  | 58,711                                       |
| 7                       | Next 6,000 m <sup>3</sup>                     | 298,234                                | -4.2%                               | (12,514)                                 | 285,720                                      |
| 8                       | Next 13,000 m <sup>3</sup>                    | 336,990                                | -4.2%                               | (14,140)                                 | 322,850                                      |
| 9                       | All Over 20,000 m <sup>3</sup>                | 430,521                                | -4.2%                               | (18,065)                                 | 412,456                                      |
| 10                      | Total Rate M2 Delivery                        | <u>1,127,028</u>                       |                                     | <u>(47,291)</u>                          | <u>1,079,737</u>                             |
| 11                      | Rate M2 Storage                               | <u>1,127,028</u>                       | -4.2%                               | <u>(47,291)</u>                          | <u>1,079,737</u>                             |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 4, column (t).
- (2) Rate Order, Working Papers, Schedule 12, p.1, column (d).



UNION GAS LIMITED  
Summary of S&T Transactional Margin Included In 2018 In-Franchise Rates

| Line No.   | Particulars (\$000s)                                  | Total Revenue (1)<br>(a) | Allocated Cost (2)<br>(b) | Total Margin<br>(c) = (a - b) | Shareholder Portion of Margin<br>(d) = (c) * 10% | Margin Included in 2013 In-Franchise Rates<br>(e) = (c - d) | Margin Included in 2018 In-Franchise Rates<br>(f) | Variance<br>(g) = (f - e) |
|--|---|--------------------------|---------------------------|-------------------------------|--|---|---|---------------------------|
| <b><u>Long-Term Transportation</u></b>                                     |   |                          |                           |                               |  |   |   |                           |
| 1  | M12 Long-term Transportation                          | 120,604                  | 125,384                   | (4,781)                       |  |   |   |                           |
| 2  | M12-X   | 13,896                   | 11,623                    | 2,272                         |  |   |   |                           |
| 3  | F24-T   | 359                      | 359                       | 0                             |  |   |   |                           |
| 4  | M12 Fuel  | 22,674                   | 22,673                    | 1                             |  |   |   |                           |
| 5  | C1 Long-term Transportation                           | 6,954                    | 1,669                     | 5,286                         |  |   |   |                           |
| 6  | C1 Fuel   | 626                      | 632                       | (6)                           |  |   |   |                           |
| 7  | M13   | 411                      | 211                       | 200                           |  |   |   |                           |
| 8  | M16   | 736                      | 451                       | 286                           |  |   |   |                           |
| 9  | Heritage Pool M16 Transmission Charge (3)             |                          |                           | 56                            |  |   |   |                           |
| 10   | Total Long-Term Transportation                        | <u>166,260</u>           | <u>163,002</u>            | <u>3,314</u>                  | <u>-</u>   | <u>3,314</u>  | <u>3,314</u>                                      | <u>-</u>                  |
| <b><u>Short-Term Transportation</u></b>                                    |   |                          |                           |                               |  |   |   |                           |
| 11   | Short-term Transportation                             | 11,067                   | 5,843                     | 5,224                         |  |   |   |                           |
| 12   | Other Transactional                                   | <u>1,067</u>             | <u>-</u>                  | <u>1,067</u>                  |  |   |   |                           |
| 13   | Total Short-Term Transportation                       | <u>12,134</u>            | <u>5,843</u>              | <u>6,291</u>                  | <u>-</u>   | <u>6,291</u>  | <u>6,291</u>                                      | <u>-</u>                  |
| <b><u>Short-term Storage and Other Balancing Services Acct. 179-70</u></b> |   |                          |                           |                               |  |   |   |                           |
| 14   | Short Term Peak Storage Services                      | 7,883                    | 5,626                     | 2,257                         |  |   |   |                           |
| 15   | Less: Non-utility System Integrity Costs (4)          | -                        | (300)                     | 300                           |  |   |   |                           |
| 16   | Off Peak Storage/Balancing/Loans Services             | <u>2,500</u>             | <u>-</u>                  | <u>2,500</u>                  |  |   |   |                           |
| 17   | Total Short-term Storage and Other Balancing Services | <u>10,383</u>            | <u>5,327</u>              | <u>5,056</u>                  | <u>506</u>                                       | <u>4,551</u>  | <u>4,551</u>                                      | <u>-</u>                  |
| 18   | Total S&T Transactional Margin Included in Rates      | <u>188,777</u>           | <u>174,171</u>            | <u>14,661</u>                 | <u>506</u>                                       | <u>14,156</u>   | <u>14,156</u>                                     | <u>-</u>                  |

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 14, p. 9 - 11, column (g).  
(2) EB-2011-0210, Rate Order, Working Papers, Schedule 14, p. 9 - 11, column (e).  
(3) EB-2011-0210, Rate Order, Working Papers, Schedule 39, line 4.  
(4) Excludes the non-utility portion of system integrity costs of \$0.300 million as per EB-2011-0210 Board Decision.

UNION GAS LIMITED  
Summary of Gas Supply Optimization Margin

| Line No. | Particulars (\$000s)     | Total Revenue (1)<br>(a) | Allocated Cost<br>(b) | Total Margin<br>(c) = (a - b) | Portion of Margin<br>(d) = (c) * 10% | Margin in 2013 Gas Supply Rates<br>(e) = (c - d) | Margin in 2018 Gas Supply Rates<br>(f) | Variance<br>(g) = (f - e) |
|----------|--------------------------|--------------------------|-----------------------|-------------------------------|--------------------------------------|--|--|---------------------------|
|          | <u>Exchanges (2)</u>     |                          |                       |                               |                                      |  |  |                           |
| 1        | Base Exchanges           | 9,118                    | -                     | 9,118                         | 912                                  | 8,206  | 8,206                                  | -                         |
| 2        | FT-RAM Related Exchanges | 5,800                    | -                     | 5,800                         | 580                                  | 5,220  | 5,220                                  | -                         |
| 3        | Total Exchanges Revenue  | <u>14,918</u>            | <u>-</u>              | <u>14,918</u>                 | <u>1,492</u>                         | <u>13,426</u>                                    | <u>13,426</u>                          | <u>-</u>                  |

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 14, p.11, line 18, column (g).  
(2) EB-2011-0210, Board Decision, p.40.

UNION GAS LIMITED  
2018 Gas Supply Optimization Margin - Allocation of Ratepayer Portion and Calculation of Unit Rates

| Line No. | Rate Class              | Union North<br>FT Demand<br>Allocation Units<br>TRANSALLO<br>(\$000s)<br>(a) | Union North<br>Margin<br>(\$000s)<br>(b) | Union South<br>Landed Supply<br>Allocation Units<br>S_SUPPLYVOL<br>(10 <sup>3</sup> m <sup>3</sup> )<br>(c) | Union South<br>Margin<br>(\$000s)<br>(d) | Total Margin<br>(\$000s) (1)<br>(e) = (b + d) | Billing<br>Units<br>(10 <sup>3</sup> m <sup>3</sup> ) (2)<br>(f) | 2018<br>Unit Rate<br>(cents/m <sup>3</sup> )<br>(g) = (e / f) |
|----------|-------------------------|--|--|---|--|---|--|---|
| 1        | Rate 01                 | 65,876   | (3,920)                                  |   |  | (3,920)                                       | 926,963  | (0.4229)  |
| 2        | Rate 10                 | 22,548   | (1,342)                                  |   |  | (1,342)                                       | 343,530  | (0.3906)  |
| 3        | Rate 20                 | 8,016  | (477)                                    |   |  | (477) (3)                                     |  |   |
| 4        | Rate 100                | -  | -  |   |  | -   | -  | -   |
| 5        | Rate 25                 | 1,961  | (117)                                    |   |  | (117)   | 42,913   | (0.2720)  |
| 6        | Total Union North       | 98,400   | (5,856)                                  |   |  | (5,856)                                       |  |   |
| 7        | Rate M1                 |  |  | 2,271,443   | (6,415)                                  | (6,415)                                       | 2,271,443  | (0.2824)  |
| 8        | Rate M2                 |  |  | 378,137   | (1,068)                                  | (1,068)                                       | 378,137  | (0.2824)  |
| 9        | Rate M4                 |  |  | 16,855  | (48)                                     | (48)  | 16,855   | (0.2824)  |
| 10       | Rate M5 - Firm          |  |  | 226   | (1)                                      | (1)   | 226  | (0.2824)  |
| 11       | Rate M5 - Int           |  |  | 13,906  | (39)                                     | (39)  | 13,906   | (0.2824)  |
| 12       | Rate M10                |  |  | 48  | (0)                                      | (0)   | 48   | (0.2824)  |
| 13       | Total Union South       |  |  | 2,680,616   | (7,571)                                  | (7,571)                                       | 2,680,616  |   |
| 14       | Total Exchanges Revenue |  |  |   |  | (13,426)                                      |  |   |

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 43, line 3, column (e).  
(2) Union North transportation billing units per Rate Order, Working Papers, Schedule 4, column (r).  
Union South billing units are 2013 Board-approved Sales volumes per EB-2011-0210.  
(3) Rate 20 margin will be refunded 60% in the Gas Supply Demand Charge and 40% in the Commodity Transportation 1 Charge.  
The Rate 20 unit rates are calculated below:

|  |          |
|--|----------|
| Margin Allocated to Gas Supply Demand Charge (\$000s)                            | (286)    |
| Total Gas Supply Demand Billing Units (10 <sup>3</sup> m <sup>3</sup> )          | 6,873    |
| Unit Rate (cents/m <sup>3</sup> )  | (4.1642) |
| Margin Allocated to Commodity Transportation Charge 1 (\$000s)                   | (191)    |
| Total Commodity Transportation 1 Billing Units (10 <sup>3</sup> m <sup>3</sup> ) | 73,456   |
| Unit Rate (cents/m <sup>3</sup> )  | (0.2597) |

UNION GAS LIMITED  
Allocation of Long-term and Short-term Transportation-related S&T Margin to Union North and Union South

| Line No. | Particulars (\$000s)              | Design Day Demand<br>(10 <sup>3</sup> m <sup>3</sup> /d) (1)<br>(a) | Easterly Flow Volume<br>(10 <sup>3</sup> m <sup>3</sup> /d) (2)<br>(b) | Available Capacity<br>(10 <sup>3</sup> m <sup>3</sup> /d)<br>(c) = (a - b) | Distance<br>(km)<br>(d) | Available Capacity - Distance<br>(10 <sup>3</sup> m <sup>3</sup> /d x km)<br>(e) = (c x d) | Allocated Proportion<br>(%)<br>(f) | Allocated Proportion<br>(\$000s)<br>(g) |
|----------|-----------------------------------|---|--|--|-------------------------|--|------------------------------------|---|
|          | <u>Union North</u>                |   |  |  |                         |  |                                    |   |
| 1        | North In-fran                     | 6,956   | 938  | 6,018  | 228.94                  | 1,377,858  | 37%                                | 3,513                                   |
|          | <u>Union South</u>                |   |  |  |                         |  |                                    |   |
| 2        | South: In-fran                    | 43,674  | 21,874   | 21,800   | 82.15                   | 1,790,897  | 48%                                | 4,566                                   |
| 3        | St. Clair                         | 2,833   | 1,419  | 1,414  | 29.40                   | 41,571   | 1%                                 | 106                                     |
| 4        | Ojibway                           | 9,619   | 4,818  | 4,801  | 116.05                  | 557,186  | 15%                                | 1,420                                   |
| 5        | Total Union South                 | 56,126  | 28,111   | 28,015   |                         | 2,389,654  | 63%                                | 6,092                                   |
| 6        | Total Union North and Union South | 63,082  | 29,048   | 34,034   |                         | 3,767,512  | 100%                               | 9,605 (3)                               |

Notes:

- (1) EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p.8, line 5, Union North, updated for EB-2011-0210 Board Decision.  
EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p.8, line 2, South In-fran, updated for EB-2011-0210 Board Decision.  
EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p.9, line 4, St. Clair-Ojibway, updated for EB-2011-0210 Board Decision.
- (2) Easterly annual volumes on Dawn to Parkway for Union North and Union South are 342,196 10<sup>3</sup>m<sup>3</sup> and 10,260,364 10<sup>3</sup>m<sup>3</sup> respectively divided by 365.
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 40, line 10 + line 13, column (e).

UNION GAS LIMITED  
Total Upstream Transportation Costs in Union North Rates  
Effective January 1, 2018

| Line No. | Particulars (\$000s)       | Upstream Transportation Costs per EB-2016-0245<br>(a) | January-17 QRAM Update (2)<br>(b) | April-17 QRAM Update (3)<br>(c) | July-17 QRAM Update (4)<br>(d) | October-17 QRAM Update (5)<br>(e) | Upstream Transportation Costs per EB-2017-0278<br>(f) = sum(a:e) |        |
|----------|----------------------------|---|-----------------------------------|---------------------------------|--------------------------------|-----------------------------------|--|--------|
|          | <u>Rate 01</u>             |   |                                   |                                 |                                |                                   |  |        |
| 1        | Delivery Rates             | 1,836   | -                                 | -                               | -                              | -                                 | 1,836  |        |
|          | Transportation Rates       |   |                                   |                                 |                                |                                   |  |        |
| 2        | Union North West           | 17,969  | 25                                | 398                             | (21)                           | (56)                              | 18,315   |        |
| 3        | Union North East           | 17,840  | 33                                | 293                             | (11)                           | (86)                              | 18,069   |        |
|          | Storage Rates              |   |                                   |                                 |                                |                                   |  |        |
| 4        | Union North West           | 1,300   | (1)                               | 16                              | 3                              | (30)                              | 1,289  |        |
| 5        | Union North East           | 28,656  | 13                                | 327                             | 7                              | (43)                              | 28,959   |        |
|          | <u>Rate 10</u>             |   |                                   |                                 |                                |                                   |  |        |
| 6        | Delivery Rates             | 485   | -                                 | -                               | -                              | -                                 | 485  |        |
|          | Transportation Rates       |   |                                   |                                 |                                |                                   |  |        |
| 7        | Union North West           | 4,838   | 8                                 | 108                             | (6)                            | (17)                              | 4,931  |        |
| 8        | Union North East           | 6,549   | 13                                | 108                             | (4)                            | (34)                              | 6,632  |        |
|          | Storage Rates              |   |                                   |                                 |                                |                                   |  |        |
| 9        | Union North West           | 305   | (0)                               | 4                               | 1                              | (9)                               | 301  |        |
| 10       | Union North East           | 7,956   | 5                                 | 90                              | 3                              | (17)                              | 8,037  |        |
|          | <u>Rate 20</u>             |   |                                   |                                 |                                |                                   |  |        |
| 11       | Delivery Rates             | 132   | -                                 | -                               | -                              | -                                 | 132  |        |
|          | Gas Supply Demand          |   |                                   |                                 |                                |                                   |  |        |
| 12       | Union North West           | 1,391.06  | 3                                 | 25                              | (2)                            | (9)                               | 1,408  |        |
| 13       | Union North East           | 1,605   | 4                                 | 25                              | (0)                            | (11)                              | 1,623  |        |
|          | Commodity Transportation 1 |   |                                   |                                 |                                |                                   |  |        |
| 14       | Union North West           | 927   | 1                                 | 21                              | (1)                            | (5)                               | 944  |        |
| 15       | Union North East           | 1,070   | 2                                 | 22                              | (0)                            | (6)                               | 1,089  |        |
|          | Bundled Storage            |   |                                   |                                 |                                |                                   |  |        |
| 16       | Demand                     | 1,269   | -                                 | 13                              | -                              | -                                 | 1,282  |        |
| 17       | Commodity                  | 14  | 1                                 | (0)                             | 0                              | (3)                               | 12   |        |
|          | <u>Rate 25</u>             |   |                                   |                                 |                                |                                   |  |        |
| 18       | Delivery Rates             | -   | -                                 | -                               | -                              | -                                 | -  |        |
| 19       | Transportation Rates       | 672   | 2                                 | 7                               | 4                              | (5)                               | 681  |        |
| 20       | Storage Rates              | -   | -                                 | -                               | -                              | -                                 | -  |        |
|          | <u>Rate 100</u>            |   |                                   |                                 |                                |                                   |  |        |
| 21       | Delivery Rates             | 9   | -                                 | -                               | -                              | -                                 | 9  |        |
|          | Gas Supply Demand          |   |                                   |                                 |                                |                                   |  |        |
| 22       | Union North West           | -   | -                                 | -                               | -                              | -                                 | -  |        |
| 23       | Union North East           | -   | -                                 | -                               | -                              | -                                 | -  |        |
|          | Commodity Transportation 1 |   |                                   |                                 |                                |                                   |  |        |
| 24       | Union North West           | -   | -                                 | -                               | -                              | -                                 | -  |        |
| 25       | Union North East           | -   | -                                 | -                               | -                              | -                                 | -  |        |
|          | Bundled Storage            |   |                                   |                                 |                                |                                   |  |        |
| 26       | Demand                     | 199   | -                                 | 2                               | -                              | -                                 | 201  |        |
| 27       | Commodity                  | 2   | 0                                 | (0)                             | 0                              | (0)                               | 2  |        |
| 28       | Total Union North          | 95,025  | (1)                               | 109                             | 1,460                          | (29)                              | (329)  | 96,236 |

Notes:

- (1) EB-2015-0181, Exhibit A, Tab 2, Appendix A, Schedule 1, p.2, column (h), line 22, updated for October 2016 QRAM and net of Gas Supply Optimization Credit per EB-2016-0245, Rate Order, Working Papers, Schedule 23, p. 1, column (f) and column (h).
- (2) EB-2016-0334, Tab 2, Schedule 2, p.3.
- (3) EB-2017-0089, Tab 2, Schedule 2, p.3.
- (4) EB-2017-0185, Tab 2, Schedule 2, p.3.
- (5) EB-2017-0278, Tab 2, Schedule 2, p.3.

UNION GAS LIMITED  
Calculation of 2018 Gas Supply Administration Charge

| Line<br>No. | Particulars   | 2017<br>Approved<br>EB-2017-0278<br>(a) | 2018<br>Capital Pass-<br>Throughs (3)<br>(b) | 2018<br>Proposed<br>EB-2017-0087<br>(c) = (a + b) |
|-------------|---|---|--|---|
| 1           | Costs (\$000s)  | 6,723 (1)                               | (35)   | 6,689   |
| 2           | 2013 Approved Sales Volumes (10 <sup>3</sup> m <sup>3</sup> ) (2) | 3,533,863                               |  | 3,533,863   |
| 3           | Gas Supply Admin Charge Unit Rate (cents/m <sup>3</sup> ) (4)     | <u>0.1902</u>                           |  | <u>0.1893</u>                                     |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 16, column (c), line 1.
- (2) EB-2011-0210, Rate Order, Working Papers, Schedule 14, column (a).
- (3) Rate Order, Working Papers, Schedule 3, p.2, line 7, column (d) + column (k).
- (4) line 1 / line 2 x 100.

UNION GAS LIMITED  
Lost Revenue Adjustment Mechanism ("LRAM")  
Volume Adjustment for 2018 Rate Calculations

| Line No.           | Particulars (10 <sup>3</sup> m <sup>3</sup> ) | 2016 Pre-Audit Full Year Impact DSM Volumes by Rate Class<br>(a) | Customer Rate Class Adjustment (1)<br>(b) | Total Volume Adjustment by Rate Class<br>(c) = (a + b) |
|--------------------|---|--|---|--|
| <u>Union South</u> |   |  |   |  |
| 1                  | Rate M4                                       | (9,648)  | (399)                                     | (10,047)   |
| 2                  | Rate M5                                       | (8,574)  | (6,788)                                   | (15,362)   |
| 3                  | Rate M7                                       | (12,774)   | 7,187                                     | (5,587)  |
| 4                  | Rate T1                                       | (3,895)  | -   | (3,895)  |
| 5                  | Rate T2                                       | (30,384)   | -   | (30,384)   |
| 6                  | Total Union South                             | <u>(65,275)</u>  | <u>-</u>                                  | <u>(65,275)</u>  |
| <u>Union North</u> |   |  |   |  |
| 7                  | Rate 20                                       | (1,623)  | 1   | (1,621)  |
| 8                  | Rate 100                                      | (761)  | (1)                                       | (762)  |
| 9                  | Total Union North                             | <u>(2,384)</u>   | <u>-</u>                                  | <u>(2,384)</u>   |
| 10                 | Total (line 6 + line 9)                       | <u><u>(67,658)</u></u>   | <u><u>-</u></u>                           | <u><u>(67,658)</u></u>                                 |

Notes:

- (1) To attribute the Rate M7 and Rate 20 LRAM volumes adjustments to Rate M4, Rate M5, and Rate 100 based on the rate class of the customer in 2013 Board-approved volumes.

**UNION GAS LIMITED**  
Union North  
Calculation of Supplemental Service Charges  
Commissioning and Decommissioning Rates  
Effective January 1, 2018

| Line No.                                    | Particulars  | Union North West<br>(a) | Union North East<br>(b) |
|---|--|-------------------------|-------------------------|
| <b><u>Rate 20 - At 50% Load Factor</u></b>  |  |                         |                         |
|   | <u>Delivery (cents / m<sup>3</sup>)</u>  |                         |                         |
| 1   | Monthly Demand (1)   | 28.6438                 | 28.6438                 |
| 2   | Line 1 x 12 months   | 343.7256                | 343.7256                |
| 3   | Line 2 / 365 days  | 0.9417                  | 0.9417                  |
| 4   | Line 3 @ 50% Load Factor   | 1.8834                  | 1.8834                  |
| 5   | Delivery Commodity Charge (1)  | 0.5406                  | 0.5406                  |
| 6   | Total Delivery Commissioning and Decommissioning                                 | <u>2.4240</u>           | <u>2.4240</u>           |
|   | <u>Gas Supply (cents / m<sup>3</sup>)</u>  |                         |                         |
| 7   | Monthly Demand (1)   | 57.2684                 | 50.9054                 |
| 8   | Gas Supply Demand - Price Adjustment (1)   | -                       | -                       |
| 9   | (Line 7 + Line 8) x 12 months  | 687.2208                | 610.8648                |
| 10  | Line 9 / 365 days  | 1.8828                  | 1.6736                  |
| 11  | Line 10 @ 50% Load Factor  | <u>3.7656</u>           | <u>3.3472</u>           |
| 12  | Commodity Transportation 1 (1)   | 3.6224                  | 2.6450                  |
| 13  | Commodity Transportation 1 - Price Adjustment                                    | <u>(0.0966)</u>         | <u>(0.0650)</u>         |
| 14  | (Line 12 + Line 13) x (4/5)  | 2.8206                  | 2.0640                  |
| 15  | Commodity Transportation 2 (1)   | -                       | -                       |
| 16  | Line 15 * (1/5)  | -                       | -                       |
| 17  | Total Commodity Transportation Charge for Commissioning and Decommissioning Rate | <u>6.5862</u>           | <u>5.4112</u>           |
| <b><u>Rate 100 - At 70% Load Factor</u></b> |  |                         |                         |
|   | <u>Delivery (cents / m<sup>3</sup>)</u>  |                         |                         |
| 18  | Monthly Demand (2)   | 15.0839                 | 15.0839                 |
| 19  | Line 18 x 12 months  | 181.0068                | 181.0068                |
| 20  | Line 19 / 365 days   | 0.4959                  | 0.4959                  |
| 21  | Line 20 @ 70% Load Factor  | 0.7084                  | 0.7084                  |
| 22  | Commodity Charge (2)   | 0.2200                  | 0.2200                  |
| 23  | Total Delivery Commissioning and Decommissioning                                 | <u>0.9284</u>           | <u>0.9284</u>           |
|   | <u>Gas Supply (cents / m<sup>3</sup>)</u>  |                         |                         |
| 24  | Monthly Demand (2)   | 112.9067                | 160.8218                |
| 25  | Line 24 x 12 months  | 1,354.8800              | 1,929.8614              |
| 26  | Line 25 / 365 days   | 3.7120                  | 5.2873                  |
| 27  | Line 26 @ 70% Load Factor  | <u>5.3029</u>           | <u>7.5533</u>           |
| 28  | Commodity Transportation 1 (2)   | 6.3364                  | 9.2013                  |
| 29  | Line 28 * (3/7)  | <u>2.7156</u>           | <u>3.9434</u>           |
| 30  | Commodity Transportation 2 (2)   | -                       | -                       |
| 31  | Line 30 * (4/7)  | -                       | -                       |
| 32  | Total Commodity Transportation Charge for Commissioning and Decommissioning Rate | <u>8.0185</u>           | <u>11.4967</u>          |

**Notes:**

- (1) Appendix A, p.3.  
(2) Appendix A, p.4.



UNION GAS LIMITED  
Union South  
Calculation of Supplemental Service Charges  
Effective January 1, 2018

| Line No. | Particulars   | cents / m <sup>3</sup><br>(a) | \$ / GJ<br>(b)           |
|----------|---|-------------------------------|--------------------------|
|          | <u>Minimum Annual Gas Supply Commodity Charge - Rate M4, Rate M5A</u> |                               |                          |
| 1        | Compressor Fuel   | -                             |                          |
| 2        | Transportation Tolls  | -                             |                          |
| 3        | Administration Charge   | 0.1893                        |                          |
| 4        | Minimum annual gas supply commodity charge                            | <u>0.1893</u>                 | <u>0.049</u>             |
|          | <u>Gas Supply Commodity Charges</u>                                   |                               |                          |
| 5        | Commodity Cost of Gas   | 13.8234                       |                          |
| 6        | FT Transportation Commodity   | -                             |                          |
| 7        | FT Fuel   | -                             |                          |
| 8        | Total Gas Supply Commodity Charge                                     | <u>13.8234</u>                | <u>3.549</u>             |
|          | <u>Firm Gas Supply Service Monthly Demand Charge</u>                  |                               |                          |
| 9        | FT Demand Charge  | <u>234.8691</u>               | <u>60.300</u>            |
|          | <u>Firm Backstop Gas:</u>   |                               |                          |
|          | Demand:   |                               |                          |
| 10       | Monthly space charge  | 0.0428                        |                          |
| 11       | Units required (1)  | 43                            |                          |
| 12       | Number of months  | <u>12</u>                     | 22.1080 (a)              |
|          | Inventory carrying costs:   |                               |                          |
| 13       | Sales WACOG   | 13.7303                       |                          |
| 14       | Overrun storage withdrawal  | <u>0.3389</u>                 |                          |
| 15       |   | 14.0692                       |                          |
| 16       | Units required (m <sup>3</sup> )                                      | 43                            |                          |
| 17       | Pre-tax return (%)  | 8.170%                        | 49.4264 (b)              |
| 18       | Annual demand charge  |                               | <u>71.5344 (a) + (b)</u> |
| 19       | Number of months  | <u>12</u>                     |                          |
| 20       | Monthly demand charge   | <u>5.9612</u>                 | <u>1.530</u>             |
|          | Commodity:  |                               |                          |
| 21       | Sales WACOG   | 13.7303                       |                          |
| 22       | Overrun storage withdrawal  | 0.3389                        |                          |
| 23       | Rate T1 - Overrun transportation                                      | 1.5117                        |                          |
| 24       | Rate T1 - Cap-and-Trade Facility-Related charge                       | <u>0.0167</u>                 |                          |
| 25       | Commodity charge  | <u>15.5976</u>                | <u>4.005</u>             |

Notes:

(1) Each unit of added delivery requires 43 m<sup>3</sup> of additional inventory.

UNION GAS LIMITED  
Union South  
Calculation of Supplemental Service Charges  
Effective January 1, 2018

| Line No. | Particulars  | cents / m <sup>3</sup><br>(a) | \$ / GJ<br>(b) |
|----------|--|-------------------------------|----------------|
|          | <u>Reasonable Efforts Backstop Gas:</u>                            |                               |                |
| 1        | Rate M1 - Block 1 delivery rate                                    | 5.1107                        |                |
| 2        | Rate M1 - Storage rate   | 0.7328                        |                |
| 3        | Rate M1 - Cap-and-Trade Facility-Related charge                    | 0.0297                        |                |
| 4        | Sales WACOG  | 13.7303                       |                |
| 5        | Total  | 19.6035                       | 5.033          |
|          | <u>Supplemental Inventory:</u>                                     |                               |                |
| 6        | Sales WACOG  | 13.7303                       |                |
| 7        | Injection commodity  | 0.1530                        |                |
| 8        | Space charge (p.2, line 10 x 12)                                   | 0.5141                        |                |
| 9        |  | 14.3974                       | 3.696          |
|          | Carrying costs (1/2 year)  |                               |                |
| 10       | (line 9 x p.2, line 17) / 2  | 0.5881                        |                |
| 11       | Total (line 9 + line 10)   | 14.9856                       | 3.847          |
|          | <u>Supplemental Gas Sales:</u>                                     |                               |                |
| 12       | Supplemental inventory   | 14.9856                       |                |
| 13       | Overrun storage withdrawal   | 0.3389                        |                |
| 14       | Rate T1 - Overrun transportation                                   | 1.5117                        |                |
| 15       | Rate T1 - Cap-and-Trade Facility-Related charge                    | 0.0167                        |                |
| 16       | Total  | 16.8528                       |                |
|          | <u>Failure to Deliver:</u>   |                               |                |
| 17       | Rate M1 - Block 1 delivery rate                                    | 5.1107                        |                |
| 18       | Rate M1 - Storage rate   | 0.7328                        |                |
| 19       | Rate M1 - Cap-and-Trade Facility-Related charge                    | 0.0297                        | 0.008          |
| 20       | Failure to Deliver Adjustment                                      | 5.1708                        | 1.328          |
| 21       | Failure to Deliver Charge  | 11.0440                       | 2.835          |
|          | <u>Parkway Delivery Commitment Incentive ("PDCI")</u>              |                               |                |
| 22       | Rate M12 Dawn to Parkway demand rate (1)                           |                               | 3.716          |
| 23       | Line 22 x 12 months  |                               | 44.5920        |
| 24       | Line 23 / 365 days   |                               | 0.122          |
| 25       | Rate M12 average Dawn to Parkway (TCPL / EGT) fuel rate (2)        |                               | 0.028          |
| 26       | Rate M12 Dawn to Parkway Cap-and-Trade Facility-Related Charge (3) |                               | 0.009          |
| 27       | Total (line 24 + line 25+ line 26)                                 |                               | (0.159)        |

Notes:

- (1) Appendix A, p.14, line 2, column (c).
- (2) Rate Order, Appendix B, Rate M12 Rate Schedule C, p.1, average of Dawn to Parkway (TCPL / EGT) monthly fuel rates.
- (3) Appendix A, p.14, line 10, column (c).

UNION GAS LIMITED  
Union South  
Calculation of Supplemental Service Charges  
Calculation of Minimum & Maximum Charges  
Effective January 1, 2018

| Line No. | Particulars  | cents / m <sup>3</sup><br>(a) |
|----------|--|-------------------------------|
|          | <u>Minimum Charges</u>   |                               |
|          | Rate M4 (F)  |                               |
| 1        | Minimum annual delivery commodity charge:                                      |                               |
| 2        | Monthly delivery commodity charge (Rate M4 1st Block)                          | 1.5791                        |
| 3        | Cap-and-Trade Facility-Related Charge  | 0.0280                        |
| 4        | Gas Supply Admin Charge  | 0.1893                        |
|          | Minimum annual delivery commodity charge                                       | <u>1.7964</u>                 |
|          | Rate M4 (I) / M5   |                               |
| 5        | Minimum annual delivery commodity charge:                                      |                               |
| 6        | Monthly delivery commodity charge (Rate M5 1st Block)                          | 3.0395                        |
| 7        | Cap-and-Trade Facility-Related Charge  | 0.0249                        |
| 8        | Gas Supply Admin Charge  | 0.1893                        |
|          | Minimum annual delivery commodity charge                                       | <u>3.2537</u>                 |
|          | <u>Maximum Charges</u>   |                               |
|          | Rate 25 Interruptible  |                               |
| 9        | Average Rate 10 Firm Delivery Charge   | 5.8375                        |
| 10       | Percent of Average Firm Delivery Price   | 90%                           |
| 11       | Rate 25 Maximum interruptible delivery commodity charge                        | <u>5.2538</u>                 |
|          | Rate M7 Interruptible  |                               |
| 12       | Maximum interruptible delivery commodity charge:                               |                               |
| 13       | Rate M7 firm commodity charge  | 0.3623                        |
| 14       | Rate M7 firm demand charge commoditized at a Load Factor of 18.69%             | 6.1436                        |
|          | Rate M7 maximum interruptible charge   | <u>6.5059</u>                 |
| 15       | Rate T1 Interruptible  | <u>6.5059</u>                 |
| 16       | Rate T2 Interruptible  | <u>6.5059</u>                 |
|          | <u>Rate M7 - Commissioning and Decommissioning Rate</u>                        |                               |
|          | Delivery (cents / m <sup>3</sup> )   |                               |
| 17       | Monthly Demand (1)   | 34.9210                       |
| 18       | Annual Demand (line 17 x 12 months)  | 419.0520                      |
| 19       | Daily Demand (line 18 / 365 days)  | 1.1481                        |
| 20       | @ Class Average Firm Load Factor of 26.70%                                     | 4.3005                        |
| 21       | Delivery Commodity Charge (1)  | 0.3623                        |
| 22       | Delivery - Price Adjustment  | -                             |
| 23       | Total Delivery Commissioning and Decommissioning (line 20 + line 21 + line 22) | <u>4.6628</u>                 |

Notes:  
(1) Appendix A, p.9.

UNION GAS LIMITED  
Union South  
Calculation of Supplemental Service Charges  
Effective January 1, 2018

| Line No.   | Particulars   | Union<br>Supplies Fuel<br>(a) | Customer<br>Supplies Fuel<br>(b) |
|--|---|-------------------------------|----------------------------------|
| <u>Rate T1 / Rate T2 / Rate T3 - At 100% Load Factor</u> |   |                               |                                  |
|  | Authorized Storage Overrun (\$ / GJ)                        |                               |                                  |
| 1  | Monthly Demand (1)  | 1.457                         | 1.457                            |
| 2  | Annual Demand (line 1 x 12 months)                          | 17.484                        | 17.484                           |
| 3  | Daily Demand (line 2 / 365 days)                            | 0.048                         | 0.048                            |
| 4  | @ 100% Load Factor  | 0.048                         | 0.048                            |
| 5  | Commodity Charge (2)  | 0.039                         | 0.008                            |
| 6  | Total Storage Overrun (line 4 + line 5)                     | <u>0.087</u>                  | <u>0.056</u>                     |
| <u>Rate T1 - At 100% Load Factor</u>                     |   |                               |                                  |
|  | Authorized Transportation Overrun (cents / m <sup>3</sup> ) |                               |                                  |
| 7  | Monthly Demand (3)  | 41.1636                       | 41.1636                          |
| 8  | Annual Demand (line 7 x 12 months)                          | 493.9632                      | 493.9632                         |
| 9  | Daily Demand (line 8 / 365 days)                            | 1.3533                        | 1.3533                           |
| 10   | @ 100% Load Factor  | 1.3533                        | 1.3533                           |
| 11   | Commodity Charge (4)  | 0.1584                        | 0.1138                           |
| 12   | Total Transportation Overrun (line 10 + line 11)            | <u>1.5117</u>                 | <u>1.4671</u>                    |
| <u>Rate T2 - At 100% Load Factor</u>                     |   |                               |                                  |
|  | Authorized Transportation Overrun (cents / m <sup>3</sup> ) |                               |                                  |
| 13   | Monthly Demand (5)  | 32.6795                       | 32.6795                          |
| 14   | Annual Demand (line 13 x 12 months)                         | 392.1540                      | 392.1540                         |
| 15   | Daily Demand (line 14 / 365 days)                           | 1.0744                        | 1.0744                           |
| 16   | @ 100% Load Factor  | 1.0744                        | 1.0744                           |
| 17   | Commodity Charge (6)  | 0.0690                        | 0.0282                           |
| 18   | Total Transportation Overrun (line 16 + line 17)            | <u>1.1434</u>                 | <u>1.1026</u>                    |
| <u>Rate T3 - At 100% Load Factor</u>                     |   |                               |                                  |
|  | Authorized Transportation Overrun (cents / m <sup>3</sup> ) |                               |                                  |
| 19   | Monthly Demand (7)  | 17.9887                       | 17.9887                          |
| 20   | Annual Demand (line 19 x 12 months)                         | 215.8644                      | 215.8644                         |
| 21   | Daily Demand (line 20 / 365 days)                           | 0.5914                        | 0.5914                           |
| 22   | @ 100% Load Factor  | 0.5914                        | 0.5914                           |
| 23   | Commodity Charge (8)  | 0.1287                        | 0.0717                           |
| 24   | Total Transportation Overrun (line 22 + line 23)            | <u>0.7201</u>                 | <u>0.6631</u>                    |

Notes:

- (1) Appendix A, p.10.
- (2) Column (a) calculated as  $WACOG / \text{Heat Value} * \text{Overrun Fuel Ratio} + \text{Injection Commodity} = \$138.234 / 10^3\text{m}^3 / 38.95 \text{ GJ}/10^3\text{m}^3 * 0.881\% + \$0.008/\text{GJ}$ .
- (3) Appendix A, p.10.
- (4) Column (a) calculated as  $WACOG / 10 * \text{Transportation Fuel Ratio} + \text{Firm Commodity Transport} = \$138.234 / 10^3\text{m}^3 / 10 * 0.323\% + 0.1138 \text{ cents}/\text{m}^3$ .
- (5) Appendix A, p.11.
- (6) Column (a) calculated as  $WACOG / 10 * \text{Transportation Fuel Ratio} + \text{Firm Commodity Transport} = \$138.234 / 10^3\text{m}^3 / 10 * 0.295\% + 0.0282 \text{ cents}/\text{m}^3$ .
- (7) Appendix A, p.12.
- (8) Column (a) calculated as  $WACOG / 10 * \text{Transportation Fuel Ratio} + \text{Firm Commodity Transport} = \$138.234 / 10^3\text{m}^3 / 10 * 0.412\% + 0.0717 \text{ cents}/\text{m}^3$ .

UNION GAS LIMITED  
Union South  
Calculation of Union Supplied Fuel Rates for  
In-Franchise Semi-Unbundled Rate T1, Rate T2 and Rate T3  
Effective January 1, 2018

| Line No.   | Particulars   | Union<br>Supplies Fuel<br>(a) | Customer<br>Supplies Fuel<br>(b) |
|--|---|-------------------------------|----------------------------------|
| <u>Rate T1 Transportation Service (cents/m<sup>3</sup>)</u>                  |   |                               |                                  |
| 1  | Dawn Price as per EB-2017-0087  | 13.8234                       |                                  |
| 2  | 2018 Fuel Ratio as per EB-2017-0087   | 0.323%                        |                                  |
| 3  | Fuel Rate (line 1 x line 2)   | 0.0446                        |                                  |
| 4  | Firm Transportation Commodity Charge  | 0.1138                        | 0.1138                           |
| 5  | All Volumes   | 0.1584                        | 0.1138                           |
| 6  | Interruptible Transportation Commodity Charge - Maximum                         | 6.5059                        | 6.4613                           |
| <u>Rate T2 Transportation Service (cents/m<sup>3</sup>)</u>                  |   |                               |                                  |
| 7  | Dawn Price as per EB-2017-0087  | 13.8234                       |                                  |
| 8  | 2018 Fuel Ratio as per EB-2017-0087   | 0.295%                        |                                  |
| 9  | Fuel Rate (line 7 x line 8)   | 0.0408                        |                                  |
| 10   | Firm Transportation Commodity Charge  | 0.0282                        | 0.0282                           |
| 11   | All Volumes   | 0.0690                        | 0.0282                           |
| 12   | Interruptible Transportation Commodity Charge - Maximum                         | 6.5059                        | 6.4651                           |
| <u>Rate T3 Transportation Service (cents/m<sup>3</sup>)</u>                  |   |                               |                                  |
| 13   | Dawn Price as per EB-2017-0087  | 13.8234                       |                                  |
| 14   | 2018 Fuel Ratio as per EB-2017-0087   | 0.412%                        |                                  |
| 15   | Fuel Rate (line 13 x line 14)   | 0.0570                        |                                  |
| 16   | Firm Transportation Commodity Charge  | 0.0717                        | 0.0717                           |
| 17   | All Volumes   | 0.1287                        | 0.0717                           |
| <u>Rate T1, Rate T2 &amp; Rate T3 Storage Service (\$/GJ)</u>                |   |                               |                                  |
| 18   | Dawn Price as per EB-2017-0087  | 3.549                         |                                  |
| 19   | 2018 Fuel Ratio as per EB-2017-0087   | 0.408%                        |                                  |
| 20   | Fuel Rate (line 18 x line 19)   | 0.014                         |                                  |
| 21   | Storage Commodity Charge  | 0.008                         | 0.008                            |
| 22   | All Volumes   | 0.022                         | 0.008                            |
| <u>Rate T1, Rate T2 &amp; Rate T3 Annual Firm Injection/Withdrawal Right</u> |   | <u>\$ / GJ</u>                |                                  |
|  |   | (a)                           |                                  |
| 23   | Customer provides deliverability Inventory Rate                                 | 1.184 (1)                     |                                  |
| Inventory Carrying Costs   |   |                               |                                  |
| 24   | Space   | 75,177,124 (2)                |                                  |
| 25   | Inventory Percentage  | 20%                           |                                  |
| 26   | Inventory (line 24 x line 25)   | 15,035,425                    |                                  |
| 27   | Dawn Price as per EB-2017-0087  | 3.549                         |                                  |
| 28   | ICC %   | 8.2%                          |                                  |
| 29   | Inventory Carrying Costs (line 26 * line 27 * line 28 / 1000)                   | 4,360                         |                                  |
| 30   | Deliverability Demand Allocation Units  | 1,332,764 (3)                 |                                  |
| 31   | Line 29 / line 30 x 1000 / 12   | 0.273                         |                                  |
| 32   | Union provides deliverability Inventory as per EB-2017-0087 (line 23 + line 31) | 1.457                         |                                  |

Notes:

- (1) Rate Order, Working Papers, Schedule 4, p.16, line 2, column (s).
- (2) EB-2011-0210, Rate Order, Working Papers, Schedule 19, p.2, line 8, column (b).
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 19, p.1, line 5, column (e).

UNION GAS LIMITED  
Southern Operations Area  
Bundled Storage Rate Detail  
Effective January 1, 2018

| Line No.                           | Particulars        | Billing Units | 2018 Forecast (1)<br>Usage<br>(a) | SSS & SPS<br>(\$000's)<br>(b) | Gas Supply Balancing Costs<br>(\$000's)<br>(c) | Gas in Storage Inventory Carrying Costs<br>(\$000's)<br>(d) | Unbundled Storage Revenue<br>(\$000's)<br>(e) = (b+c+d) | Unbundled Storage Rates<br>(cents/m³)<br>(f) = (e / a) |
|------------------------------------|--------------------|---------------|-----------------------------------|-------------------------------|--|---|---|--|
| <u>Rate M1</u>                     |                    |               |                                   |                               |  |   |   |  |
| Monthly delivery commodity charge: |                    |               |                                   |                               |  |   |   |  |
| 1                                  | First 100 m³       | 10³m³         | 845,823                           | 4,002                         | -  | 2,196   | 6,199   | 0.7328   |
| 2                                  | Next 150 m³        | 10³m³         | 751,066                           | 3,554                         | -  | 1,950   | 5,504   | 0.7328   |
| 3                                  | All over 250 m³    | 10³m³         | 1,211,407                         | 5,732                         | -  | 3,145   | 8,878   | 0.7328   |
| 4                                  | Total              |               | <u>2,808,296</u>                  | <u>13,289</u> (2)             | <u>-</u>                                       | <u>7,291</u> (3)  | <u>20,580</u>   |  |
| <u>Rate M2</u>                     |                    |               |                                   |                               |  |   |   |  |
| Monthly delivery commodity charge: |                    |               |                                   |                               |  |   |   |  |
| 5                                  | First 1,000 m³     | 10³m³         | 58,711                            | 245                           | -  | 135   | 380   | 0.6481   |
| 6                                  | Next 6,000 m³      | 10³m³         | 285,720                           | 1,193                         | -  | 659   | 1,852   | 0.6481   |
| 7                                  | Next 13,000 m³     | 10³m³         | 322,850                           | 1,348                         | -  | 745   | 2,092   | 0.6481   |
| 8                                  | All over 20,000 m³ | 10³m³         | 412,456                           | 1,722                         | -  | 951   | 2,673   | 0.6481   |
| 9                                  | Total              |               | <u>1,079,737</u>                  | <u>4,507</u> (4)              | <u>-</u>                                       | <u>2,490</u> (5)  | <u>6,997</u>  |  |

Notes:

- (1) Rate Order, Working Papers, Schedule 4, p. 10, column (r).
- (2) Rate Order, Working Papers, Schedule 19, p. 2, line 6, column (a).
- (3) Rate Order, Working Papers, Schedule 19, p. 2, line 10, column (a).
- (4) Rate Order, Working Papers, Schedule 19, p. 2, line 6, column (b).
- (5) Rate Order, Working Papers, Schedule 19, p. 2, line 10, column (b).
- (6) Rate Order, Working Papers, Schedule 4, p. 10, column (s).

UNION GAS LIMITED  
Southern Operations Area  
Bundled Storage Cost Detail  
Effective January 1, 2018

| Line No. | Particulars (\$000's)                          | Rate M1<br>(a) | Rate M2<br>(b) |
|----------|--|----------------|----------------|
|          | <u>SSS/SPS</u>                                 |                |                |
| 1        | Storage Dehydrator (1)                         | 168            | 57             |
| 2        | Storage Ex. Dehydrator (2)                     | 9,565          | 3,236          |
| 3        | Storage Space (3)                              | 10,847         | 3,705          |
| 4        | Storage  | 20,580         | 6,997          |
| 5        | Less: ICC on Gas in Storage (4)                | 7,291          | 2,490          |
| 6        | Total SSS/SPS                                  | 13,289         | 4,507          |
|          | <u>Gas Supply Balancing</u>                    |                |                |
| 7        | Total Gas Supply Balancing                     | -              | -              |
|          | <u>Gas In Storage Inventory Carrying Costs</u> |                |                |
| 8        | Gas in Storage (5)                             | 89,246         | 30,481         |
| 9        | ICC %  | 8.2%           | 8.2%           |
| 10       | Gas in Storage Inventory Carrying Costs        | 7,291          | 2,490          |

Notes:

- (1) EB-2011-0210, Rate Order, Working Papers, Schedule 18, p. 2, line 1, updated for PCI and Capital Pass-Throughs per EB-2017-0087.
- (2) EB-2011-0210, Rate Order, Working Papers, Schedule 18, p. 2, line 2, updated for PCI and Capital Pass-Throughs per EB-2017-0087.
- (3) EB-2011-0210, Rate Order, Working Papers, Schedule 18, p. 2, line 3, updated for PCI and Capital Pass-Throughs per EB-2017-0087.
- (4) Per line 10.
- (5) EB-2011-0210, Exhibit G3, Tab 5, Schedule 9, p. 16 of 40, updated for EB-2011-0210 Board Decision.

UNION GAS LIMITED  
2018 Rate Adjustment Summary based on  
Parkway Delivery Obligation (PDO) Reduction Costs and Parkway Delivery Commitment Incentive (PDCI) Costs

| Line No. | Particulars (\$000's)                 | PDO Costs                     |                           |                 | PDCI Costs                    |                           |                  | Total Costs               |                       |               |
|----------|---------------------------------------|-------------------------------|---------------------------|-----------------|-------------------------------|---------------------------|------------------|---------------------------|-----------------------|---------------|
|          |                                       | Dawn-Parkway Demand Costs (1) | Compressor Fuel Costs (2) | Total PDO Costs | Dawn-Parkway Demand Costs (3) | Compressor Fuel Costs (4) | Total PDCI Costs | Dawn-Parkway Demand Costs | Compressor Fuel Costs | Total Costs   |
|          |                                       | (a)                           | (b)                       | (c) = (a + b)   | (d)                           | (e)                       | (f) = (d + e)    | (g) = (a + d)             | (h) = (b + e)         | (i) = (g + h) |
| 1        | Rate M1                               | 4,934                         | 287                       | 5,222           | 5,226                         | 1,109                     | 6,335            | 10,160                    | 1,397                 | 11,557        |
| 2        | Rate M2                               | 1,658                         | 102                       | 1,759           | 1,756                         | 392                       | 2,148            | 3,413                     | 494                   | 3,908         |
| 3        | Rate M4                               | 482                           | 46                        | 528             | 511                           | 179                       | 689              | 993                       | 225                   | 1,218         |
| 4        | Rate M5 - Firm                        | 5                             | 1                         | 6               | 5                             | 5                         | 9                | 9                         | 6                     | 15            |
| 5        | Rate M5 - Interruptible               | -                             | 32                        | 32              | -                             | 124                       | 124              | -                         | 156                   | 156           |
| 6        | Rate M7 - Firm                        | 222                           | 19                        | 241             | 235                           | 72                        | 307              | 458                       | 91                    | 548           |
| 7        | Rate M7 - Interruptible               | -                             | -                         | -               | -                             | -                         | -                | -                         | -                     | -             |
| 8        | Rate M9                               | 79                            | 10                        | 89              | 84                            | 37                        | 121              | 164                       | 47                    | 210           |
| 9        | Rate M10                              | 2                             | 0                         | 2               | 3                             | 0                         | 3                | 5                         | 0                     | 5             |
| 10       | Rate T1 - Firm                        | 238                           | 42                        | 280             | 252                           | 163                       | 415              | 490                       | 205                   | 696           |
| 11       | Rate T1 - Interruptible               | -                             | 4                         | 4               | -                             | 17                        | 17               | -                         | 22                    | 22            |
| 12       | Rate T2 - Firm                        | 1,545                         | 217                       | 1,763           | 1,636                         | 840                       | 2,476            | 3,182                     | 1,057                 | 4,239         |
| 13       | Rate T2 - Interruptible               | -                             | 5                         | 5               | -                             | 20                        | 20               | -                         | 25                    | 25            |
| 14       | Rate T3                               | 560                           | 43                        | 603             | 593                           | 166                       | 759              | 1,153                     | 209                   | 1,361         |
| 15       | Total South In-franchise              | 9,726                         | 809                       | 10,535          | 10,300                        | 3,124                     | 13,424           | 20,027                    | 3,933                 | 23,959        |
| 16       | Excess Utility Storage Space          | -                             | -                         | -               | -                             | -                         | -                | -                         | -                     | -             |
| 17       | Rate C1 - Firm                        | -                             | 7                         | 7               | -                             | -                         | -                | -                         | 7                     | 7             |
| 18       | Rate C1 - Interruptible               | -                             | 196                       | 196             | -                             | -                         | -                | -                         | 196                   | 196           |
| 19       | Rate M12                              | -                             | 680                       | 680             | -                             | -                         | -                | -                         | 680                   | 680           |
| 20       | Rate M13                              | -                             | -                         | -               | -                             | -                         | -                | -                         | -                     | -             |
| 21       | Rate M16                              | -                             | 2                         | 2               | -                             | -                         | -                | -                         | 2                     | 2             |
| 22       | Total Ex-franchise                    | -                             | 885                       | 885             | -                             | -                         | -                | -                         | 885                   | 885           |
| 23       | Rate 01                               | -                             | 7                         | 7               | -                             | -                         | -                | -                         | 7                     | 7             |
| 24       | Rate 10                               | -                             | 2                         | 2               | -                             | -                         | -                | -                         | 2                     | 2             |
| 25       | Rate 20                               | -                             | 1                         | 1               | -                             | -                         | -                | -                         | 1                     | 1             |
| 26       | Rate 100                              | -                             | 0                         | 0               | -                             | -                         | -                | -                         | 0                     | 0             |
| 27       | Rate 25                               | -                             | -                         | -               | -                             | -                         | -                | -                         | -                     | -             |
| 28       | Total North In-franchise              | -                             | 11                        | 11              | -                             | -                         | -                | -                         | 11                    | 11            |
| 29       | Total Costs (line 15+line 22+line 28) | 9,726                         | 1,705                     | 11,431          | 10,300                        | 3,124                     | 13,424           | 20,027                    | 4,829                 | 24,855        |

Notes:

- (1) Rate Order, Working Papers, Schedule 20, p.2, column (g).
- (2) Rate Order, Working Papers, Schedule 20, p.3, column (j).
- (3) Rate Order, Working Papers, Schedule 20, p.5, column (b) + Rate Order, Working Papers, Schedule 20, p.6, column (b).
- (4) Rate Order, Working Papers, Schedule 20, p.5, column (d) + Rate Order, Working Papers, Schedule 20, p.6, column (d).



UNION GAS LIMITED

2018 Delivery Impacts to Union South In-Franchise customers of M12 Demand Costs

Based on 280 TJ per day of M12 Dawn-Parkway capacity and 62 TJ per day of T2 Billing Contract Demand Revenue Credit

| Line No. | Particulars           | 2013 Approved<br>Dawn-Parkway<br>Design Day<br>Demands (1)<br>(10 <sup>3</sup> m <sup>3</sup> /d)<br>(a) | Dawn-Parkway<br>Demand Costs of<br>200 TJ/d (2)<br>(\$000's)<br>(b) | Dawn-Parkway<br>Demand Costs of<br>19 TJ/d (3)<br>(\$000's)<br>(c) | Dawn-Parkway<br>Demand Costs of<br>62 TJ/d (4)<br>(\$000's)<br>(d) | Dawn-Parkway<br>Demand Costs of<br>280 TJ/d<br>(\$000's)<br>(e) = (b + c + d) | T2 BCD<br>Revenue Credit of<br>62 TJ/d<br>(\$000's)<br>(f) = -(d) | Total<br>Demand<br>Costs<br>(\$000's)<br>(g) = (e + f) |
|----------|-----------------------|--|---|--|--|---|---|--|
| 1        | Rate M1               | 22,132   | 4,514   | 420  | 1,402  | 6,337   | (1,402)   | 4,934  |
| 2        | Rate M2               | 7,435  | 1,517   | 141  | 471  | 2,129   | (471)   | 1,658  |
| 3        | Rate M4               | 2,162  | 441   | 41   | 137  | 619   | (137)   | 482  |
| 4        | Rate M5 Firm          | 20   | 4   | 0  | 1  | 6   | (1)   | 5  |
| 5        | Rate M5 Interruptible | -  | -   | -  | -  | -   | -   | -  |
| 6        | Rate M7 Firm          | 997  | 203   | 19   | 63   | 285   | (63)  | 222  |
| 7        | Rate M7 Interruptible | -  | -   | -  | -  | -   | -   | -  |
| 8        | Rate M9               | 356  | 73  | 7  | 23   | 102   | (23)  | 79   |
| 9        | Rate M10              | 11   | 2   | 0  | 1  | 3   | (1)   | 2  |
| 10       | Rate T1 Firm          | 1,068  | 218   | 20   | 68   | 306   | (68)  | 238  |
| 11       | Rate T1 Interruptible | -  | -   | -  | -  | -   | -   | -  |
| 12       | Rate T2 Firm          | 6,931  | 1,414   | 132  | 439  | 1,984   | (439)   | 1,545  |
| 13       | Rate T2 Interruptible | -  | -   | -  | -  | -   | -   | -  |
| 14       | Rate T3               | 2,511  | 512   | 48   | 159  | 719   | (159)   | 560  |
| 15       | Total                 | 43,624   | 8,898 (5)   | 828 (6)  | 2,764 (7)  | 12,490  | (2,764)   | 9,726  |

Notes:

- (1) Union South In-franchise Dawn-Parkway Design Day Demand allocation factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p. 7, line 2, Updated for Board Decision.
- (2) Allocated in proportion to column (a). The 200 TJ/d of Dawn-Parkway capacity includes 146 TJ/d per EB-2016-0245, Rate Order, Working Papers, Schedule 20, p. 2, column (b) + incremental Parkway Delivery Obligation shift of 54 TJ/d per Exhibit A, Tab 2, Attachment 1, line 11, column (j).
- (3) Allocated in proportion to column (a). The 19 TJ/d of Dawn-Parkway capacity includes 19 TJ/d per EB-2016-0245, Rate Order, Working Papers, Schedule 20, p. 2, column (c) + incremental Parkway Delivery Obligation shift of 0 TJ/d per Exhibit A, Tab 2, Attachment 1, line 17, column (j).
- (4) Allocated in proportion to column (a). The 62 TJ/d of Dawn-Parkway capacity includes 48 TJ/d per EB-2016-0245, Rate Order, Working Papers, Schedule 20, p. 2, column (d) + incremental Parkway Delivery Obligation shift of 14 TJ/d per Exhibit A, Tab 2, Attachment 1, line 21, column (j).
- (5) Calculated as 200 TJ x \$0.122/GJ/d x 365 = \$8.898 million. Rate represents the M12 Dawn-Parkway demand rate per EB-2017-0087.
- (6) Calculated as 19 TJ x \$0.122/GJ/d x 365 = \$0.828 million. Rate represents the M12 Dawn-Parkway demand rate per EB-2017-0087.
- (7) Calculated as 62 TJ x \$0.122/GJ/d x 365 = \$2.764 million. Rate represents the M12 Dawn-Parkway demand rate per EB-2017-0087.

UNION GAS LIMITED  
2018 Commodity Cost Adjustments based on  
Parkway Delivery Obligation Reduction of 218 TJ/d and 81 TJ/d of M12 Turnback

| Line No. | Particulars                         | Adjusted Compressor Fuel Allocation |                              |                              |                       | 2013 Board-Approved Compressor Fuel Allocation |                              |                              |                       | Difference (GJ)<br>(i) = (d - h) | Total Compressor Fuel Cost (1)<br>(\$000's)<br>(j)=(i x 3.549/1000) |
|----------|-------------------------------------|-------------------------------------|------------------------------|------------------------------|-----------------------|--|------------------------------|------------------------------|-----------------------|----------------------------------|---|
|          |                                     | Dawn Station Compressor Fuel        | D-P Easterly Compressor Fuel | D-P Westerly Compressor Fuel | Total Compressor Fuel | Dawn Station Compressor Fuel                   | D-P Easterly Compressor Fuel | D-P Westerly Compressor Fuel | Total Compressor Fuel |                                  |   |
|          |                                     | (GJ)                                | (GJ)                         | (GJ)                         | (GJ)                  | (GJ)   | (GJ)                         | (GJ)                         | (GJ)                  |                                  |   |
|          |                                     | (a)                                 | (b)                          | (c)                          | (d) = (a + b + c)     | (e)  | (f)                          | (g)                          | (h) = (e + f + g)     |                                  |   |
| 1        | Rate M1                             | 74,915                              | 81,364                       | -                            | 156,280               | 37,867   | 37,469                       | -                            | 75,337                | 80,943                           | 287   |
| 2        | Rate M2                             | 26,504                              | 28,786                       | -                            | 55,290                | 13,397   | 13,256                       | -                            | 26,653                | 28,637                           | 102   |
| 3        | Rate M4                             | 12,081                              | 13,121                       | -                            | 25,203                | 6,107  | 6,042                        | -                            | 12,149                | 13,053                           | 46  |
| 4        | Rate M5 - Firm                      | 308                                 | 335                          | -                            | 643                   | 156  | 154                          | -                            | 310                   | 333                              | 1   |
| 5        | Rate M5 - Interruptible             | 8,375                               | 9,096                        | -                            | 17,471                | 4,233  | 4,189                        | -                            | 8,422                 | 9,049                            | 32  |
| 6        | Rate M7 - Firm                      | 4,860                               | 5,279                        | -                            | 10,139                | 2,457  | 2,431                        | -                            | 4,888                 | 5,251                            | 19  |
| 7        | Rate M7 - Interruptible             | -                                   | -                            | -                            | -                     | -  | -                            | -                            | -                     | -                                | -   |
| 8        | Rate M9                             | 2,495                               | 2,710                        | -                            | 5,205                 | 1,261  | 1,248                        | -                            | 2,509                 | 2,696                            | 10  |
| 9        | Rate M10                            | 8                                   | 8                            | -                            | 16                    | 4  | 4                            | -                            | 8                     | 8                                | 0   |
| 10       | Rate T1 - Firm                      | 11,006                              | 11,954                       | -                            | 22,960                | 5,563  | 5,505                        | -                            | 11,068                | 11,892                           | 42  |
| 11       | Rate T1 - Interruptible             | 1,173                               | 1,274                        | -                            | 2,447                 | 593  | 587                          | -                            | 1,179                 | 1,267                            | 4   |
| 12       | Rate T2 - Firm                      | 56,695                              | 61,575                       | -                            | 118,270               | 28,658   | 28,356                       | -                            | 57,014                | 61,257                           | 217   |
| 13       | Rate T2 - Interruptible             | 1,332                               | 1,447                        | -                            | 2,779                 | 673  | 666                          | -                            | 1,340                 | 1,439                            | 5   |
| 14       | Rate T3                             | 11,202                              | 12,166                       | -                            | 23,368                | 5,662  | 5,603                        | -                            | 11,265                | 12,103                           | 43  |
| 15       | Total South In-franchise            | 210,955                             | 229,114                      | -                            | 440,069               | 106,631  | 105,510                      | -                            | 212,141               | 227,928                          | 809   |
| 16       | Excess Utility Storage Space        | -                                   | -                            | -                            | -                     | -  | -                            | -                            | -                     | -                                | -   |
| 17       | Rate C1 - Firm                      | 35,342                              | 11,076                       | 5,691                        | 52,110                | 35,316   | 10,023                       | 4,718                        | 50,057                | 2,052                            | 7   |
| 18       | Rate C1 - Interruptible             | 227,077                             | 575,059                      | -                            | 802,136               | 226,118  | 520,843                      | -                            | 746,960               | 55,175                           | 196   |
| 19       | Rate M12                            | 1,133,586                           | 2,673,664                    | 1,221                        | 3,808,470             | 1,135,933                                      | 2,479,902                    | 1,009                        | 3,616,843             | 191,627                          | 680   |
| 20       | Rate M13                            | -                                   | -                            | -                            | -                     | -  | -                            | -                            | -                     | -                                | -   |
| 21       | Rate M16                            | 145                                 | 434                          | -                            | 580                   | -  | -                            | -                            | -                     | 580                              | 2   |
| 22       | Total Ex-franchise                  | 1,396,150                           | 3,260,233                    | 6,912                        | 4,663,295             | 1,397,366                                      | 3,010,768                    | 5,726                        | 4,413,861             | 249,435                          | 885   |
| 23       | Rate 01                             | 28,852                              | 29,524                       | -                            | 58,375                | 28,728   | 27,573                       | -                            | 56,300                | 2,075                            | 7   |
| 24       | Rate 10                             | 9,081                               | 9,293                        | -                            | 18,374                | 9,042  | 8,679                        | -                            | 17,721                | 653                              | 2   |
| 25       | Rate 20                             | 3,226                               | 3,301                        | -                            | 6,527                 | 3,212  | 3,083                        | -                            | 6,295                 | 232                              | 1   |
| 26       | Rate 100                            | 102                                 | 105                          | -                            | 207                   | 102  | 98                           | -                            | 200                   | 7                                | 0   |
| 27       | Rate 25                             | -                                   | -                            | -                            | -                     | -  | -                            | -                            | -                     | -                                | -   |
| 28       | Total North In-franchise            | 41,262                              | 42,222                       | -                            | 83,484                | 41,084   | 39,432                       | -                            | 80,516                | 2,968                            | 11  |
| 29       | Total (line 15 + line 22 + line 28) | 1,648,367                           | 3,531,570                    | 6,912                        | 5,186,849             | 1,545,082                                      | 3,155,710                    | 5,726                        | 4,706,518             | 480,331                          | 1,705   |

Notes:

(1) Compressor fuel cost based on Oct 2017 QRAM Dawn Reference Price of \$3.549/GJ per EB-2017-0278.

UNION GAS LIMITED  
Estimated Fuel Impact of the Parkway Delivery Obligated Reduction

| Line No. | Particulars (GJ)    | Allocation of Fuel (Updated for PDO) |         |           |           |                 | Allocation of Fuel (as filed in EB-2011-0210) |         |         |           |                 | Difference<br>(k) = (e - j) |
|----------|---------------------|--------------------------------------|---------|-----------|-----------|-----------------|---|---------|---------|-----------|-----------------|-----------------------------|
|          |                     | Dawn                                 | Lobo    | Bright    | Parkway   | Total           | Dawn  | Lobo    | Bright  | Parkway   | Total           |                             |
|          |                     | (a)                                  | (b)     | (c)       | (d)       | (e) = (a+b+c+d) | (f)   | (g)     | (h)     | (i)       | (j) = (f+g+h+i) |                             |
| 1        | M12 Easterly        | 1,133,586                            | 665,880 | 798,741   | 1,209,042 | 3,807,250       | 1,135,933                                     | 644,630 | 772,860 | 1,062,411 | 3,615,834       | 191,415                     |
| 2        | M12 Westerly        | -                                    | -       | -         | 1,221     | 1,221           | -   | -       | -       | 1,009     | 1,009           | 212                         |
| 3        | C1 LT Easterly      | 3,382                                | 2,077   | 2,490     | 6,509     | 14,458          | 3,356   | 2,017   | 2,413   | 5,593     | 13,379          | 1,079                       |
| 4        | C1 ST Easterly      | 227,077                              | 122,287 | 149,110   | 303,661   | 802,136         | 226,118                                       | 116,353 | 141,989 | 262,500   | 746,960         | 55,175                      |
| 5        | C1 LT Westerly      | -                                    | -       | -         | 5,691     | 5,691           | -   | -       | -       | 4,718     | 4,718           | 973                         |
| 6        | C1 ST Westerly      | -                                    | -       | -         | -         | -               | -   | -       | -       | -         | -               | -                           |
| 7        | M16 to Pool         | 145                                  | 434     | -         | -         | 580             | -   | -       | -       | -         | -               | 580                         |
| 8        | Infranchise - North | 41,262                               | 17,233  | 24,990    | -         | 83,484          | 41,084  | 15,975  | 23,457  | -         | 80,516          | 2,968                       |
| 9        | Infranchise - South | 210,955                              | 100,900 | 128,214   | -         | 440,069         | 106,631                                       | 46,265  | 59,245  | -         | 212,141         | 227,928                     |
| 10       | Total               | 1,616,407                            | 908,812 | 1,103,546 | 1,526,124 | 5,154,888       | 1,513,121                                     | 825,240 | 999,964 | 1,336,232 | 4,674,557       | 480,331                     |

Notes:

- (1) Sales of Dawn to Parkway transportation services were reduced by 81 TJ per day.
- (2) Compressor throughput was adjusted to account for a shift of 219 TJ of delivered supply from Parkway to Dawn and 81 TJ/d of M12 turnback.
- (3) Compressor fuel costs increased to reflect the change in flows outlined in note (2).
- (4) Based on contract quantities from 2013 Rates filing.
- (5) Allocation of fuel is consistent with YCR formula in the current M12 Rate Schedule.
- (6) The total fuel excludes C1 Dawn to Dawn-Vector and C1 Dawn to Dawn-TCPL fuel of 31,960 GJ.

UNION GAS LIMITED  
Derivation of the 2018 Sales Service PDCI Costs

| Line No. | Particulars           | Demand Costs  |  | Commodity Costs   |  | Total Sales Service PDCI Costs (\$000's)<br>(e) = (b + d) |
|----------|-----------------------|---|--|---|--|---|
|          |                       | 2013 Approved Dawn-Parkway Design Day Demands (1)<br>(10 <sup>3</sup> m <sup>3</sup> /d)<br>(a) | 11 TJ Sales Service Demand Costs (2)<br>(\$000's)<br>(b) | 2013 Approved Delivery Volumes East of Dawn (4)<br>(10 <sup>3</sup> m <sup>3</sup> )<br>(c) | 11 TJ Sales Service Fuel and UFG Costs (5)<br>(\$000's)<br>(d) |   |
| 1        | Rate M1               | 22,132  | 249  | 1,823,853   | 53   | 301   |
| 2        | Rate M2               | 7,435   | 83   | 645,259   | 19   | 102   |
| 3        | Rate M4               | 2,162   | 24   | 294,126   | 9  | 33  |
| 4        | Rate M5 Firm          | 20  | 0  | 7,501   | 0  | 0   |
| 5        | Rate M5 Interruptible | -   | -  | 203,891   | 6  | 6   |
| 6        | Rate M7 Firm          | 997   | 11   | 118,324   | 3  | 15  |
| 7        | Rate M7 Interruptible | -   | -  | -   | -  | -   |
| 8        | Rate M9               | 356   | 4  | 60,750  | 2  | 6   |
| 9        | Rate M10              | 11  | 0  | 189   | 0  | 0   |
| 10       | Rate T1 Firm          | 1,068   | 12   | 267,950   | 8  | 20  |
| 11       | Rate T1 Interruptible | -   | -  | 28,552  | 1  | 1   |
| 12       | Rate T2 Firm          | 6,931   | 78   | 1,380,265   | 40   | 118   |
| 13       | Rate T2 Interruptible | -   | -  | 32,431  | 1  | 1   |
| 14       | Rate T3               | 2,511   | 28   | 272,712   | 8  | 36  |
| 15       | Total                 | <u>43,624</u>   | <u>490</u> (3)   | <u>5,135,803</u>  | <u>149</u> (6)   | <u>638</u>  |

Notes:

- (1) Union South In-franchise Dawn-Parkway Design Day Demand allocation factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p. 7, line 2, Updated for Board Decision.
- (2) Allocated in proportion to column (a). Parkway Delivery Obligation of 11 TJ/d as per Exhibit A, Tab 2, Attachment 1, line 24, column (j).
- (3) Calculated as 11 TJ x \$0.122/GJ/d x 365 = \$0.490 million. Rate represents the M12 Dawn-Parkway demand rate per EB-2017-0087.
- (4) Union South in-franchise volumes east of Dawn per EB-2011-0210, Exhibit G3, Tab 5, Schedule 21, pp. 13 & 14, Updated for Board Decision.
- (5) Allocated in proportion to column (c).
- (6) Calculated as 11 TJ x \$0.037/GJ/d x 365 = \$0.149 million. Rate represents the average Dawn-Parkway (TCPL / EGT) fuel and commodity rate per EB-2017-0087 Rate M12 Schedule 'C'.

UNION GAS LIMITED  
Derivation of the 2018 Direct Purchase (DP) PDCI Costs

| Line No. | Particulars           | Demand Costs  |  | Commodity Costs   |  | Total DP PDCI Costs (\$000's)<br>(e) = (b+d) |
|----------|-----------------------|---|--|---|--|--|
|          |                       | 2013 Approved Dawn-Parkway Design Day Demands (1)<br>(10 <sup>3</sup> m <sup>3</sup> /d)<br>(a) | 220 TJ DP Demand Costs (2)<br>(\$000's)<br>(b) | 2013 Approved Delivery Volumes East of Dawn (4)<br>(10 <sup>3</sup> m <sup>3</sup> )<br>(c) | 220 TJ DP Fuel and UFG Costs (5)<br>(\$000's)<br>(d) |  |
| 1        | Rate M1               | 22,132  | 4,977  | 1,823,853   | 1,057  | 6,034  |
| 2        | Rate M2               | 7,435   | 1,672  | 645,259   | 374  | 2,046  |
| 3        | Rate M4               | 2,162   | 486  | 294,126   | 170  | 657  |
| 4        | Rate M5 Firm          | 20  | 5  | 7,501   | 4  | 9  |
| 5        | Rate M5 Interruptible | -   | -  | 203,891   | 118  | 118  |
| 6        | Rate M7 Firm          | 997   | 224  | 118,324   | 69   | 293  |
| 7        | Rate M7 Interruptible | -   | -  | -   | -  | -  |
| 8        | Rate M9               | 356   | 80   | 60,750  | 35   | 115  |
| 9        | Rate M10              | 11  | 2  | 189   | 0  | 3  |
| 10       | Rate T1 Firm          | 1,068   | 240  | 267,950   | 155  | 396  |
| 11       | Rate T1 Interruptible | -   | -  | 28,552  | 17   | 17   |
| 12       | Rate T2 Firm          | 6,931   | 1,559  | 1,380,265   | 800  | 2,358  |
| 13       | Rate T2 Interruptible | -   | -  | 32,431  | 19   | 19   |
| 14       | Rate T3               | 2,511   | 565  | 272,712   | 158  | 723  |
| 15       | Total                 | 43,624  | 9,811 (3)                                      | 5,135,803   | 2,975 (6)  | 12,786                                       |

Notes:

- (1) Union South In-franchise Dawn-Parkway Design Day Demand Allocation Factor per EB-2011-0210, Exhibit G3, Tab 5, Schedule 23, p. 7, line 2, Updated for Board Decision.
- (2) Allocated in proportion to column (a). Parkway Delivery Obligation of 220 TJ/d as per Exhibit A, Tab 2, Attachment 1, line 12, column (j) + line 18, column (j), adjusted by 8 TJ/d to reflect customer's with different summer and winter Parkway Delivery Obligations.
- (3) Calculated as 220 TJ x \$0.122/GJ/d x 365 = \$9.811 million. Rate represents the M12 Dawn-Parkway demand rate per EB-2017-0087.
- (4) Union South in-franchise volumes east of Dawn per EB-2011-0210, Exhibit G3, Tab 5, Schedule 21, pp. 13 & 14, Updated for Board Decision.
- (5) Allocated in proportion to column (c).
- (6) Calculated as 220 TJ x \$0.037/GJ/d x 365 = \$2.975 million. Rate represents the average Dawn-Parkway (TCPL / EGT) fuel and commodity rate per EB-2017-0087 Rate M12 Schedule 'C'.

UNION GAS LIMITED  
Continuity of M12 Monthly Transportation Fuel Ratios and Rates including Parkway Delivery Obligation (PDO) Pass-through  
Firm or Interruptible Transportation Commodity  
Effective January 1, 2018

| Line No. | Particulars | VT1 Easterly<br>Dawn to Parkway (TCPL / EGT)<br>With Dawn Compression |         |             |         |             |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |         |             |         |             |           | M12-X Westerly<br>Kirkwall to Dawn          |         |             |         |             |           |
|----------|-------------|---|---------|-------------|---------|-------------|-----------|---|---------|-------------|---------|-------------|-----------|---|---------|-------------|---------|-------------|-----------|
|          |             | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      |
|          |             | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate |
|          |             | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)                                 | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   |
|          |             | (%)   | (%)     | (%)         | (%)     | (%)         |           | (%)   | (%)     | (%)         | (%)     | (%)         |           | (%)   | (%)     | (%)         | (%)     | (%)         |           |
|          |             | (a)   | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       | (m)   | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) | (r)       |
| 1        | April       | 0.825   | 0.004   | 0.829       | 0.050   | 0.879       | 0.031     | 0.548   | 0.003   | 0.550       | (0.004) | 0.546       | 0.019     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 2        | May         | 0.583   | 0.003   | 0.586       | 0.040   | 0.626       | 0.022     | 0.369   | 0.002   | 0.371       | 0.002   | 0.373       | 0.013     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 3        | June        | 0.476   | 0.002   | 0.479       | 0.044   | 0.523       | 0.019     | 0.267   | 0.001   | 0.268       | 0.007   | 0.275       | 0.010     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 4        | July        | 0.464   | 0.002   | 0.466       | 0.042   | 0.508       | 0.018     | 0.255   | 0.001   | 0.256       | 0.007   | 0.262       | 0.009     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 5        | August      | 0.365   | 0.002   | 0.367       | 0.038   | 0.405       | 0.014     | 0.158   | 0.001   | 0.159       | (0.000) | 0.159       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 6        | September   | 0.362   | 0.002   | 0.363       | 0.037   | 0.401       | 0.014     | 0.158   | 0.001   | 0.159       | (0.000) | 0.159       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 7        | October     | 0.716   | 0.004   | 0.720       | 0.030   | 0.750       | 0.027     | 0.476   | 0.002   | 0.479       | (0.018) | 0.461       | 0.016     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 8        | November    | 0.863   | 0.004   | 0.868       | 0.026   | 0.894       | 0.032     | 0.621   | 0.003   | 0.624       | 0.001   | 0.624       | 0.022     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 9        | December    | 0.971   | 0.005   | 0.976       | 0.036   | 1.012       | 0.036     | 0.722   | 0.004   | 0.726       | 0.017   | 0.743       | 0.026     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 10       | January     | 1.116   | 0.006   | 1.122       | 0.044   | 1.166       | 0.041     | 0.854   | 0.004   | 0.858       | 0.023   | 0.882       | 0.031     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 11       | February    | 1.062   | 0.005   | 1.067       | 0.040   | 1.107       | 0.039     | 0.808   | 0.004   | 0.812       | 0.019   | 0.831       | 0.029     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 12       | March       | 1.000   | 0.005   | 1.005       | 0.028   | 1.033       | 0.037     | 0.739   | 0.004   | 0.743       | (0.001) | 0.742       | 0.026     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
|          |             | M12-X Easterly<br>Kirkwall to Parkway (TCPL / EGT)                    |         |             |         |             |           | M12-X Easterly<br>Kirkwall to Lisgar,<br>Parkway (Consumers)                              |         |             |         |             |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |         |             |         |             |           |
|          |             | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      |
|          |             | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate |
|          |             | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)                                 | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   |
|          |             | (a)   | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       | (m)   | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) | (r)       |
| 13       | April       | 0.434   | 0.002   | 0.437       | 0.054   | 0.491       | 0.017     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 14       | May         | 0.371   | 0.002   | 0.373       | 0.038   | 0.411       | 0.015     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 15       | June        | 0.367   | 0.002   | 0.368       | 0.037   | 0.406       | 0.014     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 16       | July        | 0.366   | 0.002   | 0.368       | 0.036   | 0.404       | 0.014     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 17       | August      | 0.364   | 0.002   | 0.366       | 0.038   | 0.404       | 0.014     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 18       | September   | 0.361   | 0.002   | 0.363       | 0.037   | 0.400       | 0.014     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 19       | October     | 0.398   | 0.002   | 0.400       | 0.048   | 0.448       | 0.016     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.276                                       | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     |
| 20       | November    | 0.400   | 0.002   | 0.402       | 0.025   | 0.427       | 0.015     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 21       | December    | 0.407   | 0.002   | 0.409       | 0.019   | 0.428       | 0.015     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 22       | January     | 0.420   | 0.002   | 0.422       | 0.020   | 0.442       | 0.016     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 23       | February    | 0.411   | 0.002   | 0.413       | 0.021   | 0.434       | 0.015     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 24       | March       | 0.418   | 0.002   | 0.420       | 0.029   | 0.449       | 0.016     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                                       | 0.001   | 0.158       | -       | 0.158       | 0.006     |

UNION GAS LIMITED  
Continuity of M12 Monthly Transportation Authorized Overrun Fuel Ratios and Rates including Parkway Delivery Obligation (PDO) Pass-through  
Firm or Interruptible Transportation Commodity  
Effective January 1, 2018

| Line No. | Particulars | VT1 Easterly<br>Dawn to Parkway (TCPL / EGT)<br>With Dawn Compression |         |             |         |             |           | VT1 Easterly<br>Dawn to Kirkwall, Lisgar,<br>Parkway (Consumers)<br>With Dawn Compression |         |             |         |             |           | M12-X Westerly<br>Kirkwall to Dawn          |         |             |         |             |           |
|----------|-------------|---|---------|-------------|---------|-------------|-----------|---|---------|-------------|---------|-------------|-----------|---|---------|-------------|---------|-------------|-----------|
|          |             | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      |
|          |             | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate |
|          |             | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)                                 | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   |
|          |             | (%)   | (%)     | (%)         | (%)     | (%)         | (f)       | (%)   | (%)     | (%)         | (%)     | (%)         | (l)       | (%)   | (%)     | (%)         | (%)     | (%)         | (r)       |
|          |             | (a)   | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) |           | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) |           | (m)   | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) |           |
| 1        | April       | 1.442   | 0.007   | 1.449       | 0.050   | 1.499       | 0.175     | 1.165   | 0.006   | 1.171       | (0.004) | 1.166       | 0.164     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 2        | May         | 1.200   | 0.006   | 1.206       | 0.040   | 1.246       | 0.166     | 0.986   | 0.005   | 0.991       | 0.002   | 0.993       | 0.157     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 3        | June        | 1.093   | 0.006   | 1.099       | 0.044   | 1.143       | 0.163     | 0.884   | 0.005   | 0.888       | 0.007   | 0.895       | 0.154     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 4        | July        | 1.080   | 0.006   | 1.086       | 0.042   | 1.128       | 0.162     | 0.871   | 0.004   | 0.876       | 0.007   | 0.882       | 0.153     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 5        | August      | 0.982   | 0.005   | 0.987       | 0.038   | 1.025       | 0.159     | 0.775   | 0.004   | 0.779       | (0.000) | 0.779       | 0.150     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 6        | September   | 0.978   | 0.005   | 0.983       | 0.037   | 1.021       | 0.158     | 0.775   | 0.004   | 0.779       | (0.000) | 0.779       | 0.150     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 7        | October     | 1.333   | 0.007   | 1.340       | 0.030   | 1.371       | 0.171     | 1.093   | 0.006   | 1.099       | (0.018) | 1.081       | 0.161     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 8        | November    | 1.480   | 0.008   | 1.488       | 0.026   | 1.514       | 0.176     | 1.237   | 0.006   | 1.244       | 0.001   | 1.244       | 0.166     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 9        | December    | 1.588   | 0.008   | 1.596       | 0.036   | 1.632       | 0.180     | 1.339   | 0.007   | 1.346       | 0.017   | 1.363       | 0.171     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 10       | January     | 1.733   | 0.009   | 1.742       | 0.044   | 1.786       | 0.186     | 1.471   | 0.008   | 1.478       | 0.023   | 1.502       | 0.175     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 11       | February    | 1.679   | 0.009   | 1.687       | 0.040   | 1.727       | 0.183     | 1.425   | 0.007   | 1.432       | 0.019   | 1.451       | 0.174     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 12       | March       | 1.617   | 0.008   | 1.625       | 0.028   | 1.653       | 0.181     | 1.356   | 0.007   | 1.363       | (0.001) | 1.362       | 0.171     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
|          |             | M12-X Easterly<br>Kirkwall to Parkway (TCPL / EGT)                    |         |             |         |             |           | M12-X Easterly<br>Kirkwall to Lisgar,<br>Parkway (Consumers)                              |         |             |         |             |           | M12-X Westerly<br>Parkway to Kirkwall, Dawn |         |             |         |             |           |
|          |             | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      | 2017  | PCI Adj | 2018        | PDO Adj | 2018        | 2018      |
|          |             | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate | Fuel Ratio                                  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel Rate |
|          |             | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   | (excl. PDO)                                 | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | (\$/GJ)   |
|          |             | (%)   | (%)     | (%)         | (%)     | (%)         | (f)       | (%)   | (%)     | (%)         | (%)     | (%)         | (l)       | (%)   | (%)     | (%)         | (%)     | (%)         | (r)       |
|          |             | (a)   | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) |           | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) |           | (m)   | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) |           |
| 13       | April       | 1.051   | 0.005   | 1.057       | 0.054   | 1.111       | 0.190     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 14       | May         | 0.988   | 0.005   | 0.993       | 0.038   | 1.031       | 0.188     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 15       | June        | 0.984   | 0.005   | 0.989       | 0.037   | 1.026       | 0.187     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 16       | July        | 0.983   | 0.005   | 0.988       | 0.036   | 1.024       | 0.187     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 17       | August      | 0.981   | 0.005   | 0.986       | 0.038   | 1.024       | 0.187     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 18       | September   | 0.978   | 0.005   | 0.983       | 0.037   | 1.020       | 0.187     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 19       | October     | 1.014   | 0.005   | 1.020       | 0.048   | 1.068       | 0.189     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.893                                       | 0.005   | 0.897       | 0.024   | 0.921       | 0.184     |
| 20       | November    | 1.017   | 0.005   | 1.022       | 0.025   | 1.047       | 0.188     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 21       | December    | 1.024   | 0.005   | 1.029       | 0.019   | 1.048       | 0.188     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 22       | January     | 1.036   | 0.005   | 1.042       | 0.020   | 1.062       | 0.189     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 23       | February    | 1.028   | 0.005   | 1.033       | 0.021   | 1.054       | 0.188     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |
| 24       | March       | 1.035   | 0.005   | 1.040       | 0.029   | 1.069       | 0.189     | 0.774   | 0.004   | 0.778       | -       | 0.778       | 0.179     | 0.774                                       | 0.004   | 0.778       | -       | 0.778       | 0.179     |

UNION GAS LIMITED  
Continuity of M13, M16, Monthly Transportation Fuel Ratios and Rates including Parkway Delivery Obligation (PDO) Pass-through  
Firm or Interruptible Transportation Commodity  
Effective January 1, 2018

| Line<br>No. | Particulars | M13<br>Delivery Commodity Charge                 |         |             |         |             |           | M13<br>Authorized overrun - Delivery Commodity Charge |         |             |         |             |           |
|-------------|-------------|--|---------|-------------|---------|-------------|-----------|---|---------|-------------|---------|-------------|-----------|
|             |             | 2017   | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017  | PCI Adj | 2018        | PDO Adj | 2018        |           |
|             |             | Fuel Ratio                                       | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|             |             | (excl. PDO)                                      | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|             |             | (%)  | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)   | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|             |             | (a)  | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       |
| 1           |             | 0.157  | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157   | 0.001   | 0.158       | -       | 0.158       | 0.144     |
|             |             |  |         |             |         |             |           |   |         |             |         |             |           |
|             |             | M16<br>Fuel Charges to Dawn                      |         |             |         |             |           | M16<br>Fuel Charges to Pool                           |         |             |         |             |           |
|             |             | 2017   | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017  | PCI Adj | 2018        | PDO Adj | 2018        |           |
|             |             | Fuel Ratio                                       | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|             |             | (excl. PDO)                                      | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|             |             | (%)  | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)   | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|             |             | (a)  | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       |
| 2           | East        | 0.157  | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157   | 0.001   | 0.158       | 0.027   | 0.185       | 0.006     |
| 3           | West        | 0.157  | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.447   | 0.002   | 0.449       | -       | 0.449       | 0.016     |
|             |             |  |         |             |         |             |           |   |         |             |         |             |           |
|             |             | M16<br>Authorized overrun - Fuel Charges to Dawn |         |             |         |             |           | M16<br>Authorized Overrun - Fuel Charges to Pool      |         |             |         |             |           |
|             |             | 2017   | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017  | PCI Adj | 2018        | PDO Adj | 2018        |           |
|             |             | Fuel Ratio                                       | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio  | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|             |             | (excl. PDO)                                      | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)   | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|             |             | (%)  | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)   | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|             |             | (a)  | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)   | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       |
| 4           | East        | 0.157  | 0.001   | 0.158       | -       | 0.158       | 0.066     | 0.157   | 0.001   | 0.158       | 0.027   | 0.185       | 0.032     |
| 5           | West        | 0.157  | 0.001   | 0.158       | -       | 0.158       | 0.144     | 0.447   | 0.002   | 0.449       | -       | 0.449       | 0.120     |



UNION GAS LIMITED

Continuity of C1 Monthly Transportation Fuel Ratios and Rates including Parkway Delivery Obligation (PDO) Pass-through

Firm or Interruptible Transportation Commodity

Effective January 1, 2018

| Line No. | Particulars | C1<br>St. Clair / Dawn    |         |             |         |             |           | C1<br>Ojibway / Dawn         |         |             |         |             |           | C1<br>Bluewater / Dawn    |         |             |         |             |           |
|----------|-------------|---------------------------|---------|-------------|---------|-------------|-----------|------------------------------|---------|-------------|---------|-------------|-----------|---------------------------|---------|-------------|---------|-------------|-----------|
|          |             | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                         | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           |
|          |             | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                   | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|          |             | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)                  | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|          |             | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                          | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|          |             | (a)                       | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)                          | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       | (m)                       | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) | (r)       |
| 1        | Summer      | 0.207                     | 0.001   | 0.208       | -       | 0.208       | 0.007     | 0.447                        | 0.002   | 0.449       | -       | 0.449       | 0.016     | 0.207                     | 0.001   | 0.208       | -       | 0.208       | 0.007     |
| 2        | Winter      | 0.266                     | 0.001   | 0.267       | -       | 0.267       | 0.009     | 0.303                        | 0.002   | 0.305       | -       | 0.305       | 0.011     | 0.266                     | 0.001   | 0.267       | -       | 0.267       | 0.009     |
|          |             | C1<br>Dawn to Dawn-TCPL   |         |             |         |             |           | C1<br>Dawn to Dawn-Vector    |         |             |         |             |           |                           |         |             |         |             |           |
|          |             | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                         | PCI Adj | 2018        | PDO Adj | 2018        |           |                           |         |             |         |             |           |
|          |             | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                   | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |                           |         |             |         |             |           |
|          |             | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)                  | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |                           |         |             |         |             |           |
|          |             | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                          | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |                           |         |             |         |             |           |
|          |             | (a)                       | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)                          | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       |                           |         |             |         |             |           |
| 3        | Summer      | 0.157                     | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.339                        | 0.002   | 0.341       | -       | 0.341       | 0.012     |                           |         |             |         |             |           |
| 4        | Winter      | 0.351                     | 0.002   | 0.353       | -       | 0.353       | 0.013     | 0.157                        | 0.001   | 0.158       | -       | 0.158       | 0.006     |                           |         |             |         |             |           |
|          |             | C1<br>Parkway to Kirkwall |         |             |         |             |           | C1<br>Parkway to Dawn        |         |             |         |             |           | C1<br>Kirkwall to Dawn    |         |             |         |             |           |
|          |             | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                         | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           |
|          |             | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                   | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|          |             | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)                  | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|          |             | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                          | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|          |             | (a)                       | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)                          | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       | (m)                       | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) | (r)       |
| 5        | Summer      | 0.276                     | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     | 0.276                        | 0.001   | 0.277       | 0.024   | 0.301       | 0.011     | 0.157                     | 0.001   | 0.158       | -       | 0.158       | 0.006     |
| 6        | Winter      | 0.157                     | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                        | 0.001   | 0.158       | -       | 0.158       | 0.006     | 0.157                     | 0.001   | 0.158       | -       | 0.158       | 0.006     |
|          |             | C1<br>Dawn to Kirkwall    |         |             |         |             |           | C1<br>Dawn to Parkway (TCPL) |         |             |         |             |           | C1<br>Kirkwall to Parkway |         |             |         |             |           |
|          |             | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                         | PCI Adj | 2018        | PDO Adj | 2018        |           | 2017                      | PCI Adj | 2018        | PDO Adj | 2018        |           |
|          |             | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                   | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      | Fuel Ratio                | Fuel    | Fuel Ratio  | Fuel    | Fuel Ratio  | 2018      |
|          |             | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)                  | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate | (excl. PDO)               | Ratio   | (excl. PDO) | Ratio   | (incl. PDO) | Fuel Rate |
|          |             | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                          | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   | (%)                       | (%)     | (%)         | (%)     | (%)         | (\$/GJ)   |
|          |             | (a)                       | (b)     | (c) = (a+b) | (d)     | (e) = (c+d) | (f)       | (g)                          | (h)     | (i) = (g+h) | (j)     | (k) = (i+j) | (l)       | (m)                       | (n)     | (o) = (m+n) | (p)     | (q) = (o+p) | (r)       |
| 7        | Summer      | 0.319                     | 0.002   | 0.320       | (0.001) | 0.319       | 0.011     | 0.541                        | 0.003   | 0.544       | 0.040   | 0.585       | 0.021     | 0.380                     | 0.002   | 0.382       | 0.041   | 0.423       | 0.015     |
| 8        | Winter      | 0.749                     | 0.004   | 0.753       | 0.012   | 0.764       | 0.027     | 1.002                        | 0.005   | 1.008       | 0.035   | 1.042       | 0.037     | 0.411                     | 0.002   | 0.413       | 0.023   | 0.436       | 0.015     |

UNION GAS LIMITED  
Continuity of C1 Monthly Transportation Authorized Overrun Fuel Ratios and Rates including Parkway Delivery Obligation (PDO) Pass-through  
Firm or Interruptible Transportation Commodity  
Effective January 1, 2018

| Line No. | Particulars | C1<br>Authorized Overrun - St. Clair / Dawn    |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Ojibway / Dawn         |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Bluewater / Dawn    |                    |                             |                    |                             |                        |
|----------|-------------|--|--------------------|-----------------------------|--------------------|-----------------------------|------------------------|---|--------------------|-----------------------------|--------------------|-----------------------------|------------------------|--|--------------------|-----------------------------|--------------------|-----------------------------|------------------------|
|          |             | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                       | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) |
|          |             | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)   | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                |
|          |             | (a)  | (b)                | (c) = (a+b)                 | (d)                | (e) = (c+d)                 | (f)                    | (g)   | (h)                | (i) = (g+h)                 | (j)                | (k) = (i+j)                 | (l)                    | (m)  | (n)                | (o) = (m+n)                 | (p)                | (q) = (o+p)                 | (r)                    |
| 1        | Summer      | 0.207  | 0.001              | 0.208                       | -                  | 0.208                       | 0.111                  | 0.447   | 0.002              | 0.449                       | -                  | 0.449                       | 0.120                  | 0.207  | 0.001              | 0.208                       | -                  | 0.208                       | 0.111                  |
| 2        | Winter      | 0.266  | 0.001              | 0.267                       | -                  | 0.267                       | 0.113                  | 0.303   | 0.002              | 0.305                       | -                  | 0.305                       | 0.115                  | 0.266  | 0.001              | 0.267                       | -                  | 0.267                       | 0.113                  |
| 3        | Summer      | C1<br>Authorized Overrun - Dawn to Dawn-TCPL   |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Dawn to Dawn-Vector    |                    |                             |                    |                             |                        |  |                    |                             |                    |                             |                        |
|          |             | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                       | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) |  |                    |                             |                    |                             |                        |
|          |             | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)   | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                |  |                    |                             |                    |                             |                        |
|          |             | (a)  | (b)                | (c) = (a+b)                 | (d)                | (e) = (c+d)                 | (f)                    | (g)   | (h)                | (i) = (g+h)                 | (j)                | (k) = (i+j)                 | (l)                    |  |                    |                             |                    |                             |                        |
| 4        | Winter      | 0.157  | 0.001              | 0.158                       | -                  | 0.158                       | 0.006                  | 0.339   | 0.002              | 0.341                       | -                  | 0.341                       | 0.012                  |  |                    |                             |                    |                             |                        |
| 4        | Winter      | 0.351  | 0.002              | 0.353                       | -                  | 0.353                       | 0.013                  | 0.157   | 0.001              | 0.158                       | -                  | 0.158                       | 0.006                  |  |                    |                             |                    |                             |                        |
| 5        | Summer      | C1<br>Authorized Overrun - Parkway to Kirkwall |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Parkway to Dawn        |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Kirkwall to Dawn    |                    |                             |                    |                             |                        |
|          |             | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                       | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) |
|          |             | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)   | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                |
|          |             | (a)  | (b)                | (c) = (a+b)                 | (d)                | (e) = (c+d)                 | (f)                    | (g)   | (h)                | (i) = (g+h)                 | (j)                | (k) = (i+j)                 | (l)                    | (m)  | (n)                | (o) = (m+n)                 | (p)                | (q) = (o+p)                 | (r)                    |
| 6        | Winter      | 0.893  | 0.005              | 0.897                       | 0.024              | 0.921                       | 0.155                  | 0.893   | 0.005              | 0.897                       | 0.024              | 0.921                       | 0.155                  | 0.774  | 0.004              | 0.778                       | -                  | 0.778                       | 0.078                  |
| 6        | Winter      | 0.774  | 0.004              | 0.778                       | -                  | 0.778                       | 0.150                  | 0.774   | 0.004              | 0.778                       | -                  | 0.778                       | 0.150                  | 0.774  | 0.004              | 0.778                       | -                  | 0.778                       | 0.078                  |
| 7        | Summer      | C1<br>Authorized Overrun - Dawn to Kirkwall    |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Dawn to Parkway (TCPL) |                    |                             |                    |                             |                        | C1<br>Authorized Overrun - Kirkwall to Parkway |                    |                             |                    |                             |                        |
|          |             | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                       | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) | 2017 Fuel Ratio (excl. PDO)                    | PCI Adj Fuel Ratio | 2018 Fuel Ratio (excl. PDO) | PDO Adj Fuel Ratio | 2018 Fuel Ratio (incl. PDO) | 2018 Fuel Rate (\$/GJ) |
|          |             | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)   | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                | (%)  | (%)                | (%)                         | (%)                | (%)                         | (\$/GJ)                |
|          |             | (a)  | (b)                | (c) = (a+b)                 | (d)                | (e) = (c+d)                 | (f)                    | (g)   | (h)                | (i) = (g+h)                 | (j)                | (k) = (i+j)                 | (l)                    | (m)  | (n)                | (o) = (m+n)                 | (p)                | (q) = (o+p)                 | (r)                    |
| 8        | Winter      | 0.936  | 0.005              | 0.940                       | (0.001)            | 0.939                       | 0.137                  | 1.158   | 0.006              | 1.164                       | 0.040              | 1.205                       | 0.165                  | 0.997  | 0.005              | 1.002                       | 0.041              | 1.043                       | 0.055                  |
| 8        | Winter      | 1.366  | 0.007              | 1.373                       | 0.012              | 1.384                       | 0.153                  | 1.619   | 0.008              | 1.628                       | 0.035              | 1.662                       | 0.181                  | 1.028  | 0.005              | 1.033                       | 0.023              | 1.056                       | 0.056                  |

UNION GAS LIMITED  
Continuity of Rate T1, Rate T2, Rate T3 Firm and Interruptible Transportation Fuel Ratios  
Including the Parkway Delivery Obligation (PDO) Compressor Fuel Volumes  
Effective January 1, 2018

| Line No. | Particulars | PCI Adjustment<br>to 2017 Approved Fuel Ratios |  |  |                                     |  | Incremental 2018<br>PDO Fuel Adjustment        |  |  |                                      | Total 2018<br>Transportation<br>Fuel Ratio<br>(%) |
|----------|-------------|--|--|--|-------------------------------------|--|--|--|--|--------------------------------------|---|
|          |             | 2017<br>Fuel Ratio<br>(incl. PDO)<br>(%) (1)   | Remove<br>PDO Adj<br>Fuel Ratio<br>(%) (2) | 2017<br>Fuel Ratio<br>(excl. PDO)<br>(%) | PCI Adj<br>Fuel<br>Ratio<br>(%) (3) | 2018<br>Fuel Ratio<br>(excl. PDO)<br>(%) | Incremental<br>PDO Fuel<br>Volumes<br>(GJ) (4) | Incremental<br>Fuel<br>(10 <sup>3</sup> m <sup>3</sup> ) (5) | Annual<br>Delivery Volume<br>(10 <sup>3</sup> m <sup>3</sup> ) | Incremental<br>PDO Fuel Ratio<br>(%) |   |
|          |             | (a)  | (b)  | (c) = (a + b)                            | (d)                                 | (e) = (c + d)                            | (f)  | (g) = (f) / HV   | (h)  | (i) = (g / h)                        | (j) = (e + i)                                     |
| 1        | Rate T1     | 0.305%   | -0.048%                                    | 0.257%                                   | 0.001%                              | 0.258%                                   | 13,159   | 349  | 536,730  | 0.065%                               | 0.323%  |
| 2        | Rate T2     | 0.283%   | -0.030%                                    | 0.254%                                   | 0.001%                              | 0.255%                                   | 62,696   | 1,661  | 4,129,518  | 0.040%                               | 0.295%  |
| 3        | Rate T3     | 0.380%   | -0.087%                                    | 0.293%                                   | 0.001%                              | 0.294%                                   | 12,103   | 321  | 272,712  | 0.118%                               | 0.412%  |

Notes:

- (1) EB-2016-0245, Rate Order, Working Papers, Schedule 22, column (j).
- (2) EB-2016-0245, Rate Order, Working Papers, Schedule 22, column (i).
- (3) PCI of 0.51% shown at Working Papers, Schedule 1, column (c) applied to column (c) above.
- (4) Rate Order, Working Papers, Schedule 20, p. 3, column (i).
- (5) Conversion to 10<sup>3</sup>m<sup>3</sup> based on a heating value (HV) of 37.75 GJ/10<sup>3</sup>m<sup>3</sup>.

UNION GAS LIMITED  
2018 Gas Supply Plan in Union North Rates  
Effective January 1, 2018

| Line No. | Particulars (\$000s)       | Upstream Transportation Costs per EB-2017-0278 (1)<br>(a) | 2018 Gas Supply Plan Update Cost Impacts (2)<br>(b) | Upstream Transportation Costs per EB-2017-0087<br>(c) = (a + b) |
|----------|----------------------------|---|---|---|
|          | <u>Rate 01</u>             |   |   |   |
| 1        | Delivery Rates             | 1,836   | -   | 1,836   |
|          | Transportation Rates       |   |   |   |
| 2        | Union North West           | 18,315  | 2   | 18,317  |
| 3        | Union North East           | 18,069  | 176   | 18,245  |
|          | Storage Rates              |   |   |   |
| 4        | Union North West           | 1,289   | 2   | 1,291   |
| 5        | Union North East           | 28,959  | (1)   | 28,958  |
|          | <u>Rate 10</u>             |   |   |   |
| 6        | Delivery Rates             | 485   | -   | 485   |
|          | Transportation Rates       |   |   |   |
| 7        | Union North West           | 4,931   | 0   | 4,931   |
| 8        | Union North East           | 6,632   | 37  | 6,669   |
|          | Storage Rates              |   |   |   |
| 9        | Union North West           | 301   | 1   | 301   |
| 10       | Union North East           | 8,037   | (0)   | 8,036   |
|          | <u>Rate 20</u>             |   |   |   |
| 11       | Delivery Rates             | 132   | -   | 132   |
|          | Gas Supply Demand          |   |   |   |
| 12       | Union North West           | 1,408   | 0   | 1,408   |
| 13       | Union North East           | 1,623   | (4)   | 1,619   |
|          | Commodity Transportation 1 |   |   |   |
| 14       | Union North West           | 944   | 0   | 944   |
| 15       | Union North East           | 1,089   | (3)   | 1,086   |
|          | Bundled Storage            |   |   |   |
| 16       | Demand                     | 1,282   | 0   | 1,282   |
| 17       | Commodity                  | 12  | (0)   | 12  |
|          | <u>Rate 25</u>             |   |   |   |
| 18       | Delivery Rates             | -   | -   | -   |
| 19       | Transportation Rates       | 681   | (17)  | 664   |
| 20       | Storage Rates              | -   | -   | -   |
|          | <u>Rate 100</u>            |   |   |   |
| 21       | Delivery Rates             | 9   | -   | 9   |
|          | Gas Supply Demand          |   |   |   |
| 22       | Union North West           | -   | -   | -   |
| 23       | Union North East           | -   | -   | -   |
|          | Commodity Transportation 1 |   |   |   |
| 24       | Union North West           | -   | -   | -   |
| 25       | Union North East           | -   | -   | -   |
|          | Bundled Storage            |   |   |   |
| 26       | Demand                     | 201   | 0   | 201   |
| 27       | Commodity                  | 2   | (0)   | 2   |
| 28       | Total                      | 96,236  | 193   | 96,429  |

Notes:

(1) Rate Order, Working Papers, Schedule 15, column (f).

(2) Rate Order, Working Papers, Schedule 23, p. 2, Lines 7, 14, 22, & 29.

UNION GAS LIMITED  
Allocation of Union North Transportation and Storage Cost Changes by Zone

| Line No.                            | Particulars (\$000's)   | Total<br>(a) | Rate 01<br>(b) | Rate 10<br>(c) | Rate 20<br>(d) | Rate 100<br>(e) | Rate 25<br>(f) |
|-------------------------------------|---|--------------|----------------|----------------|----------------|-----------------|----------------|
| <b><u>Union North West Zone</u></b> |   |              |                |                |                |                 |                |
| <u>Transportation Demand Costs</u>  |   |              |                |                |                |                 |                |
| 1                                   | EB-2017-0278 October 2017 QRAM  | 26,406       | 18,814         | 5,067          | 2,395          | -               | 130            |
| 2                                   | EB-2017-0087 2018 Rates   | 26,406       | 18,814         | 5,067          | 2,395          | -               | 130            |
| 3                                   | Change in Costs (line 2 - line 1)   | (0)          | (0)            | (0)            | (0)            | -               | -              |
| <u>Transportation Fuel Costs</u>    |   |              |                |                |                |                 |                |
| 4                                   | EB-2017-0278 October 2017 QRAM  | 565          | 379            | 115            | 66             | -               | 5              |
| 5                                   | EB-2017-0087 2018 Rates   | 568          | 381            | 115            | 66             | -               | 5              |
| 6                                   | Change in Costs (line 5 - line 4)   | 2            | 2              | 0              | 0              | -               | -              |
| 7                                   | <b>Total Change in Transportation Costs (line 3 + line 6)</b>               | <b>2</b>     | <b>2</b>       | <b>0</b>       | <b>0</b>       | <b>-</b>        | <b>-</b>       |
| <u>Storage Demand Costs</u>         |   |              |                |                |                |                 |                |
| 8                                   | EB-2017-0278 October 2017 QRAM  | 1,616        | 1,244          | 282            | 90             | -               | -              |
| 9                                   | EB-2017-0087 2018 Rates   | 1,616        | 1,244          | 282            | 90             | -               | -              |
| 10                                  | Change in Costs (line 9 - line 8)   | (0)          | (0)            | (0)            | (0)            | -               | -              |
| <u>Storage Fuel Costs</u>           |   |              |                |                |                |                 |                |
| 11                                  | EB-2017-0278 October 2017 QRAM  | 246          | 166            | 50             | 30             | -               | -              |
| 12                                  | EB-2017-0087 2018 Rates   | 249          | 168            | 51             | 30             | -               | -              |
| 13                                  | Change in Costs (line 12 - line 11)   | 3            | 2              | 1              | 0              | -               | -              |
| 14                                  | <b>Total Change in Storage Costs (line 10 + line 13)</b>                    | <b>3</b>     | <b>2</b>       | <b>1</b>       | <b>0</b>       | <b>-</b>        | <b>-</b>       |
| 15                                  | <b>Total Change in North West Zone Costs (line 7 + line 14)</b>             | <b>5</b>     | <b>3</b>       | <b>1</b>       | <b>1</b>       | <b>-</b>        | <b>-</b>       |
| <b><u>Union North East Zone</u></b> |   |              |                |                |                |                 |                |
| <u>Transportation Demand Costs</u>  |   |              |                |                |                |                 |                |
| 16                                  | EB-2017-0278 October 2017 QRAM  | 29,646       | 19,707         | 7,228          | 2,074          | -               | 636            |
| 17                                  | EB-2017-0087 2018 Rates   | 29,824       | 19,876         | 7,261          | 2,067          | -               | 620            |
| 18                                  | Change in Costs (line 17 - line 16)   | 178          | 169            | 34             | (8)            | -               | (17)           |
| <u>Transportation Fuel Costs</u>    |   |              |                |                |                |                 |                |
| 19                                  | EB-2017-0278 October 2017 QRAM  | 819          | 523            | 204            | 66             | -               | 26             |
| 20                                  | EB-2017-0087 2018 Rates   | 831          | 531            | 207            | 67             | -               | 26             |
| 21                                  | Change in Costs (line 20 - line 19)   | 12           | 8              | 3              | 1              | -               | (0)            |
| 22                                  | <b>Total Change in Transportation Costs (line 18 + line 21)</b>             | <b>190</b>   | <b>176</b>     | <b>37</b>      | <b>(7)</b>     | <b>-</b>        | <b>(17)</b>    |
| <u>Storage Demand Costs</u>         |   |              |                |                |                |                 |                |
| 23                                  | EB-2017-0278 October 2017 QRAM  | 41,156       | 30,441         | 8,399          | 2,105          | 211             | -              |
| 24                                  | EB-2017-0087 2018 Rates   | 41,156       | 30,441         | 8,399          | 2,105          | 211             | -              |
| 25                                  | Change in Costs (line 24 - line 23)   | 0            | 0              | 0              | 0              | 0               | -              |
| <u>Storage Fuel Costs</u>           |   |              |                |                |                |                 |                |
| 26                                  | EB-2017-0278 October 2017 QRAM  | 366          | 232            | 91             | 41             | 2               | -              |
| 27                                  | EB-2017-0087 2018 Rates   | 364          | 231            | 90             | 41             | 2               | -              |
| 28                                  | Change in Costs (line 27 - line 26)   | (2)          | (1)            | (0)            | (0)            | (0)             | -              |
| 29                                  | <b>Total Change in Storage Costs (line 25 + line 28)</b>                    | <b>(2)</b>   | <b>(1)</b>     | <b>(0)</b>     | <b>(0)</b>     | <b>(0)</b>      | <b>-</b>       |
| 30                                  | <b>Total Change in North East Zone Costs (line 22 + line 29)</b>            | <b>188</b>   | <b>175</b>     | <b>36</b>      | <b>(7)</b>     | <b>(0)</b>      | <b>(17)</b>    |
| <u>Common Costs</u>                 |   |              |                |                |                |                 |                |
| 31                                  | EB-2017-0278 October 2017 QRAM  | 1,271        | -              | -              | -              | -               | -              |
| 32                                  | EB-2017-0087 2018 Rates   | 1,271        | -              | -              | -              | -               | -              |
| 33                                  | Change in Costs (line 32 - line 31)   | -            | -              | -              | -              | -               | -              |
| 34                                  | <b>Total Change in Storage and Transportation Costs (line 15 + line 30)</b> | <b>193</b>   | <b>179</b>     | <b>37</b>      | <b>(6)</b>     | <b>(0)</b>      | <b>(17)</b>    |

UNION GAS LIMITED  
Union North 2018 Gas Supply Plan as filed in EB-2015-0181 at October 2017 QRAM

| Line No. | Particulars   | 2017 Gas Supply Plan (1)         |                               |                               | 2018 Gas Supply Plan (4)          |                               |                                     | Cost Variance<br>(g) = (f - c) |
|----------|---|----------------------------------|-------------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------------------------|--------------------------------|
|          |   | Annual<br>Volume (TJ) (1)<br>(a) | Rates (2)<br>(\$ / GJ)<br>(b) | Costs (3)<br>(\$000's)<br>(c) | Annual<br>Volumes (TJ) (4)<br>(d) | Rates (2)<br>(\$ / GJ)<br>(e) | Costs<br>(\$000's)<br>(f) = (d x e) |                                |
|          | <b><u>Transportation Costs</u></b>                    |                                  |                               |                               |                                   |                               |                                     |                                |
|          | <b><u>Union North West Zone Demand Costs</u></b>      |                                  |                               |                               |                                   |                               |                                     |                                |
| 1        | TCPL MDA  | 2,031                            | 21.804                        | 1,456                         | 2,031                             | 21.804                        | 1,456                               | -                              |
| 2        | TCPL SSMDA  | 2,972                            | 43.860                        | 4,286                         | 2,972                             | 43.860                        | 4,286                               | -                              |
| 3        | TCPL WDA  | 18,764                           | 31.350                        | 19,340                        | 18,764                            | 31.350                        | 19,340                              | (0)                            |
| 4        | CTHI/CPMI   | 2,066                            | 19.506                        | 1,325                         | 2,066                             | 19.506                        | 1,325                               | -                              |
| 5        | Subtotal  |                                  |                               | 26,406                        |                                   |                               | 26,406                              | (0)                            |
|          | <b><u>Union North East Zone Demand Costs</u></b>      |                                  |                               |                               |                                   |                               |                                     |                                |
| 6        | TCPL NCDA   | 3,211                            | 58.624                        | 6,188                         | 3,211                             | 58.624                        | 6,188                               | 0                              |
| 7        | TCPL EDA  | 365                              | 64.737                        | 777                           | 365                               | 64.737                        | 777                                 | -                              |
| 8        | TCPL NDA  | 2,915                            | 48.388                        | 4,638                         | 2,915                             | 48.388                        | 4,638                               | -                              |
| 9        | TCPL PKWY EDA   | 21,108                           | 12.531                        | 8,696                         | 21,108                            | 12.531                        | 8,696                               | 0                              |
| 10       | TCPL PKWY NDA   | 15,695                           | 18.045                        | 9,311                         | 15,695                            | 18.045                        | 9,311                               | 0                              |
| 11       | TCPL PKWY NCDA  | 122                              | 8.900                         | 36                            | 730                               | 8.900                         | 214                                 | 178                            |
| 12       | Subtotal  |                                  |                               | 29,646                        |                                   |                               | 29,824                              | 178                            |
|          | <b><u>Common Costs</u></b>                            |                                  |                               |                               |                                   |                               |                                     |                                |
| 13       | LBA   |                                  |                               | 1,200                         |                                   |                               | 1,200                               | -                              |
| 14       | TCPL Minimum Flow Charge                              |                                  |                               | 71                            |                                   |                               | 71                                  | -                              |
| 15       | Subtotal  |                                  |                               | 1,271                         |                                   |                               | 1,271                               | -                              |
| 16       | Demand Costs in Rates (line 5 + line 12 + line 15)    |                                  |                               | 57,322                        |                                   |                               | 57,500                              | 178                            |
|          | <b><u>Union North West Zone Fuel Costs</u></b>        |                                  |                               |                               |                                   |                               |                                     |                                |
| 17       | TCPL MDA  | 6                                | 2.616                         | 17                            | 6                                 | 2.616                         | 17                                  | -                              |
| 18       | TCPL SSMDA  | 54                               | 2.616                         | 141                           | 54                                | 2.616                         | 141                                 | 0                              |
| 19       | TCPL WDA  | 155                              | 2.616                         | 405                           | 156                               | 2.616                         | 408                                 | 2                              |
| 20       | CTHI/CPMI   | 1                                | 2.616                         | 3                             | 1                                 | 2.616                         | 3                                   | -                              |
| 21       | Subtotal  |                                  |                               | 565                           |                                   |                               | 568                                 | 2                              |
|          | <b><u>Union North East Zone Fuel Costs</u></b>        |                                  |                               |                               |                                   |                               |                                     |                                |
| 22       | TCPL NCDA   | 87                               | 2.616                         | 227                           | 91                                | 2.616                         | 238                                 | 12                             |
| 23       | TCPL EDA  | 11                               | 2.616                         | 29                            | 11                                | 2.616                         | 29                                  | -                              |
| 24       | TCPL NDA  | 70                               | 2.616                         | 182                           | 70                                | 2.616                         | 182                                 | -                              |
| 25       | TCPL PKWY EDA   | 52                               | 3.549                         | 186                           | 53                                | 3.549                         | 186                                 | 0                              |
| 26       | TCPL PKWY NDA   | 55                               | 3.549                         | 195                           | 55                                | 3.549                         | 194                                 | (1)                            |
| 27       | TCPL PKWY NCDA  | -                                | 3.549                         | -                             | 0                                 | 3.549                         | 1                                   | 1                              |
| 28       | Subtotal  |                                  |                               | 819                           |                                   |                               | 831                                 | 12                             |
| 29       | Fuel Costs in Rates (line 21 + line 28)               |                                  |                               | 1,384                         |                                   |                               | 1,398                               | 14                             |
| 30       | <b>Total Transportation Costs (line 16 + line 29)</b> |                                  |                               | 58,707                        |                                   |                               | 58,899                              | 192                            |
|          | <b><u>Storage Costs</u></b>                           |                                  |                               |                               |                                   |                               |                                     |                                |
|          | <b><u>Union North West Zone Demand Costs</u></b>      |                                  |                               |                               |                                   |                               |                                     |                                |
| 31       | TCPL WDA STS Injection                                | 1,150                            | 42.754                        | 1,616                         | 1,150                             | 42.754                        | 1,616                               | (0)                            |
| 32       | Subtotal  |                                  |                               | 1,616                         |                                   |                               | 1,616                               | (0)                            |
|          | <b><u>Union North East Zone Demand Costs</u></b>      |                                  |                               |                               |                                   |                               |                                     |                                |
| 33       | TCPL NDA STS Injection                                | 17,921                           | 18.045                        | 10,632                        | 17,921                            | 18.045                        | 10,632                              | -                              |
| 34       | TCPL EDA STS Withdrawal                               | 9,845                            | 12.531                        | 4,056                         | 9,845                             | 12.531                        | 4,056                               | -                              |
| 35       | TCPL Pkwy to EDA                                      | 19,042                           | 12.531                        | 7,845                         | 19,042                            | 12.531                        | 7,845                               | 0                              |
| 36       | TCPL Pkwy to EDA EMB                                  | 9,125                            | 13.716                        | 4,115                         | 9,125                             | 13.716                        | 4,115                               | 0                              |
| 37       | TCPL Pkwy to NDA                                      | 24,455                           | 18.045                        | 14,508                        | 24,455                            | 18.045                        | 14,508                              | 0                              |
| 38       | Subtotal  |                                  |                               | 41,156                        |                                   |                               | 41,156                              | 0                              |
| 39       | Demand Costs in Rates (line 32 + line 38)             |                                  |                               | 42,772                        |                                   |                               | 42,772                              | 0                              |
|          | <b><u>Union North West Zone Fuel Costs</u></b>        |                                  |                               |                               |                                   |                               |                                     |                                |
| 40       | TCPL WDA STS Injection                                | 14                               | 2.616                         | 37                            | 15                                | 2.616                         | 40                                  | 3                              |
| 41       | TCPL SSMDA STS Withdrawal                             | 28                               | 3.549                         | 99                            | 28                                | 3.549                         | 99                                  | -                              |
| 42       | TCPL WDA STS Withdrawal                               | 31                               | 3.549                         | 111                           | 31                                | 3.549                         | 111                                 | -                              |
| 43       | Subtotal  |                                  |                               | 246                           |                                   |                               | 249                                 | 3                              |
|          | <b><u>Union North East Zone Fuel Costs</u></b>        |                                  |                               |                               |                                   |                               |                                     |                                |
| 44       | TCPL NCDA STS Injection                               | 2                                | 2.616                         | 5                             | 2                                 | 2.616                         | 4                                   | (0)                            |
| 45       | TCPL NCDA STS Withdrawal                              | 8                                | 3.549                         | 30                            | 8                                 | 3.549                         | 27                                  | (3)                            |
| 46       | TCPL Pkwy to EDA                                      | 8                                | 3.549                         | 27                            | 8                                 | 3.549                         | 30                                  | 2                              |
| 47       | TCPL Pkwy to EDA EMB                                  | 17                               | 3.549                         | 60                            | 16                                | 3.549                         | 57                                  | (3)                            |
| 48       | TCPL Pkwy to NDA                                      | 69                               | 3.549                         | 244                           | 69                                | 3.549                         | 246                                 | 2                              |
| 49       | Subtotal  |                                  |                               | 366                           |                                   |                               | 364                                 | (2)                            |
| 50       | Fuel Costs in Rates (line 43 + line 49)               |                                  |                               | 613                           |                                   |                               | 614                                 | 1                              |
| 51       | <b>Total Storage Costs (line 39 + line 50)</b>        |                                  |                               | 43,385                        |                                   |                               | 43,386                              | 1                              |
| 52       | <b>Total Storage and Transportation Costs</b>         |                                  |                               | 102,091                       |                                   |                               | 102,284                             | 193                            |

Notes:

- (1) EB-2015-0181, Exhibit A, Tab 2, Appendix A, Schedule 1, p. 1-2, column (g).  
(2) EB-2017-0278, Tab 2, Schedule 2, p.2, column (d).  
(3) EB-2017-0278, Tab 2, Schedule 2, p.2, column (e).  
(4) EB-2015-0181, Exhibit A, Tab 2, Appendix A, Schedule 1, p. 1-2, column (j).



**PARKWAY DELIVERY OBLIGATION REPORTING**

The purpose of this evidence is to report on the Parkway Delivery Obligation (“PDO”) of Union’s South Direct Purchase (“DP”) customers. In Union’s 2014 Rates application and evidence (EB-2013-0365), Union filed a Settlement Agreement (“2014 Settlement”) proposing to permanently shift the PDO of its Union South DP customers from Parkway to Dawn over time. The 2014 Settlement was approved by the OEB on June 16, 2014.

Under the 2014 Settlement, Union is required to report annually on: capacity that could be made available in the two years commencing with the test year to further reduce the PDO at a lower cost than the cost of the Parkway Delivery Commitment Incentive (“PDCI”); forecasted PDO quantities for the two years commencing with the test year; measures used by Union to manage the initial Parkway shortfall; and, actual transmission compressor fuel on the Dawn to Parkway system in the prior year.

This evidence is organized to track those requirements similarly and as follows:

1. Capacity Available to Reduce PDO
2. Forecasted PDO Quantities
3. Management of the Initial Parkway Shortfall
4. Dawn to Parkway Transmission Compressor Fuel



Please see Rate Order, Working Papers, Schedule 20 for details of the PDO and PDCI costs included in 2018 Rates by rate class. The PDCI is paid monthly to DP customers for any continued obligated Daily Contract Quantity deliveries at Parkway.

**1. CAPACITY AVAILABLE TO REDUCE PDO**

In April 2014, Union offered South Direct Purchase customers 146 TJ/day of temporarily available excess Dawn to Parkway capacity to shift a portion of their PDO volume to Dawn. This temporary capacity was no longer available as of October 31, 2015. However, Union agreed to manage the Parkway shortfall in-order to maintain the 146 TJ/day of PDO shift beyond October 31, 2015, until sufficient Dawn to Kirkwall capacity was turned back by other M12 shippers to facilitate a permanent PDO shift.

Effective November 1, 2017, Union has sufficient Dawn to Kirkwall M12 turnback to replace the temporarily available capacity noted above (146 TJ/day) and to offer incremental PDO reductions of 73 TJ/day. The incremental PDO reductions were offered to:

- 1) South DP customers with a PDO and without M12 service (these customers elected to accept the full offering of 54 TJ/day); and,
- 2) South DP customers with a PDO served using their own M12 Service, including TransCanada Energy (“TCE”) Halton Hills Generation Station (“HHGS”), (HHGS elected to accept 14 TJ/day of the 19 TJ/day offered).

1 Union forecasts that no additional PDO reductions will be available to Union South DP  
2 customers in 2018. Please see Exhibit A, Tab 2, Attachment 1, for an updated table illustrating  
3 the capacity available for PDO shift, and the current and forecasted PDO reductions.

4  
5 Exhibit A, Tab 2, Attachment 1, line 1 provides an updated forecast of the Dawn to Parkway  
6 equivalent of the M12 Dawn to Kirkwall turnback used to facilitate PDO shift for customers  
7 without M12 service. The quantities shown are the Dawn to Parkway equivalent of Dawn to  
8 Kirkwall turnback using an equivalency factor of approximately 73%.<sup>1</sup>

9  
10 Union received notices for 67 TJ/day (Dawn to Parkway equivalent) of turnback effective  
11 November 1, 2017. Union has not received any turnback requests effective November 1, 2018  
12 and is not forecasting any turnback effective November 1, 2019 (to be confirmed through  
13 contract elections by October 31, 2017, two years prior to contract expiry). A comparison of the  
14 forecast provided in the 2017 Rates proceeding (EB-2016-0245) and the current forecast is  
15 provided in Table 1 below.

---

<sup>1</sup> The methodology for using the equivalency factor is explained in Union's 2014 Rates evidence (EB-2013-0365, Exhibit A, Tab 4, p. 24).

Table 1

M12 Dawn to Kirkwall Turnback Forecast (Dawn to Parkway Equivalent)

| <b>Particulars (TJ/day)</b> | <b>Nov 2017</b> | <b>Nov 2018</b> | <b>Nov 2019</b> |
|-----------------------------|-----------------|-----------------|-----------------|
| 2017 Rates<br>EB-2016-0245  | 67              | 0               | N/A             |
| 2018 Rates<br>EB-2017-0087  | 67              | 0               | 0               |

Allocation of the updated capacity available through turnback is reflected in Exhibit A, Tab 2, Attachment 1, lines 2 to 6. The quantities turned back were first allocated to replace the initial Parkway shortfall of 146 TJ/day that is associated with the PDO (Exhibit A, Tab 2, Attachment 1, line 4). Once the initial Parkway shortfall capacity was replaced, the remaining quantity was used to facilitate further PDO relief as described above.

**2. FORECASTED PDO QUANTITIES**

When implementing the first PDO shift in 2014 (146 TJ/day), customers with a contracted PDO less than 100 GJ/day were allowed to shift 100% of their PDO to Dawn. All other customers were allowed to shift the greater of 99 GJ/day or 36% of their contracted PDO to Dawn. This simplified contract administration for small contracts while not significantly reducing the percentage available for all other contracts. Exhibit A, Tab 2, Attachment 1, lines 7 to 9 summarizes the total PDO for all Union South DP customers while Exhibit A, Tab 2, Attachment 1, lines 10 to 24 details the breakdown for each DP customer grouping.

1 When implementing the PDO shift in April, 2017 (54 TJ/day), Union used a methodology  
2 similar to the one described above and identical to what was outlined in its 2017 Rates  
3 application and evidence.<sup>2</sup> Since the capacity available for the 2017 PDO shift (effective  
4 November 2017) was approximately 60% less than what was available for the 2014 PDO shift  
5 (54 TJ/day versus 146 TJ/day), Union maintained the threshold for 100% turnback at 40 GJ/day  
6 (i.e. 60% less than the 100 GJ/day allowed in 2014) for customers without M12 service.  
7 Application of this threshold was forecasted to result in an allocation to customers of  
8 approximately 14 TJ/day (Exhibit A, Tab 2, Attachment 1, line 15, column j). The quantity  
9 remaining for all other contracts with a PDO (greater than 40 GJ/day) was 40 TJ/day, which  
10 resulted in a reduction of up to 17% of the customers' PDO being allowed to shift to Dawn  
11 (Exhibit A, Tab 2, Attachment 1, line 16, column j).<sup>3</sup> Customers with M12 capacity were  
12 allowed to reduce an equal pro-rata share of 17% of their beginning PDO quantity (a total of 19  
13 TJ/day).<sup>4</sup> The potential reduction of all customers' annual PDO was 73 TJ/day (54 TJ/day for  
14 non-M12 customers plus 19 TJ/day for M12 customers), of which only 68 TJ/day was elected by  
15 customers.<sup>5</sup>

16  
17 As Union did not receive any M12 Dawn to Kirkwall turnback effective November 1, 2018,  
18 there will not be any incremental PDO relief for DP customers in 2018. However, as part of the  
19 2014 Rates Settlement Agreement (EB-2013-0365), HHGS has the option to turn back all or any  
20 portion of its remaining M12 capacity and convert an equal amount of the PDO to non-obligated

---

<sup>2</sup> EB-2016-0245, Exhibit A, Tab 2, p.4.

<sup>3</sup>  $40 \text{ TJ/day} \div (251 \text{ TJ/day} - 14 \text{ TJ/day}) = 17\%$

<sup>4</sup> Exhibit A, Tab 2, Attachment 1, column j, (line 17 + line 21) x 17% = (31 + 84) x 17% = 19 TJ/day

<sup>5</sup> Exhibit A, Tab 2, Attachment 1, column j, line 11+ line 18 + line 22 = 54 + 0 + 14 = 68 TJ/day

1 deliveries at Dawn as of November 1, 2018. As such, HHGS has a PDO reduction of 70 TJ/day  
2 forecasted in 2018.

3  
4 The forecasted PDO for sales service customers is shown at Exhibit A, Tab 2, Attachment 1, line  
5 25.

6  
7 **3. MANAGEMENT OF THE INITIAL PARKWAY SHORTFALL**

8 For 2017, Union is using M12 Dawn to Kirkwall turnback to manage the remaining initial  
9 Parkway shortfall of 13 TJ/day without purchasing additional services. Effective November 1,  
10 2018 Union will no longer have any shortfall at Parkway related to PDO.

11  
12 **4. DAWN TO PARKWAY TRANSMISSION COMPRESSOR FUEL**

13 Dawn to Parkway transmission compressor fuel will be included in Union's reporting  
14 requirements filed in its annual earnings sharing and deferral account disposition proceeding.

Parkway Delivery Obligation (PDO) for 2016 - 2019  
(TJ/day)

| Line No.  | Particulars   | 2016 Rates              |        |        | 2016 Rates IR           |        |        | 2017 Rates              |        |        | 2018 Rates              |        |        |
|---|---|-------------------------|--------|--------|-------------------------|--------|--------|-------------------------|--------|--------|-------------------------|--------|--------|
|   |   | As Filed (EB-2015-0116) |        |        | As Filed (EB-2015-0116) |        |        | As Filed (EB-2016-0245) |        |        | As Filed (EB-2017-0087) |        |        |
|   |   | Nov-15                  | Nov-16 | Nov-17 | Nov-15                  | Nov-16 | Nov-17 | Nov-16                  | Nov-17 | Nov-18 | Nov-17                  | Nov-18 | Nov-19 |
|   |   | (a)                     | (b)    | (c)    | (d)                     | (e)    | (f)    | (g)                     | (h)    | (i)    | (j)                     | (k)    | (l)    |
| <b>CAPACITY AVAILABLE FOR PDO SHIFT</b>                 |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 1   | Ex-Franchise M12 Dawn to Kirkwall Turnback                  | -123                    | -10    | -29    | -123                    | -10    | -67    | -10                     | -67    | 0      | -67                     | 0      | 0      |
|   | Allocation of Capacity Available (turnback):                |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 2   | Opening Balance   | -146                    | -23    | -13    | -146                    | -23    | -13    | -23                     | -13    | 0      | -13                     | 0      | 0      |
| 3   | Temporary Capacity Provided                                 | 0                       | 0      | 0      | 0                       | 0      | 0      | 0                       | 0      | 0      | 0                       | 0      | 0      |
| 4   | Replacement of Temporary Capacity                           | 123                     | 10     | 13     | 123                     | 10     | 13     | 10                      | 13     | 0      | 13                      | 0      | 0      |
| 5   | Closing Balance   | -23                     | -13    | 0      | -23                     | -13    | 0      | -13                     | 0      | 0      | 0                       | 0      | 0      |
| 6   | Available for PDO Shift                                     | 0                       | 0      | -16    | 0                       | 0      | -54    | 0                       | -54    | 0      | -54                     | 0      | 0      |
| <b>TOTAL DIRECT PURCHASE PDO</b>                        |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 7   | Beginning PDO   | 369                     | 369    | 369    | 369                     | 369    | 369    | 376                     | 376    | 303    | 366                     | 298    | 228    |
| 8   | Annual PDO Shift line 11 + line 17 + line 21                | 0                       | 0      | -23    | 0                       | 0      | -79    | 0                       | -73    | -70    | -68                     | -70    | 0      |
| 9   | Remaining PDO   | 369                     | 369    | 346    | 369                     | 369    | 290    | 376                     | 303    | 233    | 298                     | 228    | 228    |
| <b>DIRECT PURCHASE PDO DETAIL BY CUSTOMER GROUP</b>     |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| <b>PDO for Customers without M12 Service:</b>           |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 10  | Beginning PDO   | 254                     | 254    | 254    | 254                     | 254    | 254    | 261                     | 261    | 207    | 251                     | 197    | 197    |
| 11  | PDO Shift   | 0                       | 0      | -16    | 0                       | 0      | -54    | 0                       | -54    | 0      | -54                     | 0      | 0      |
| 12  | Surplus Required  | 0                       | 0      | 0      | 0                       | 0      | 0      | 0                       | 0      | 0      | 0                       | 0      | 0      |
| 13  | Remaining PDO   | 254                     | 254    | 238    | 254                     | 254    | 200    | 261                     | 207    | 207    | 197                     | 197    | 197    |
| 14  | Annual PDO Shift  | 0                       | 0      | 16     | 0                       | 0      | 54     | 0                       | 54     | 0      | 54                      | 0      | 0      |
| 15  | Allocation to those with PO < 100 GJ/day (1)                | 0                       | 0      | 0      | 0                       | 0      | 0      | 0                       | 12     | 0      | 14                      | 0      | 0      |
| 16  | Percentage Reduction for those with PO > 99 GJ/day (1)      | 0%                      | 0%     | 6%     | 0%                      | 0%     | 21%    | 0%                      | 17%    | 0%     | 17%                     | 0%     | 0%     |
| <b>PDO for Customers with M12 Service (except TCE):</b> |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 17  | Beginning PDO   | 31                      | 31     | 31     | 31                      | 31     | 31     | 31                      | 31     | 26     | 31                      | 31     | 31     |
| 18  | In-Franchise M12 Dawn to Parkway Turnback line 15 * line 16 | 0                       | 0      | -2     | 0                       | 0      | -7     | 0                       | -5     | 0      | 0                       | 0      | 0      |
| 19  | Remaining PDO   | 31                      | 31     | 29     | 31                      | 31     | 24     | 31                      | 26     | 26     | 31                      | 31     | 31     |
| 20  | Annual PDO Shift  | 0                       | 0      | 2      | 0                       | 0      | 7      | 0                       | 5      | 0      | 0                       | 0      | 0      |
| <b>PDO for TCE Halton Hills:</b>                        |   |                         |        |        |                         |        |        |                         |        |        |                         |        |        |
| 21  | Beginning PDO   | 84                      | 84     | 84     | 84                      | 84     | 84     | 84                      | 84     | 70     | 84                      | 70     | 0      |
| 22  | In-Franchise M12 Dawn to Parkway turnback line 15 * line 20 | 0                       | 0      | -5     | 0                       | 0      | -18    | 0                       | -14    | -70    | -14                     | -70    | 0      |
| 23  | Remaining PDO   | 84                      | 84     | 79     | 84                      | 84     | 66     | 84                      | 70     | 0      | 70                      | 0      | 0      |
| 24  | Annual PDO Shift  | 0                       | 0      | 5      | 0                       | 0      | 18     | 0                       | 14     | 70     | 14                      | 70     | 0      |
| 25  | <b>PDO for Sales Service (2)</b>                            | 103                     | 11     | 11     | 103                     | 11     | 11     | 19                      | 11     | 11     | 11                      | 11     | 11     |

Notes:

- (1) For November, 2017 customers with PO < 40 GJs/day will be allocated to shift 100% of their obligation to Dawn
- (2) The actual contract amount for November 1, 2016 is higher, but Union has turnback rights which are effective January, 2017

### **Tab 3**



**uniongas**

An Enbridge Company

## **2017/18 Gas Supply Plan Memorandum**

**September 2017**



**Table of Contents**

|  |           |
|--|-----------|
| <b>1. Introduction.....</b>  | <b>4</b>  |
| 1.1 Overview of the Gas Supply Planning Process.....   | 4         |
| 1.2 Summary of Union North and Union South.....  | 4         |
| <b>2. Market Context .....</b>   | <b>6</b>  |
| 2.1 Emerging Supply Sources.....   | 6         |
| 2.2 Natural Gas Price Signals.....   | 8         |
| 2.3 Transportation/Pipeline Changes .....  | 9         |
| <b>3. Gas Supply Planning Objectives and Principles.....</b>                                       | <b>9</b>  |
| 3.1 Ensure secure and reliable gas supply to Union’s service territory at a reasonable cost .....  | 10        |
| 3.2 Minimize risk by diversifying contract terms, supply basins and upstream pipelines .....       | 10        |
| 3.3 Encourage new sources of supply as well as new infrastructure to Union’s service territory ... | 11        |
| 3.4 Meet planned peak day and seasonal gas delivery requirements .....                             | 11        |
| 3.5 Deliver gas to various receipt points on Union’s system to maintain system integrity .....     | 11        |
| <b>4. Gas Supply Planning Process.....</b>   | <b>12</b> |
| <b>5. Union’s 2017/18 Gas Supply Plan .....</b>  | <b>13</b> |
| 5.1 Design Day Demand.....   | 13        |
| 5.1.1 Union South Design Day.....  | 15        |
| 5.1.2 Union North Design Day .....   | 16        |
| 5.2 Demand Forecast .....  | 18        |
| 5.3 Transportation Portfolio .....   | 20        |
| 5.4 Unabsorbed Demand Charges (“UDC”) .....  | 23        |
| 5.5 Changes in Upstream Transportation Portfolio .....   | 24        |
| 5.6 Cost of Gas .....  | 25        |
| 5.7 Bundled DP Customer Assumptions .....  | 25        |
| 5.8 Storage .....  | 25        |
| 5.9 Conclusion.....  | 26        |
| <b>6. Future Trends that may impact the Gas Supply Plan.....</b>                                   | <b>26</b> |
| 6.1 Distributor Gas Supply Planning Consultation .....   | 26        |
| 6.2 Renewable Natural Gas (“RNG”).....   | 27        |
| 6.3 Dawn to Parkway and Vaughan Mainline Expansion Project .....                                   | 28        |
| 6.4 New Sources of Supply at Dawn .....  | 28        |

|          |                                      |           |
|----------|--------------------------------------|-----------|
| 6.5      | Panhandle Transmission System.....   | 29        |
| 6.6      | NEXUS.....                           | 29        |
| 6.7      | TransCanada Energy East Project..... | 30        |
| 6.8      | TransCanada STS Changes .....        | 31        |
| 6.9      | 2018–2020 Mainline Tolls.....        | 31        |
| 6.10     | Long Term Contracting Trends.....    | 31        |
| 6.11     | Climate Change .....                 | 32        |
| <b>7</b> | <b>Appendices .....</b>              | <b>33</b> |

## **1. INTRODUCTION**

This document provides an overview of the 2017/18 Gas Supply Plan (“GSP” or the “Plan”) of Union Gas Limited (“Union”) and includes the underpinning assumptions and the market context from which it was formed. This includes future trends that may impact the GSP going forward.

### **1.1 Overview of the Gas Supply Planning Process**

The objective of Union’s GSP is to identify the efficient combination of upstream transportation, supply purchases, and storage assets required to serve sales service and bundled direct purchase (“DP”) customers’ annual, seasonal and design day natural gas delivery requirements under a set of gas supply planning principles. Balanced consideration of these principles ensures Union’s customers have access to secure, reliable and diverse natural gas purchased at a prudently incurred cost. The planning principles are outlined in detail in Section 3.

Union’s GSP also provides the strategic direction guiding the Company’s long-term supply acquisition process. The GSP does not commit Union to the acquisition of a specific supply type or facility, nor does it preclude Union from pursuing a particular supply. Rather, the GSP identifies the transportation and supply volume requirements.

### **1.2 Summary of Union North and Union South**

In Ontario, natural gas is a significant and critical energy source relied on for providing heat and hot water to homes and institutions, fueling manufacturing plants and generating electricity. These applications operate on demand, meeting the consumer expectation that energy will be readily available when needed. Home owners in Ontario depend on a reliable supply of natural gas. The natural gas infrastructure needs to be robust and flexible to allow Ontario to position itself to secure long-term access to economic supply in light of the North American supply dynamics.

Union serves approximately 1.5 million customers in northern, eastern and southern Ontario through an integrated network of over 70,000 kilometres of natural gas transmission and distribution pipelines. Total consumption in Union’s franchise areas during 2016 was approximately 519 PJ.

Union operates storage and transmission assets that include 178 PJ of underground natural gas storage at the Dawn Hub and a 7.8 PJ/d Dawn Parkway Transmission System. Union’s Dawn Parkway System is an integral part of the natural gas delivery system for residents, businesses, industries and power plants of Ontario, Québec and U.S. Northeast. The Dawn Parkway System connects these consuming markets to North America’s major supply basins and the largest underground natural gas storage in Canada, the Dawn Hub.

Union’s Dawn Hub has been recognized as a key market hub for the Province of Ontario and the entire Great Lakes region, and is Ontario’s energy advantage. The growth of Dawn as an effective and efficient trading hub provides competitive and transparently priced natural gas supplies and services which benefit all Ontarians. Dawn currently is one of the most physically traded, liquid hubs in North America. The liquidity of Dawn stems from the combination of access to underground storage, interconnections with upstream pipelines, take

away capacity to growth markets, a large number of buyers and sellers of natural gas and price transparency.

Union is divided into two separate operating areas: Union South and Union North as shown in Figure 1. Union North is further divided into Union North West and Union North East, comprised of three delivery areas in each zone as outlined below:

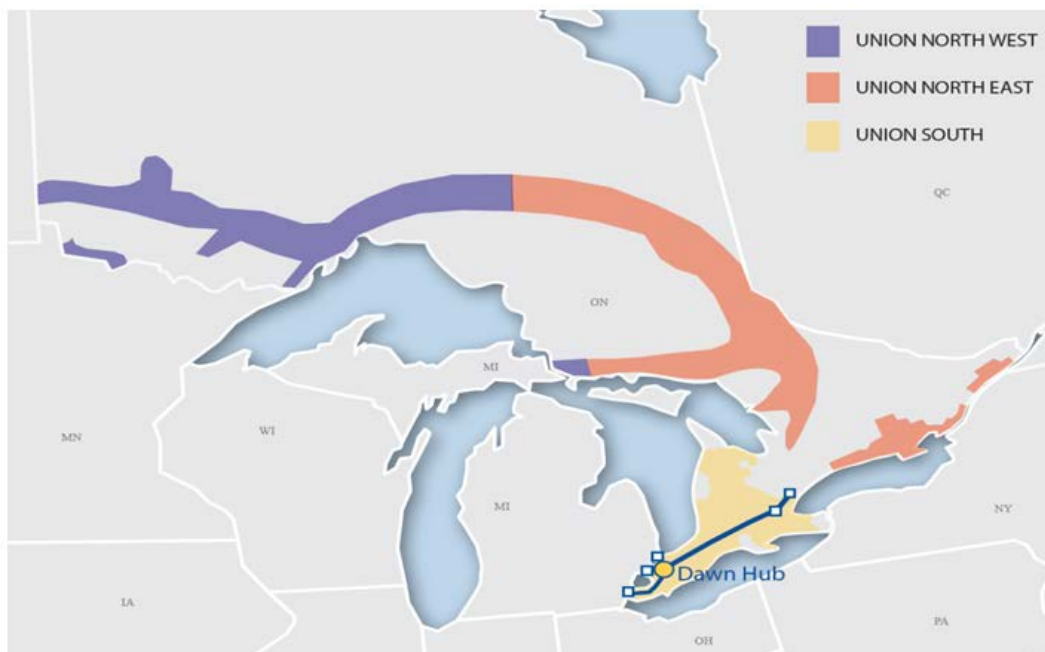
North West Zone:

- Manitoba Delivery Area (“MDA”)
- Western Delivery Area (“WDA”)
- Sault Ste. Marie Delivery Area (“SSMDA”)

North East Zone:

- North Delivery Area (“NDA”)
- North Central Delivery Area (“NCDA”)
- Eastern Delivery Area (“EDA”)

**Figure 1**



Union North is served exclusively through deliveries off of the TransCanada Mainline. Five of the six Northern delivery areas align with delivery areas on the TransCanada Pipeline Limited (“TransCanada”) Mainline. The delivery area that does not align is Union’s Manitoba Delivery Area, which is connected to the TransCanada Mainline at the Spruce interconnect in the Centrat MDA by two additional pipelines (Centra Transmission Holdings and Centra Pipeline Minnesota).

Union provides distribution services to all customers, however customers continue to have the option to purchase their supply from Union or arrange supply through a DP arrangement. Union in-franchise customers fall into three distinct categories:

- Sales Service: Union acquires supply and transportation capacity for these customers in Union South and Union North. These customers are included in the GSP;
- Bundled DP: These customers acquire their own supply. In Union North, Union holds transportation capacity on behalf of bundled DP customers. In Union South, subsequent to the suspension of the vertical slice, bundled DP customers acquire their own transportation. These customers are included in the GSP;
- Transportation service (“T-Service”) DP: These customers acquire their own supply and transportation and are not considered within the GSP. This service is available to large contract commercial and industrial customers in Union South and Union North.

Of the 1.5 million customers that Union serves, approximately 1.4 million are sales service customers that rely on Union to provide their gas supply. Sales service customers are primarily residential and small commercial customers. The remaining customers rely on DP arrangements with marketers and alternate suppliers to meet their gas supply needs. From a volume perspective, sales service customers consumed 164 PJ in 2016, while DP customers consumed 355 PJ.

Union performs the role of system operator and supplier of last resort. As system operator, Union manages many operational factors. These include:

- Seasonal balancing requirements for sales service customers;
- Weather variances outside of checkpoint balancing for bundled DP customers;
- Changes in supply and balancing requirements as customers move between sales service and DP;
- Differences between daily receipts and the demands of all end users including transportation service customers; and,
- Unaccounted for gas and compressor fuel variances.

As supplier of last resort, Union is the default supplier to its in-franchise customers. A supplier of last resort must ensure it has the assets or can acquire the assets to serve customers that others choose not to serve or fail to serve (e.g. for reason of financial failure), or any customer who chooses to be a sales service customer and have Union provide gas supply services. DP customers can revert back to sales service on short notice.

## **2. MARKET CONTEXT**

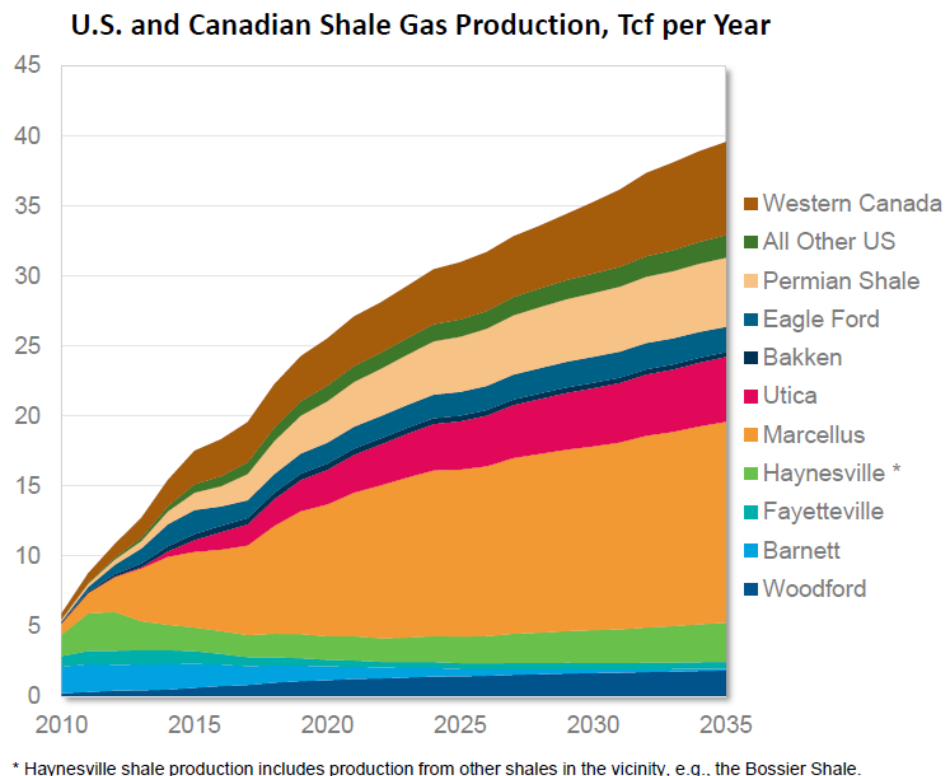
### **2.1 Emerging Supply Sources**

North American natural gas markets are expected to continue to experience significant change. Production in Appalachia, the Gulf region and Western Canada from shale gas formations continue to exceed expectations. As a result, the flow of natural gas on the Canadian and U.S. pipeline grid has been and continues to change with the addition of new pipeline infrastructure and the new utilization of existing assets. Gas traditionally flowed West to East and South to North. With new shale plays being developed, pipelines are reversing flows and new pipelines are being built to allow gas to flow East to West and North to South. In addition, market area shippers are shifting from long haul transportation to short haul transportation as supply basins are located closer to consuming markets. In the U.S., shale gas production accounted for more than half of U.S. natural gas production in 2015 and

is projected to more than double from 37 Bcf/d in 2015 to 79 Bcf/d by 2040, which is 70% of total U.S. natural gas production by 2040.<sup>1</sup>

ICF International (“ICF”) has also indicated that U.S. and Canadian Shale Gas Production at major supply basins across North America are projected to more than double as shown below (Figure 2). The Marcellus and Utica shales account for about 57% of the incremental production growth from shale formations. Production from tight oil shale plays in the Permian basin is projected to more than triple by 2035. Major growth is also expected from Western Canadian shale plays (the Montney, Horn River, Cordova & Liard), which grow to over 6.6 Tcf from their current level of over 2.6 Tcf, however, lower oil prices pose a greater risk for development of these resources.

**Figure 2**



*“Source: ICF Forecast: Natural Gas – Strategic, Q3 2017 Outlook. Used with permission.”*

The Appalachian region of the U.S. Northeast is home to the Utica and Marcellus shale formations in Ohio, Pennsylvania, and West Virginia which have emerged as the single largest and fastest growing producing region of natural gas in North America. Since January 2012, natural gas production in the Appalachian region has accounted for 85% of U.S. shale gas production growth as reported in the United States Energy Information Administration, Drilling Productivity Report, July 2015, and has driven recent growth in total U.S. natural

<sup>1</sup> EIA Today in Energy – August 15, 2016 - <https://www.eia.gov/todayinenergy/detail.php?id=27512>

gas production. This region is expected to continue to grow and could produce nearly 38 Bcf/d by 2035.

The development of abundant and competitively priced natural gas presents Ontario consumers, including residential, commercial, industrial and power, with an opportunity to diversify their natural gas supply portfolio. Accessing this new supply will be essential to providing diversity of supply and affordable energy prices to fuel Ontario's economic competitiveness. By utilizing both new and existing infrastructure, access to abundant sources of supply can increase reliability and security for the Ontario natural gas supply portfolio and provide increased liquidity at the Dawn Hub.

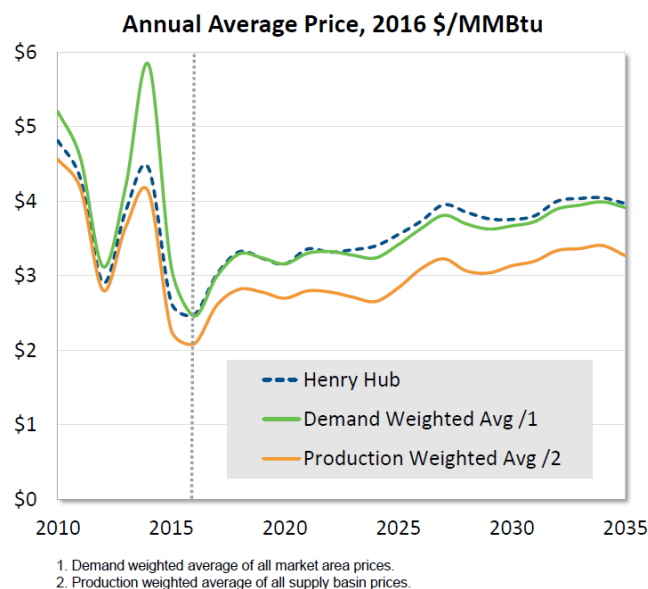
## 2.2 Natural Gas Price Signals

The emergence of shale production has increased dramatically since 2007 and the increase in available supply has put downward pressure on natural gas prices.

The EIA also indicates that U.S. natural gas production growth is the result of continued development of shale gas and tight oil plays which account for nearly two-thirds of natural gas production by 2040. Continued development of the Marcellus and Utica plays in the U.S. Northeast is the main driver of growth in total U.S. shale gas production and the main source of total U.S. dry natural gas production.

ICF indicates that Henry Hub prices will remain in the \$3-\$4 USD/MMBtu range in the longer term as shown in Figure 3. ICF has indicated that natural gas prices will rise, but price increases will be moderated by low-cost gas supplies. A rebound in drilling activity will lead to continued production growth and increases in per-well production. These two factors have reduced costs and made gas supplies more responsive to price changes, which will limit upward pressure on prices.

**Figure 3**



*"Source: ICF Forecast: Natural Gas – Strategic, Q3 2017 Outlook. Used with permission."*

Natural gas supply costs are an important consideration in the GSP. However, Union must balance the benefits of all the attributes of the planning principles and the requirement to ensure customers receive secure, reliable, diverse supplies of natural gas at a prudently incurred cost.

To ensure that gas supplies are acquired at a prudently incurred and reasonable cost, Union follows specific gas procurement policies and procedures, as accepted by the Ontario Energy Board (the “OEB”)<sup>2</sup>, to govern commodity purchases including a Request for Proposal process. Union’s gas commodity purchases are influenced by the characteristics and traits of the specific supply points or basins where Union purchases supplies. Each of these points has different liquidity and supply characteristics. Certain points have a large number of active parties and volume trading activity and others do not. Having many suppliers at a specific point, along with other buyers, creates an environment of higher liquidity, reliability and more efficient gas purchases.

### **2.3 Transportation/Pipeline Changes**

As supply and transportation market options change, so does Union’s gas supply mix and how gas is transported to Ontario. Unchanged, however, is Union’s application of the gas supply planning principles and the requirement to ensure customers receive secure, reliable, diverse supplies of natural gas at a prudently incurred cost. When Union considers a new supply basin, new upstream transportation capacity or renewals for existing transportation, multiple alternatives are considered. A landed-cost analysis is completed and filed when a new transportation path is contracted for, in accordance with the OEB-approved 2007 Cost of Service (EB-2005-0520) Settlement Agreement. The analysis for new transportation paths included in Union’s 2017/18 GSP will be filed as part of Union’s 2017 Disposition of Non-Commodity Deferral Account Balances and Earnings Sharing Amount evidence in the spring of 2018.

Natural gas utilities, through their planning process, look to diversify their natural gas supply portfolio and seek secure, reliable and reasonably priced natural gas. As outlined in Section 2.1, North American natural gas markets are undergoing a significant change resulting in Eastern local distribution companies (“LDC”) shifting their supply portfolios to source gas closer to the end –use markets . Market participants are re-balancing with new supply sources and replacing long-haul transportation contracts with short-haul transportation contracts from the west and south. Union also continues to encourage new sources of supply and new infrastructure.

## **3. GAS SUPPLY PLANNING OBJECTIVES AND PRINCIPLES**

The GSP defines the gas supply requirements and the necessary upstream transportation capacity and assets needed to meet customers’ annual, seasonal and design day gas delivery. Union’s gas supply portfolio is guided by a set of principles that are designed to ensure customers receive secure, diverse gas supply at a prudently incurred cost.

The principles are as follows:

<sup>2</sup> EB-2011-0210, Exhibit D1, Tab 1, Appendix A.



- Ensure secure and reliable gas supply to Union's service territory at a reasonable cost;
- Minimize risk by diversifying contract terms, supply basins and upstream pipelines;
- Encourage new sources of supply as well as new infrastructure to Union's service territory;
- Meet planned peak day and seasonal gas delivery requirements; and,
- Deliver gas to various receipt points on Union's system to maintain system integrity.

These principles have been presented to and accepted by the OEB<sup>3</sup> on a number of occasions. Most recently these principles were presented to the OEB as part of the Gas Supply Planning Consultation<sup>4</sup>.

A description of each guiding principle is provided below.

### **3.1 Ensure secure and reliable gas supply to Union's service territory at a reasonable cost**

Union has an obligation to provide gas supply and transportation capacity for sales service customers and transportation capacity for Union North bundled DP customers. Union also provides a load balancing function for all sales service and bundled DP customers to manage the seasonal differences between supply and demand. To meet this obligation, Union uses a combination of firm upstream transportation contracts; Dawn sourced supply and storage capacity. Union ensures adequate firm capacity is available on a sustained basis to meet firm design day and annual demands through transportation capacity contractual rights. This includes a combination of long-term transportation contracts with third parties, transportation contracts with guaranteed renewal rights, as well as dedicated Union storage, transmission and distribution assets.

### **3.2 Minimize risk by diversifying contract terms, supply basins and upstream pipelines**

Union's current upstream transportation portfolio and related supply are diversified with respect to supply basin, gas supply producers and marketers, contract term and transportation service provider. Union's approach to diversifying the portfolio of firm assets is analogous to a prudent investment portfolio where diversity of funds, risk and term are critical to a successful portfolio.

In Union South and Union North East, Union utilizes capacity on multiple upstream pipelines to access several supply basins or market hubs. These pipelines provide access to supplies in Western Canada, the Gulf of Mexico, Chicago, the U.S. mid-continent and Appalachia through Niagara. The GSP also includes Dawn purchases as part of the supply portfolio. Union purchases gas from suppliers under a North American Energy Standards Board ("NAESB") contract. Union has NAESB contracts with approximately 100 suppliers. The portfolio of suppliers and upstream transportation contracts provides diversity and reduces the exposure to price volatility for customers. It also provides Union the flexibility to manage its seasonal inventory targets.

<sup>3</sup> 2012 Deferrals Disposition (EB-2013-0109), Decision and Order, p. 8

<sup>4</sup> Distributor Gas Supply Consultation (EB-2015-0238)

Union also manages risk to customers by diversifying the length of the contract terms to provide flexibility in managing the upstream transportation portfolio with existing contract terms ranging from 1 to 16 years. For details on Union's contracts see Appendix C and D.

For gas supply purchases, the sales service supply portfolio can consist of multi-year, annual, seasonal, monthly, and in rare cases, daily purchases.

### **3.3 Encourage new sources of supply as well as new infrastructure to Union's service territory**

Union continues to seek new sources of cost-effective supplies to serve its customer base either through accessing new supply sources with existing infrastructure or participating in longer-term projects to encourage the development of new infrastructure to and through Ontario. The development of new supply sources and the related infrastructure often require long-term commitments. In the OEB's Union and Enbridge Long-Term Contracts proceeding (EB-2010-0300 / EB-2010-0333) decision, the OEB recognized the role that regulated utilities play in supporting new infrastructure development:

*"The Board recognized that the enrolment of regulated utilities for such long term arrangements would be a necessary and desirable element in new infrastructure development..."(p.7)*

In addition, Union supports the infrastructure required to allow new supply sources to flow to Union North West and Union North East. In order for Ontario natural gas customers to access new emerging supply, new required infrastructure on the Union, Enbridge, and TransCanada Mainline systems was completed. Union remains committed to the recently approved NEXUS Transmission Project to provide support for significant infrastructure to bring new supplies and suppliers to Dawn to enhance the liquidity of the Dawn Hub.

### **3.4 Meet planned peak day and seasonal gas delivery requirements**

Inherent in the obligation to meet sales service and bundled DP customers' gas supply needs is the requirement to construct a gas supply portfolio that will meet:

- Design day requirements – to provide service to sales service and bundled DP customers on the day of highest anticipated design day demand in each delivery area; and,
- Seasonal/annual requirements – to be able to meet the annual requirements of the markets while balancing the summer / winter load changes.

A further description of how Union meets these requirements is provided in Section 5.

### **3.5 Deliver gas to various receipt points on Union's system to maintain system integrity**

The Union South transportation portfolio has delivery points at Dawn, Parkway, Union CDA, Union ECDA, Kirkwall, St. Clair and Ojibway. In addition to the physical connections Union has with adjoining pipelines, abundant storage, and robust Dawn Parkway System design, it is also Union's practice to contractually receive gas at multiple delivery points. This practice provides two benefits.

First, it maintains system integrity as Union is not reliant on one receipt point for all of its gas supplies. A system interruption or upset at one receipt point would not cause a complete supply failure to Union's system.

Second, delivery to multiple receipt points allows Union to minimize its pipeline facilities in the area. For example, the delivery of gas at Ojibway enables the Panhandle transmission system to be smaller than would otherwise be necessary to meet design day requirements. In this case, if Union receives gas at Ojibway, Union does not have to transport the equivalent volume from Dawn to Ojibway. The effectiveness of delivered supply to minimize pipeline facilities will depend on system hydraulics.

Union needs to balance the value of contracting and relying on third party providers and the continued cost and reasonableness of doing so when compared to physical alternatives. For example, Union has reduced the reliance it had on upstream supplies serving the Sarnia area through the Sarnia Expansion Project in early 2015<sup>5</sup>.

In response to customers' requests, Union has been moving the Parkway Obligation for DP customers to Dawn<sup>6</sup>, and has also reduced the reliance on deliveries at the east end of its system on behalf of sales service customers.

This trend is supported by the increased security and reliability resulting from the expansion of the Dawn Parkway System, including loss of critical unit protection across the entire Dawn Parkway System.

#### **4. GAS SUPPLY PLANNING PROCESS**

The GSP identifies the efficient combination of upstream transportation, supply purchases, and storage assets required to serve sales service and bundled DP customers' annual, seasonal and design day gas delivery requirements, while adhering to the planning principles described earlier. The upstream transportation contracts in the GSP, along with storage assets, are managed by Union to provide an integrated service to all sales service and bundled DP customers. The costs for both the supply and the transportation services identified in the GSP are recovered through commodity, transportation and storage charges. The GSP is finalized and receives executive approval in the third quarter each year. The annual gas supply planning process is summarized in Appendix A.

Union's gas supply planning is a complex process that incorporates demand related items such as customer growth, normalized weather, design day requirements, customer consumption patterns and economic outlooks. The firm needs of our customers are analyzed to ensure the appropriate level of firm transportation and storage assets are held to meet annual, seasonal and design day demand. The GSP is appropriately sized and there are no assets in the GSP in excess of those necessary to meet firm customer requirements.

To complete the GSP, Union uses gas supply planning software known as SENDOUT. SENDOUT is a widely recognized gas supply planning tool and is used by a number of LDCs in North America. Union has used this software for 30 years and the results have been presented in a number of rate applications since 1987.

<sup>5</sup> Sarnia Expansion Pipeline Project (EB-2014-0333)

<sup>6</sup> 2014 Rates (EB-2013-0365)

Union uses SENDOUT to ensure that the assets incorporated in the GSP meet annual, seasonal, and design day demands. SENDOUT determines the amount of capacity, supply and associated costs required to meet customer demands. Union's GSP includes the following key inputs and assumptions:

- The design day demand forecast for each Union North delivery area;
- Union's in-franchise monthly demand forecast based upon customer location, supply arrangement, storage requirement and service type (excludes transportation service);
- A monthly commodity price forecast using the same pricing methodology as the Quarterly Rate Adjustment Mechanism ("QRAM") process;
- Upstream transportation tolls in effect at the time the forecast was prepared;
- All upstream transportation contracts held by Union plus existing obligated Ontario deliveries for the bundled DP market;
- Sales service and bundled DP storage requirements that are cycled completely each year in the GSP with storage full on November 1 and empty by March 31 assuming normal weather;
- Applicable heating value;
- Sufficient inventory at February 28 to meet the design day requirements for sales service and bundled DP customers;
- No migration between sales service and bundled DP customers for the term of the GSP. Any migration is therefore a risk that needs to be managed by Union; and,
- 9.5 PJ of system integrity space. This storage space is used in a number of ways to maintain the operational integrity of Union's integrated storage, transmission and distribution systems. The GSP has 6.0 PJ of this space filled with system integrity supply while the remaining 3.5 PJ is left empty as contingency space.

The outcome of the annual planning process is a plan that provides a monthly volumetric forecast of demands and supplies (by transportation path) and a forecast of Union's costs to serve its sales service and bundled DP customers.

## **5. UNION'S 2017/18 GAS SUPPLY PLAN**

The GSP defines the gas supply requirements and the necessary upstream transportation capacity and assets needed to meet customers' annual, seasonal and design day demands. The GSP received executive approval in July 2017, and reflects the best available information at that time. The key inputs and outputs, as well as plan changes, are described in more detail below.

### **5.1 Design Day Demand**

Union ensures assets are available to provide firm service to customers on an extreme cold weather day called a design day. A design day is measured in heating degree days ("HDD"). A HDD is a measure of temperature that identifies the need for heating and occurs when the average daily temperature falls below 18 degrees Celsius. An average daily temperature of zero degrees Celsius equals 18 HDD. The main information required to develop the GSP to serve design day demand includes weather, firm customer demand, forecast demand growth and required assets.

## Weather

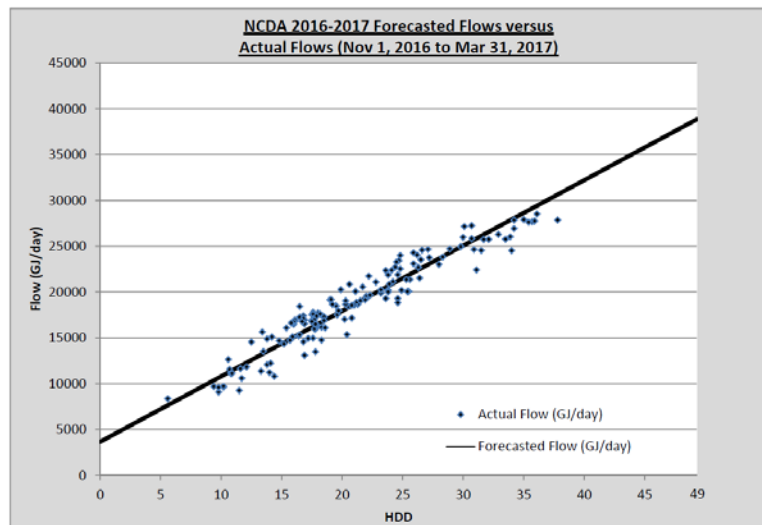
Union uses the coldest historically observed degree day for Union South and each of the six delivery areas in Union North.

## Firm Customer Demand

The firm customer design day demand is forecasted by multiplying the firm use per degree day factor with the coldest observed degree day.

Union develops a trend line using the daily firm customer consumption from the prior winter and the associated daily degree day data. Union extrapolates the calculated trend line to the coldest observed degree day resulting in the estimated design day demand for each delivery area. An illustrative example of the degree day data and the trend line calculation for the NCDA is provided in Figure 4.

**Figure 4**



## Forecast Demand Growth

The design day demand described above is adjusted by the winter season growth factor reflected in the demand forecast. This forward looking forecast growth factor is added to the firm customer demand, to provide a total forecasted design day demand for each delivery area. The forecast growth factor includes customer growth and changes in average consumption. For winter 2017/18, the growth factor for Union North is a decrease of 1.39%.

## Required Assets

The design day requirements are met by holding storage and transportation capacity. Design day weather does not occur every year, however, the assets must be available should that design day occur given Union's role as the system operator and supplier of last resort for sales service and bundled DP customers.

In order to meet these design day requirements for Union South and Union North, Union uses a combination of contracted upstream transportation capacity, and Union's storage, transmission and distribution assets. The use of storage assets is more cost effective than

contracting for firm upstream transportation capacity filled all year. Since Union's storage and transmission assets reside within the Union South franchise area, the role of the gas supply portfolio is different on a design day in Union South than in Union North.

The differing methodologies are described below. These methodologies are consistent with Union's Gas Supply Planning Review prepared by Sussex Economic Advisors (the "Sussex report")<sup>7</sup>.

#### ***5.1.1 Union South Design Day***

Union South design day demand is the total firm requirement of the in-franchise sales service, bundled, unbundled and transportation service customers.

The design day weather condition for Union South is based on the coldest observed degree day experienced which is 43.1 measured at the London, Ontario airport.

For Union South, the GSP is focused on purchasing upstream supply and transportation to meet Union's annual demand requirements. The annual volume requirement is divided by 365 days such that the upstream pipe flows at 100% utilization each day of the year. During times when usage is less than the upstream supply, the excess supply is injected into storage at Dawn. When demands are greater than the upstream supply, gas is withdrawn from storage and transported to Union South in-franchise customers.

The role of meeting the entire design day needs for Union South resides within the storage and transmission system plans. The GSP is only a component of this broader exercise and only manages the average day supply needs for Union South sale service customers. To meet the design day requirements of the Union South in-franchise customers, Union must have a sufficient volume of gas in storage for the seasonal and design day demand requirements and sufficient transportation assets to move the upstream supply and gas out of storage into the transmission pipeline systems. If the transmission or storage assets are not sufficient to meet seasonal and design day requirements, Union will build additional assets or purchase services to meet this shortfall. Union's distribution systems are also designed to meet design day requirements.

Although the design degree day of 43.1 has not changed in Union South, the customers' demands on a design day have increased. The design day requirements in Union South have increased from 2,921 TJ/d in 2016/17 to 3,027 TJ/d in 2017/18. The resources available to meet Union's design day in Union South are shown in Figure 5.

<sup>7</sup> EB-2013-0109, Exhibit C, Tab 2 and Tab 3

**Figure 5**

**Winter 2017/2018 Design Day  
Union South Design Day Demand and Resources (TJ/day)**

|                                   |              |
|-----------------------------------|--------------|
| <b>Demand</b>                     |              |
| Union South*                      | 3,027        |
| <b>Supply</b>                     |              |
| Storage at Dawn                   | 1,684        |
| Non-obligated (e.g. Power Plants) | 278          |
| TCPL Empress to Union CDA         | 3            |
| Panhandle                         | 37           |
| Ojibway                           | 21           |
| TCPL Niagara                      | 21           |
| Ontario Parkway                   | 214          |
| Vector                            | 84           |
| Nexus                             | 106          |
| Ontario Dawn                      | 580          |
| <b>Total Supply</b>               | <b>3,027</b> |

\* includes Sales Service, Bundled Direct Purchase, T-service

### **5.1.2 Union North Design Day**

Union North design day demand is the total firm requirement of the in-franchise sales service and bundled DP customers in each of Union's six Northern delivery areas. Union does not include demand for customers with transportation service contracts as these customers are required to provide their own transportation services to meet their design day requirements.

The design day weather condition is based on the coldest observed degree day experienced in each of the six delivery areas. The design degree day for each Union North area is as follows:

|       |      |                       |
|-------|------|-----------------------|
| WDA   | 51.6 | Thunder Bay           |
| MDA   | 54.7 | Fort Frances          |
| SSMDA | 48.2 | Sault Ste Marie       |
| NCDA  | 49.3 | Muskoka / Gravenhurst |
| NDA   | 51.9 | Sudbury               |
| EDA   | 47.1 | Kingston              |

For Union North, the firm design day demand is a direct input into the GSP. Since there is no physical storage in the north, Union is required to purchase transportation services to move the firm design day demand from Parkway, Dawn or Empress to the delivery areas where the gas is consumed.

Union's Northern delivery areas are connected to TransCanada's Mainline and are physically separated from Union's Dawn storage and transmission pipeline assets.

Therefore, Union requires firm transportation services to connect each of the six Northern delivery areas to a supply source.

Gas supply flows via TransCanada long-haul and short-haul firm transportation to meet Union North seasonal and annual demand requirements. As in Union South, the target is to fill Union North in-franchise storage at November 1 and provide sufficient inventory at February 28 to meet the design day withdrawal requirement.

The Union North gas supply portfolio also ensures sufficient firm transportation services are available to meet design day demand requirements in each delivery area. The full suite of assets is only used in each delivery area when a design day occurs. Since Union is required to contract for transportation services to meet design day demand, there are days when the pipe is not fully utilized. Union uses a portfolio of firm services and assets including TransCanada Firm Transportation (“FT”), TransCanada firm Storage Transportation Service (“STS”) and other firm TransCanada services to meet its design day demand requirement.

Figure 6 illustrates what services and assets are relied on in the GSP to meet design day demand.

**Figure 6**

**Union North Design Day Demand (TJ/Day)**

|   | <u>MDA</u> | <u>WDA</u> | <u>SSMDA</u> | <u>NDA</u> | <u>NCDA</u> | <u>EDA</u> | <u>Total</u> |
|---|------------|------------|--------------|------------|-------------|------------|--------------|
| <b>Demand</b>                             |            |            |              |            |             |            |              |
| Bundled Direct Purchase and Sales Service | 6          | 84         | 40           | 148        | 37          | 163        | 479          |
| T-Service Storage Redelivery              | -          | -          | -            | 13         | -           | -          | 13           |
| North Dawn T-Service                      | -          | -          | -            | 17         | 2           | 14         | 33           |
| <b>Peak Day Demand for the Region</b>     | <b>6</b>   | <b>84</b>  | <b>40</b>    | <b>178</b> | <b>39</b>   | <b>178</b> | <b>524</b>   |
| <b>Supply</b>                             |            |            |              |            |             |            |              |
| <b>Long-haul from Empress</b>             |            |            |              |            |             |            |              |
| Sales Service                             | 6          | 45         | 18           | 6          | 6           | 1          | 83           |
| Bundled Direct Purchase                   | -          | 6          | 3            | 1          | 3           | -          | 13           |
| <b>Short-haul from Parkway</b>            |            |            |              |            |             |            |              |
| Sales Service                             | -          | -          | -            | 35         | 2           | 42         | 79           |
| Bundled Direct Purchase                   | -          | -          | -            | 8          | -           | 16         | 24           |
| North T-Service                           | -          | -          | -            | 17         | 2           | 14         | 33           |
| <b>Redelivery from Storage</b>            |            |            |              |            |             |            |              |
| <i>From Parkway</i>                       |            |            |              |            |             |            |              |
| STS Withdrawals                           | -          | 31         | -            | 43         | 14          | 26         | 115          |
| STS Pooled Withdrawals                    | -          | -          | -            | -          | 13          | -          | 13           |
| Short-haul                                | -          | -          | -            | 67         | -           | 52         | 119          |
| Enhanced Market Balancing                 | -          | -          | -            | -          | -           | 25         | 25           |
| <i>From Dawn</i>                          |            |            |              |            |             |            |              |
| STS Withdrawals                           | -          | -          | 19           | -          | -           | -          | 19           |
| <b>Peak Day Supply to the Region</b>      | <b>6</b>   | <b>83</b>  | <b>40</b>    | <b>178</b> | <b>39</b>   | <b>177</b> | <b>522</b>   |
| Excess(Shortfall) by delivery area        | -          | (1)        | -            | -          | -           | (1)        | (2)          |



The GSP has identified an additional 2 TJ/d requirement in Union North to meet design day requirements. The shortfall identified is in the EDA & WDA. The shortfall in the EDA is largely due to forecasted growth. The WDA shortfall is due to an increase in contract and sales service customers. Union is evaluating options to meet this additional requirement.

## **5.2 Demand Forecast**

The GSP for 2017/18 is based upon the 2018-2020 weather normalized demand forecast for general service customers and contract rate classes as prepared by Union's demand forecasting team.

A comparison of the annual demand forecast included in the 2017/18 GSP relative to the 2016/17 GSP is provided in Figure 7.

**Figure 7**

Union Demand Forecast

| Line No.           | Particulars (TJ)                               | 2016/17 Gas Supply Plan<br>(a) | 2017/18 Gas Supply Plan<br>(b) | Variance<br>(c) = (b-a) | % change<br>(d) = (c/a) |
|--------------------|--|--------------------------------|--------------------------------|-------------------------|-------------------------|
| <u>UNION SOUTH</u> |  |                                |                                |                         |                         |
| 1                  | General Service - Sales Service                | 130,396                        | 129,423                        | (973)                   |                         |
| 2                  | General Service - BT                           | 11,540                         | 11,371                         | (169)                   |                         |
| 3                  | General Service - Unbundled                    | 934                            | 0                              | (934)                   |                         |
| 4                  | General Service - ABC                          | 22,027                         | 20,585                         | (1,442)                 |                         |
| 5                  | Sub-Total                                      | 164,897                        | 161,379                        | (3,519)                 | -2.1%                   |
| 6                  | Contract - Sales Service                       | 2,371                          | 3,829                          | 1,457                   |                         |
| 7                  | Contract - BT & ABC                            | 43,054                         | 45,521                         | 2,467                   |                         |
| 8                  | Sub-Total                                      | 45,426                         | 49,350                         | 3,924                   | 8.6%                    |
| 9                  | Total Union South (line 5 + line 8)            | 210,323                        | 210,729                        | 406                     | 0.2%                    |
| <u>UNION NORTH</u> |  |                                |                                |                         |                         |
| 10                 | General Service - Sales Service                | 40,597                         | 40,443                         | (154)                   |                         |
| 11                 | General Service - BT                           | 3,906                          | 4,052                          | 147                     |                         |
| 12                 | General Service - ABC                          | 6,423                          | 5,758                          | (665)                   |                         |
| 13                 | Sub-Total                                      | 50,926                         | 50,254                         | (672)                   | -1.3%                   |
| 14                 | Contract - Sales Service                       | 3,672                          | 2,337                          | (1,335)                 |                         |
| 15                 | Contract - BT                                  | 3,526                          | 3,564                          | 37                      |                         |
| 16                 | Sub-Total                                      | 7,199                          | 5,901                          | (1,298)                 | -18.0%                  |
| 17                 | Total Union North (line 13 + line 16)          | 58,125                         | 56,155                         | (1,970)                 | -3.4%                   |
| 18                 | Total Union Forecast Demand (line 9 + line 17) | 268,448                        | 266,883                        | (1,564)                 | -0.6%                   |

The annual general service forecast has decreased by 3,519 TJ in Union South and 672 TJ in Union North due to consumption savings more than offsetting customer growth.

The total annual contract market has increased by 3,924 TJ in Union South and decreased by 1,298 TJ in Union North. The increase in Union South is a result of forecasted growth from the Panhandle Reinforcement Project. The decrease in Union North is due to lower forecasted consumption by Rate 25 sales service.

Union continues to see a migration of customers from DP to sales service. A comparison of the number of sales service and DP customers in the 2017/18 GSP relative to the 2016/17 GSP is provided in Figure 8.

**Figure 8**

**Number of Customers by Service classification - Union South**

|               | <b>2016/17<br/>Forecast</b> | <b>2017/18 Forecast</b> | <b>Variance</b> |
|---------------|-----------------------------|-------------------------|-----------------|
| Sales Service | 1,023,721                   | 1,058,787               | 35,066          |
| Bundled DP    | 78,453                      | 68,395                  | (10,058)        |
| Unbundled DP  | 8,577                       | 0                       | (8,577)         |
| Total         | <b>1,110,751</b>            | <b>1,127,182</b>        | <b>16,431</b>   |

Union South is required to purchase additional supply for the increased demand due to the return to sales service supply. Union holds upstream pipeline transportation capacity for both sales service and bundled DP customers in Union North so no additional transportation capacity is required resulting from a customer's return to system.

The gas demand/supply balance for sales service customers for the 2017/18 GSP is provided in Appendix B.

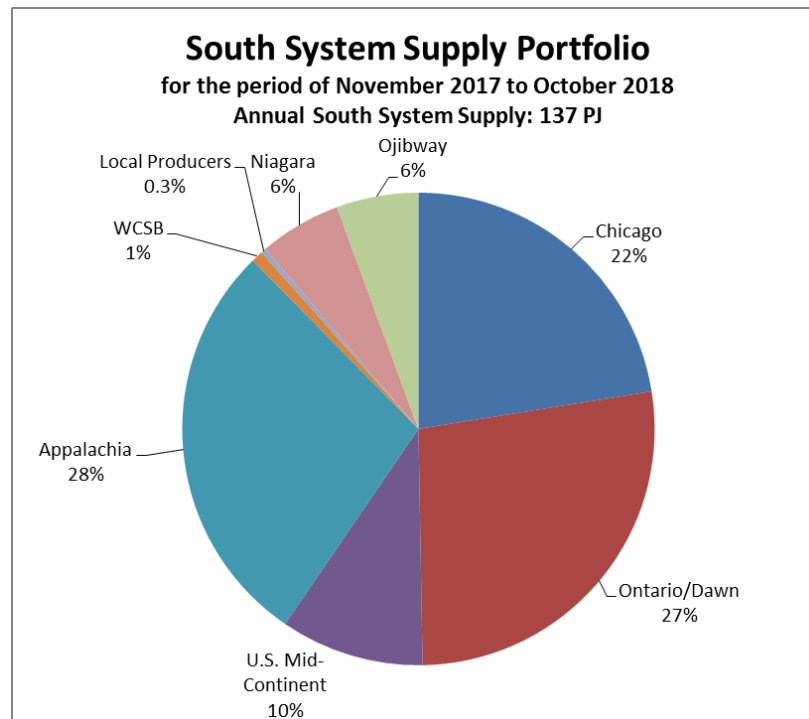
### **5.3 Transportation Portfolio**

Union holds a combination of firm transportation contracts, Dawn sourced supply and storage capacity to meet the forecasted annual demand. Firm transportation services provide direct and secure access to a diverse group of supply basins and market hubs in North America.

#### **Union South**

For Union South, Union holds firm transportation contracts and sources supply at Dawn to meet average annual demand requirements. Union utilizes capacity on multiple upstream pipelines to access several supply basins or market hubs. These pipelines provide access to supplies in Western Canada, Chicago, the U.S. mid-continent and Appalachia. The GSP also includes Dawn purchases as part of the Union South supply portfolio. Figure 9 demonstrates the sources of supply underpinned by Union's transportation portfolio for Union South sales service customers. The following pie charts represent Unions upstream transportation portfolio included in the GSP. Refer to Section 5.5 for changes that have occurred since the creation of the plan.

**Figure 9**



## Union North

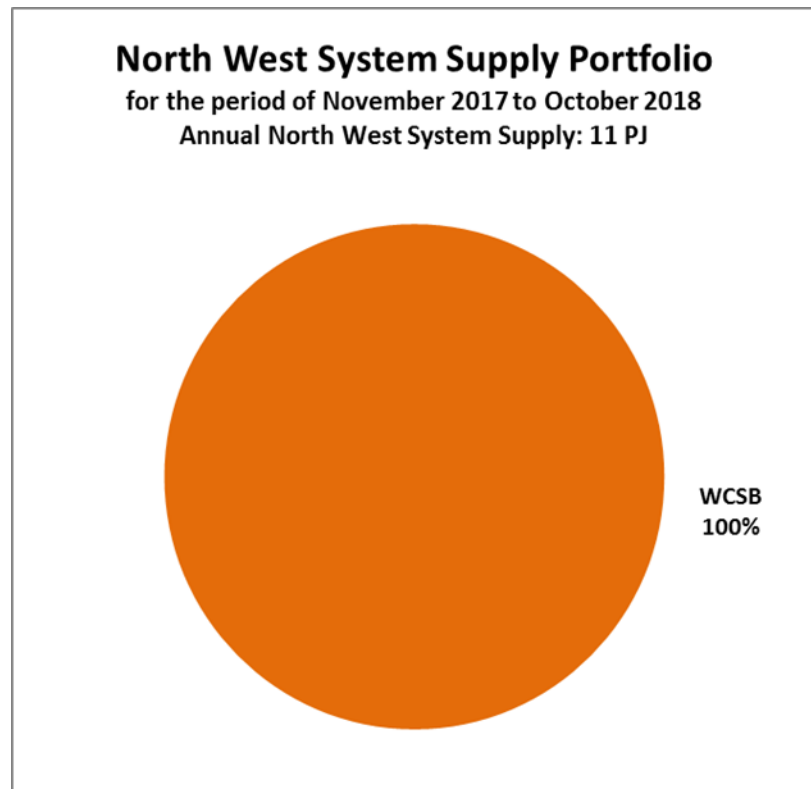
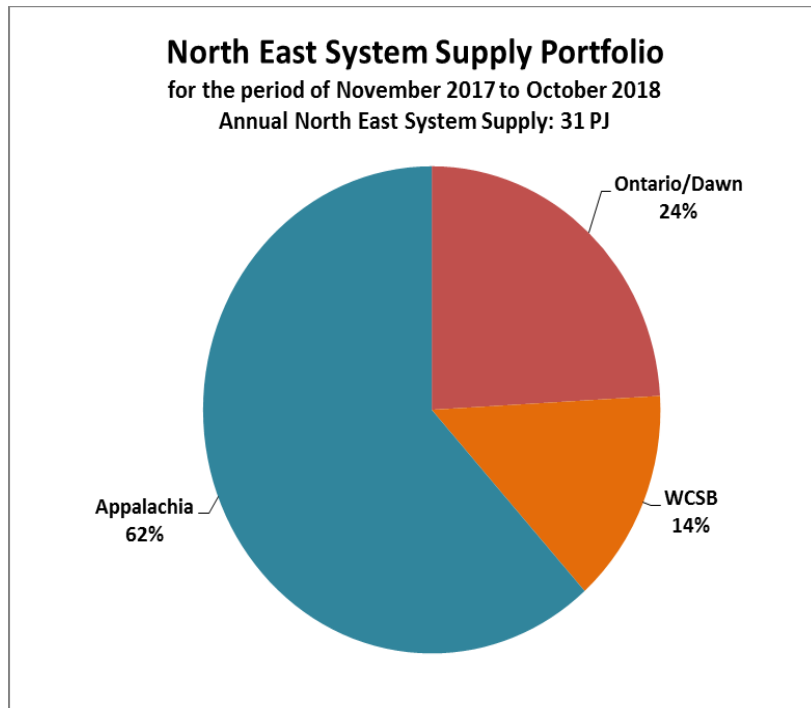
In Union North, Union's plan uses various transportation services to meet sales service and bundled DP customer annual demands.

In order to meet the annual demand requirements for Union North East sales service customers, Union utilizes capacity on multiple upstream pipelines providing access to supplies in Western Canada and Appalachia. The GSP also includes Dawn purchases as part of the Union North East supply portfolio.

In order to meet the annual demand requirements for Union North West sales service customers, Union must utilize capacity on the TransCanada Mainline, the only pipeline available, providing access to supplies in Western Canada.

Figure 10 demonstrates the sources of supply underpinned by Union's transportation portfolio for Union North East and North West sales service customers.

**Figure 10**



The GSP reflects the effective management of TransCanada capacity by:

- Using TransCanada STS injections, which allow Union to transport excess supply away from Union North to Parkway to be injected into Dawn storage in the summer;
- Using TransCanada STS withdrawals and Enhanced Market Balancing service in the winter months to serve weather-driven demands. Gas is withdrawn from Dawn storage throughout the winter and is transported back to Union North without the need for contracting additional TransCanada FT capacity to that delivery area; and,
- Using contractual STS pooling rights to group all of Union's STS rights serving the various Union North delivery areas. This provides Union with the flexibility to serve certain delivery areas in Union North with gas service in excess of that delivery area's specific STS rights.

#### 5.4 Unabsorbed Demand Charges ("UDC")

In Union North, the upstream transportation portfolio is first sized to meet the design day demand requirement. The amount of supply needed to be transported on the upstream long-haul and short-haul capacity to meet average annual demand requirements is less than the capacity needed to meet design day requirements. As a result, a portion of Union's contract capacity is planned to be unutilized during the year. The difference between total contracted capacity and total demand for both Union North sales service and bundled DP customers results in unutilized capacity. Subject to finalizing and contracting the transportation capacity required to meet the design day shortfall, the total planned UDC is 16.3 PJ in the 2017/18 GSP. If weather is colder than normal and annual consumption is greater Union will use this capacity to meet incremental supply requirements. Figure 11 shows the total planned UDC by delivery area.

**Figure 11**

**Unabsorbed Demand Charge (UDC) (PJ) (W17/18)**

| <b>Delivery Area</b> | <b>Long-haul</b> | <b>Short-haul</b> | <b>Total</b> |
|----------------------|------------------|-------------------|--------------|
| North West           |                  |                   |              |
| MDA                  | 1.5              | -                 | <b>1.5</b>   |
| WDA                  | 10.6             | -                 | <b>10.6</b>  |
| SSMDA                | 1.8              | -                 | <b>1.8</b>   |
| North East           |                  |                   |              |
| NDA                  | 0.2              | 1.5               | <b>1.7</b>   |
| NCDA                 | 0.2              | -                 | <b>0.2</b>   |
| EDA                  | -                | 0.6               | <b>0.6</b>   |
|                      | <b>14.2</b>      | <b>2.1</b>        | <b>16.2</b>  |

The GSP forecasts a 100% load factor on all upstream transportation landing at Dawn.

## **5.5 Changes in Upstream Transportation Portfolio**

### **Panhandle Eastern Pipe Line Company, LP**

Union has contracted for the following firm renewable capacity from the Panhandle Field Zone to Ojibway:

- 35,000 Dth/d November 1, 2017 through October 31, 2025
- 22,000 Dth/d November 1, 2019 through October 31, 2027

### **NEXUS Gas Transmission, LLC**

Union has committed to holding 150,000 Dth/d of firm renewable capacity from Kensington to the interconnection with Union's system at St. Clair. Union allocates 50,000 Dth/d of capacity to serve Union North East sales service customers and the remaining 100,000 Dth/day of capacity to serve Union South sales service customers. This capacity will have a 15 year term, and will commence once the NEXUS pipeline project is in service.

The GSP assumed a November 1, 2017 in-service date for the NEXUS pipeline project. Please refer to Section 6.6 for an update on the NEXUS project status, and Union's contingency plan to address delays in the NEXUS project beyond November 1, 2017.

### **Gas Supply Plan Pipeline Renewal Assumptions**

The GSP assumes that all pipeline capacity contracted with renewal rights will continue to be available in the future, unless Union has elected turn-back or automatic conversion rights (i.e. TransCanada long-haul to short-haul pipeline conversions).

The GSP assumes all capacity Union was awarded in TransCanada's 2017 New Capacity Open Season ("NCOS") and 2018 NCOS is in-service as of November 1, 2017 and November 1, 2018, respectively. Please refer to Section 6.3 for an update on the TransCanada 2017 NCOS and the associated Vaughn Mainline Expansion project. In order to affect changes for the November 1, 2018 short-haul contracts awarded, the GSP assumes 5,602 GJ/d of Empress to Union NDA capacity is turned back to TransCanada effective October 31, 2018.

### **Dawn Supply Requirements**

The GSP identifies the total amount of supply required to meet the sales service forecasted demands. This supply requirement is typically greater than the upstream transportation capacity under contract at any point in time. A supply requirement not met by an existing upstream transportation arrangement is referred to as an uncommitted supply requirement and is assumed to be supplied at Dawn.

The GSP has identified Dawn supply requirements for 2017/18 of approximately 102 TJ/d Union South and 21TJ/d for Union North East.

Union will, as part of an ongoing process, evaluate the portfolio to ensure it meets the needs identified in the GSP. This includes monitoring the impacts of in-service delays for new transportation projects and evaluating all available transportation alternatives. Maintaining an uncommitted position allows Union flexibility to secure additional upstream transportation capacity as warranted.

A complete listing of the transportation capacity currently contracted for Union South and Union North is provided at Appendix C and D.

## **5.6 Cost of Gas**

The transportation tolls and gas prices utilized in the development of the GSP are consistent with those used to set the April 2017 QRAM commodity price. Union then established specific prices for each supply location taking into account the various basis differentials and the foreign exchange rate.

As part of Union's Incentive Rate Mechanism Settlement Agreement<sup>8</sup>, Union stated in Section 4.7.1, that the cost of gas supply, upstream transportation and gas supply balancing would continue to be passed through to customers through the QRAM. Union reflects updated transportation tolls and forecasted gas commodity in rates through the QRAM process. Variances in actual gas supply costs and transportation tolls relative to forecasted gas supply costs and transportation tolls reflected in rates are captured in Union's gas supply deferral accounts. Union includes the prospective disposition of gas supply related deferral accounts in the QRAM process.

## **5.7 Bundled DP Customer Assumptions**

The GSP includes all bundled DP customer demand and the corresponding supply based on their Daily Contract Quantities ("DCQ"). Union is unable to predict customer migration between sales service and bundled DP. Therefore, for the term of the GSP, customers are assumed to remain with the service they elected effective January 2017.

On an ongoing basis throughout the year, Union continues to monitor the migration between bundled DP and sales service supply. As customers return to sales service supply, Union proactively manages the expected supply requirements by filling any pipe that is returned to Union when the customer returns to sales service supply. In addition, each month, Union purchases incremental supply for demand that is returned without underlying pipe based on forecast activity for the balance of the year.

## **5.8 Storage**

Union operates 178 PJ of underground natural gas storage. Consistent with the Natural Gas Electricity Interface Review Decision<sup>9</sup>, the allotment of storage space to in-franchise customers is 100 PJ. For the 2017/18 GSP, the in-franchise space requirement is 93.2 PJ. This leaves 6.8 PJ of excess in-franchise space which is available for S&T short term sales. This is a decrease of 0.4 PJ in the space required for in-franchise needs when compared to the 93.6 PJ in the 2016/17 GSP. The decrease in in-franchise storage is due to a decrease in demands (See Figure 7).

The in-franchise space of 93.2 PJ is provided to in-franchise customers to meet the storage requirements of sales service, bundled DP and T-Service customers. The amount available to

<sup>8</sup> 2014-2018 Incentive Regulation (EB-2013-0202)

<sup>9</sup> Natural Gas Electricity Interface Review ("NGEIR") (EB-2005-0551)



in-franchise customers is based on the storage allocation methodologies approved by the OEB as part of the Natural Gas Storage Allocation Policies Decision<sup>10</sup>.

The storage space available to sales service and bundled DP customers in Union South and Union North is determined using the OEB-approved aggregate excess methodology.

This methodology calculates the difference between the forecasted winter demand (November 1 through March 31) and the annual average daily demand for a 151 day period. The result is the required storage space allocation.

$$\text{Aggregate Excess} = \text{Forecasted Winter Consumption} - [(151/365) * (\text{Total Annual Consumption})]$$

Union South T-service customers determine which methodology is used to calculate their contracted storage space parameter. The two methodologies available to a Union South T-service customer are: aggregate excess or 15 x obligated DCQ.

## 5.9 Conclusion

Adhering to the gas supply guiding principles, Union continues to establish a GSP that is right sized to meet firm sales service and bundled customer demands with a diverse, flexible, secure, reliable and cost effective portfolio of firm services and assets. Union's gas supply planning process incorporates demand related items such as customer growth, normalized weather, design day requirements, customer consumption patterns and economic outlooks. Union plans and contracts for services and assets to provide an efficient combination of upstream transportation, supply purchases and storage assets to serve sales service and bundled DP customers' annual, seasonal and design day gas delivery requirements.

As supply and transportation market options change, so does Union's supply mix and how it is transported to Ontario. Union continues to proactively evaluate new supply and transportation options for Union North and Union South customers. Unchanged, however, is Union's application of the gas supply planning principles and the requirement to ensure secure, reliable supplies to serve its customers at prudently incurred costs.

## 6. FUTURE TRENDS THAT MAY IMPACT THE GAS SUPPLY PLAN

Union monitors the North American natural gas industry and identifies how trends may impact Union's future gas supply portfolio.

### 6.1 Distributor Gas Supply Planning Consultation

In October 2015, the OEB initiated a consultation on distributor gas supply planning<sup>11</sup>. Specifically, the consultation focused on gas supply and transportation planning strategies and the risk/cost trade-offs considered in the GSP. Union and Enbridge each presented an overview of their Gas Supply Planning Process and subsequently, provided a side-by-side

<sup>10</sup> NGEIR Integration (EB-2007-0724/0725)

<sup>11</sup> EB-2015-0238

comparison document of their gas supply and transportation planning processes. OEB staff facilitated a discussion on the comparison document with interested parties in March 2016.

OEB Staff prepared a report on specific matters raised in the consultation, providing recommendations the OEB may wish to consider in determining whether any changes to the regulatory framework were warranted. This report was provided to the OEB on August 12, 2016.

OEB Staff recommendations for the OEB to consider were:

- **Increased Accountability:** Gas distributors should apply for pre-approval of their gas supply planning framework on a stand-alone basis, separate from other applications.
- **Increased Transparency:** Gas distributors should submit a gas supply memoranda annually on a stand-alone basis.
- **Performance Measurement:** The new memoranda should include a report card on the performance of the GSP over the previous three years along with a forecast of the forward looking three years.

On March 16, 2017, the OEB launched an initiative to develop a Framework for the Assessment of Distributor Gas Supply Plans (“Framework”).

The Framework will establish the OEB’s expectations and objectives for distributor gas supply plans and clearly articulate the approach the OEB will take to assess whether the plans meet those objectives. The development of the Framework will also address what role Renewable Natural Gas (“RNG”) should play in the system gas supply portfolios of distributors.

To assist OEB Staff in developing a draft Framework for consideration, a Working Group was established. The Working Group has been designed to ensure that there is a balanced and broad representation of relevant interests with a focus on bringing the appropriate level of expertise on the issues.

Three Working Group meetings have been conducted by OEB Staff. The first two Working Group meetings, focused on RNG, while the third focused on the broader framework for the assessment of distributor gas supply plans.

OEB Staff intends to prepare an initial draft of the Framework by fall 2017 for discussion with stakeholders, and anticipates a final Framework will be completed by the end of 2017.

## **6.2 Renewable Natural Gas (“RNG”)**

RNG is an alternative to conventional gas supply, is non-emitting, and can be stored, transmitted and distributed using the existing natural gas infrastructure. RNG is produced by capturing methane that results from the decay of any organic matter. Some examples of RNG include landfill and waste water treatment plant gas.

In developing a Framework for the Assessment of Distributor Gas Supply Plans, OEB Staff identified RNG as an issue that the Working Group would focus on. The issues discussed by the Working Group as it relates to RNG include:

- Understanding the current RNG marketplace and sources in Ontario;

- Drivers for inclusion of RNG in the system gas supply plan;
- Availability and reliability of supply of RNG that should be taken into consideration in developing the Framework;
- What are the barriers and enablers to including RNG in the supply mix; and,
- What key metrics should the OEB utilize to help inform the appropriate contribution to the supply mix.

Union has identified RNG as a potential future customer abatement program. Union and Enbridge have jointly been working with the Ministry of Environment and Ministry of Environment and Climate Change to define program structure for advancing these technologies. These programs will require support from the government in order to proceed, including the use of Climate Change Action Plan (“CCAP”) funding. This is an example of an instance where collaboration between utilities, government and regulators can advance technologies and programs in order to reduce greenhouse gas (“GHG”) emissions.

Union has not included any specific RNG in its GSP for the 2017/18 gas year. To the extent that programs discussed above advance and RNG is available to include in Union’s GSP, Union will adjust its gas supply purchases accordingly.

### **6.3 Dawn to Parkway and Vaughan Mainline Expansion Project**

In December 2015, the OEB approved the Settlement Proposal for Union’s 2017 Dawn Parkway project. This project was approved to meet the growing Demand on the Dawn to Parkway system. The Vaughan Mainline Expansion Project will provide takeaway capacity for a portion of the new Dawn to Parkway capacity. Union’s 2017 Dawn to Parkway project is under construction and is on schedule to be in service by or before November 1, 2017.

In August 2016, the National Energy Board (“NEB”) approved the 11.7 km Vaughan Mainline Expansion Project, which will increase capacity of the TransCanada Mainline between Parkway and Maple, enabling Ontario natural gas customers further access to new emerging supply sources. The project is currently under construction. Due to construction challenges, the targeted in-service date has changed from November 1, 2017 to mid to late November 2017. This delay will not have a material impact on the GSP as the majority of the capacity Union secured will be used to facilitate the North T-Service from Dawn Service. Union has contracted 7,000 GJ/d of new capacity and 887 GJ/d of long-haul to short-haul conversion capacity that is related to this project.

### **6.4 New Sources of Supply at Dawn**

On February 22, 2017, TransCanada conducted a Long Term Fixed Price (“LTFP”) open season for TransCanada Mainline transportation service from Empress to Dawn at a discounted, fixed rate. The service was subscribed by 23 Western Canadian producers at an aggregate volume of 1.5 PJ/d and is proposed to be in-service by November 1, 2017. On September 21, 2017 the NEB released a Decision approving TransCanada’s Dawn LTFP service. This service does not represent a new infrastructure build to Dawn, but rather long term commitments by counterparties on existing pipeline infrastructure that will bring new suppliers to Dawn.

The Rover Pipeline (anticipated to be in-service December 2017) and NEXUS pipeline (anticipated to be in-service late third quarter 2018) projects, both of which have been approved by the Federal Energy Regulatory Commission (“FERC”) will provide new infrastructure between Appalachian producers and Dawn.

These new sources of supply at Dawn will provide Union additional counterparties to transact with when sourcing Dawn supplies to meet the needs of the gas supply portfolio.

## **6.5 Panhandle Transmission System**

### **Panhandle Reinforcement Project**

In the Panhandle Reinforcement Project<sup>12</sup>, Union proposed to increase the capacity of Union’s Panhandle Transmission System to meet residential, commercial and industrial growth in Windsor-Essex, Chatham-Kent and surrounding areas, including the fast growing greenhouse market in the Leamington/Kingsville area. The current Panhandle Transmission System is nearing its design day capacity and the project is required to meet the continued reliable delivery of natural gas to this growing market.

On February 23, 2017, the OEB approved the Panhandle Reinforcement Project leave to construct and recovery of costs associated with the project. The project involves replacing 40 kilometres of the existing NPS 16 pipeline from Dawn to Dover Transmission with a new NPS 36 pipeline along with related modifications at other transmission stations. The project is expected to meet the firm demands in this area for the next five years. The project is currently under construction and is targeted to be in-service November 2017.

### **Kingsville Transmission Reinforcement Project**

Union continues to forecast robust firm transportation growth along the entire Panhandle Transmission System. To accommodate this growth, in late June 2017, Union announced an invitation of environmental study for the proposed Kingsville Transmission Reinforcement Project (“KTRP”). The proposed pipeline, up to NPS 20, is approximately 17 km in length and will begin at Union’s existing NPS 20 Panhandle Pipeline, and end at a new valve site located in the Town of Kingsville. KTRP will provide high pressure gas to the distribution network, reducing the capacity constraint on the Panhandle Transmission System and avoiding major distribution expansion in the area.

Union’s leave to construct application is expected to be filed with the OEB in early 2018 with a target in-service date of November 1, 2019.

## **6.6 NEXUS**

In 2015, Union entered into an agreement to contract, subject to certain conditions precedent, for long-term transportation capacity for 15 years with the NEXUS Pipeline commencing November 1, 2017. The total volume of the contract is 150,000 Dth/d, which qualifies Union as an anchor shipper. Union has received pre-approval of the cost consequences of the NEXUS contract<sup>13</sup>.

<sup>12</sup> Panhandle Reinforcement Project (EB-2016-0186)

<sup>13</sup> Pre-Approval of NEXUS Long-Term Contract (EB-2015-0166), Decision and Order

The NEXUS Pipeline is designed to transport supplies of Appalachian shale gas production, from the single largest and fastest growing supply basin in North America to customers in Ohio, Michigan, and ultimately the Dawn Hub; creating a direct connection from the largest source of natural gas on the continent to Ontario.

**NEXUS Project Update:**

On August 25, 2017, the NEXUS project received FERC approval to proceed with construction. NEXUS is anticipated to be in-service late third quarter 2018. Union has been proactively planning for a delay in NEXUS in-service and has executed on a contingency plan for the 17/18 winter.

**NEXUS Contingency Planning:**

As part of an ongoing process, Union evaluates the portfolio to ensure it meets the needs identified in the GSP. This includes monitoring the impacts of in-service delays for new transportation projects.

In order to backstop delays to the NEXUS in-service date, Union has secured alternate upstream contracts to replace the NEXUS transportation capacity. Union has increased its DTE/MichCon capacity by 30,000 Dth/day to hold 90,000 Dth/day of capacity until NEXUS is in-service. This DTE/MichCon contract expiry is tied to the earlier of the NEXUS in-service date or October 31, 2018. Union also secured 60,000 Dth/day of capacity on Vector Pipeline for November 1, 2017 through March 31, 2018. This combination of DTE/MichCon and Vector capacity will fully backstop the 150,000 Dth/day of NEXUS capacity for the winter of 2017/18.

**6.7 TransCanada Energy East Project**

As part of the Energy East Project, TransCanada has proposed to convert an existing natural gas pipeline to oil service between Alberta and Ottawa. Union supports the project in principle, but was initially concerned that there may be negative impacts on natural gas consumers in Ontario and Québec, based on the conversion of an existing natural gas pipeline between North Bay and Ottawa. This converted natural gas capacity is proposed to be partially replaced with a new pipeline between Toronto and Ottawa (the “Eastern Mainline Project”).

In August 2015, TransCanada, Union, Enbridge, and Gaz Métro announced that an agreement in principle was reached that resolved the concerns regarding the potential negative impacts the proposed Energy East Project may have on natural gas consumers in Ontario and Québec.

The agreement included commitments that:

- There will be sufficient capacity to meet the firm natural gas transportation requirements of Ontario and Québec (including all firm demands out to 2017), plus additional capacity for future growth;
- Natural gas shippers are not required to financially backstop the development of the Eastern Mainline Project in the event it is terminated by TransCanada;

- Gas consumers will not assume the risk of capital cost overruns for the Eastern Mainline Project; and,
- Natural gas consumers will have a net benefit of \$100 million over the project life to 2050.

TransCanada filed the executed agreement with the NEB in November 2015, and its consolidated Energy East Project application, which encompassed the terms of the agreement, in May 2016.

In September 2016, the NEB review panel assigned to the Energy East and Eastern Mainline Projects recused themselves from the proceeding. The review process was put on hold. In January 2017, a new review panel was assigned to the projects, and subsequently voided all decisions that had been made by the previous panel, effectively restarting the review process. Throughout the middle of 2017, public consultations were held to obtain input regarding the scope of the assessment to be undertaken and hearing design.

On September 8, 2017, the NEB granted TransCanada's request for a 30-day suspension of the review process for TransCanada to evaluate the final List of Issues and Environment Assessment Factors issued by the NEB, and the resulting impacts on the Projects and the respective project applications.

### **6.8 TransCanada STS Changes**

TransCanada filed its "Storage Transportation Service Modernization and Standardization Application" ("STS Application") with the NEB on February 18, 2016. TransCanada's Application sought to alter how STS is tolled, which would have resulted in a significant increase to Union's costs to serve its customers in Union North.

The proceeding occurred from April 22 to August 29, 2016. During that time, TransCanada and interveners had the opportunity to file evidence, information requests and letters of comment according to the detailed timetable provided in the NEB's Hearing Order.

The NEB issued its Decision on the STS Application in November 2016, denying the requested changes to STS at this time. As a result, there were no impacts to Union's STS costs in Union North.

### **6.9 2018–2020 Mainline Tolls**

TransCanada is required to file an Application with the NEB by December 31, 2017 for approval of Mainline tolls for the 2018-2020 period. Mainline tolls have a direct impact on Union's cost of gas. A preliminary consultation process between TransCanada and its shippers regarding 2018-2020 tolls is currently underway.

### **6.10 Long Term Contracting Trends**

There are several areas of constraint in the North American pipeline system requiring new builds and/or longer term (and/or maximum rate) contracts to secure capacity. Such examples include, NEXUS Pipeline (new), Panhandle Eastern Pipe Line (existing but becoming constrained), TransCanada Eastern Triangle, Niagara/Chippawa, and Vector into Dawn.

While LDC's need to make long term commitments to secure access to new transportation capacity builds, they also can be required to extend commitments as the holder of an existing contract on systems being expanded. As pipelines undergo expansions to respond to market need, they will often require existing shippers to term up their existing contracts to retain access to the capacity beyond their current contract term. Union has had to extend the end dates of contracts on the TransCanada system in the past as a result of system expansions, and may be required to do so should further facilities expansions occur.

Areas of constraint are expected to continue into the future as political, environmental, and regulatory challenges make construction of new greenfield pipeline projects increasingly difficult, particularly in urban areas and in the U.S. Union continues to evaluate all supply sources and pipeline capacity to ensure that Union maintains diversity and security of supply.

### **6.11 Climate Change**

The Ontario Cap and Trade program came into effect on January 1, 2017 with the purpose of reducing GHG emissions in Ontario. It covers natural gas distributors (and others) and puts a price on certain carbon emissions. Union is required to purchase emission allowances/credits for:

- Facility-related obligations for Union owned or operated facilities; and,
- Customer-related obligations for natural gas-fired generators, residential, commercial and industrial customers in the franchise area who are not Large Final Emitters or voluntary participants.

In accordance with the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities (EB-2015-0363) issued by the Ontario Energy Board on September 26, 2016, Union filed its 2017 Compliance Plan on November 15, 2016 outlining the company's activities and cost consequences to implement and comply with the Cap and Trade regulations. On September 21, 2017 Union's Compliance Plan was found reasonable by the OEB. Union expects to file its 2018 Compliance Plan in the fall of 2017.

Union does not expect a material impact on its operations or GSP in the short or medium term from the Cap and Trade program and the CCAP<sup>14</sup>. Longer term impacts of the Cap and Trade program on Union's GSP remain uncertain. Initiatives being considered to reduce emissions in support of the province's GHG reduction targets could have varying impacts on the GSP including:

- Displacement of fossil-based natural gas with RNG;
- Compressed Natural Gas/Liquefied Natural Gas ("CNG"/"LNG") for Transportation;
- Energy efficiency initiatives (such as DSM programs) to reduce the carbon footprint of natural gas consumers throughout Ontario;
- The wider use of natural gas Combined Heat & Power ("CHP") systems; and,
- Natural Gas-related innovation.

<sup>14</sup> Panhandle Reinforcement Project (EB-2016-0186)

**7 APPENDICES**

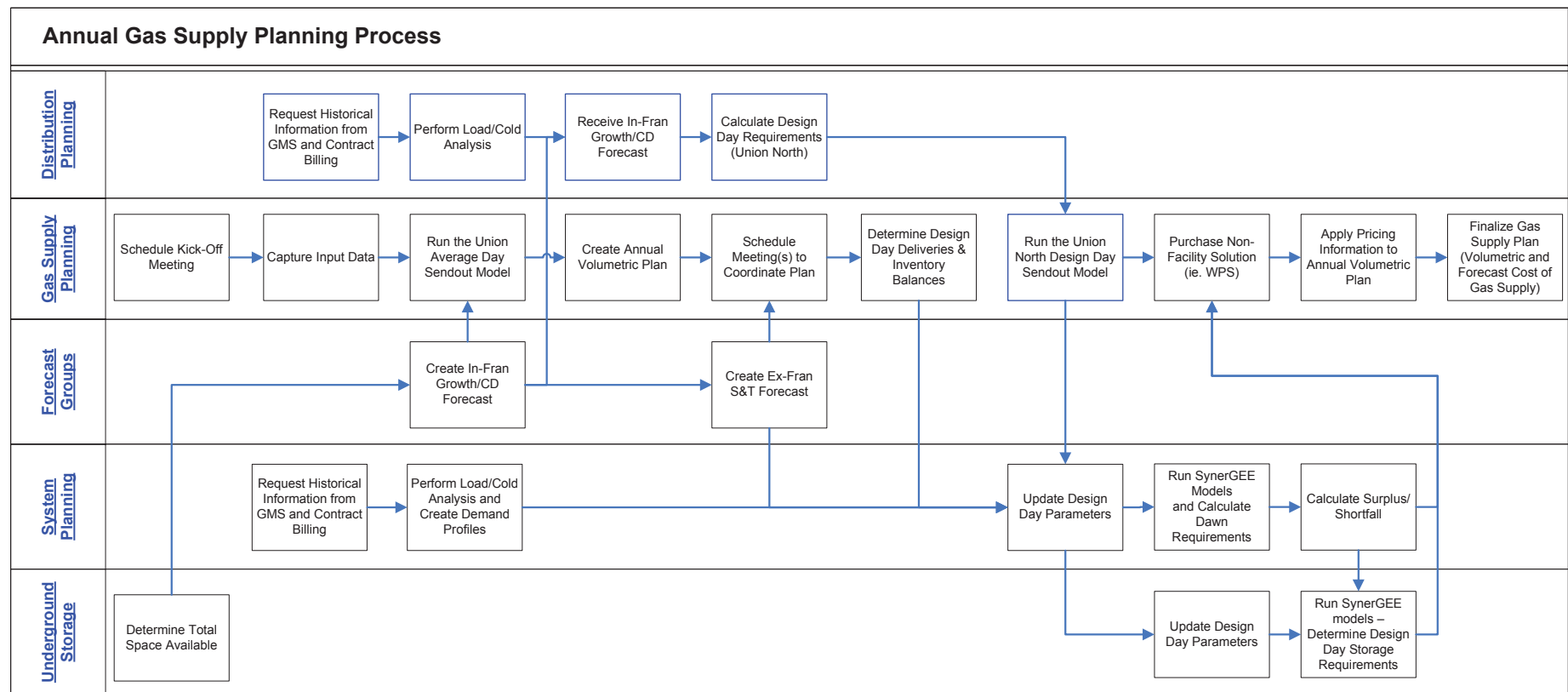
Appendix A - Gas Supply Planning Process

Appendix B - Sales Service Gas Supply Demand Balance

Appendix C - Union South Detailed List of Transportation Contracts

Appendix D - Union North Detailed List of Transportation Contracts





**Appendix B**  
**Union Gas Limited - System Sales Supply Demand Balance - November 2017 to October 2018**

| Particulars (TJ)                         | Nov-17 | Dec-17  | Jan-18  | Feb-18  | Mar-18 | Apr-18 | May-18  | Jun-18   | Jul-18   | Aug-18   | Sep-18  | Oct-18  | Total   |
|--|--------|---------|---------|---------|--------|--------|---------|----------|----------|----------|---------|---------|---------|
| <b>South</b>                             |        |         |         |         |        |        |         |          |          |          |         |         |         |
| Demands                                  |        |         |         |         |        |        |         |          |          |          |         |         |         |
| System Sales                             | 13,103 | 20,407  | 23,558  | 20,849  | 17,149 | 11,059 | 5,807   | 3,263    | 3,430    | 3,393    | 3,925   | 7,308   | 133,252 |
| South Co. Use, UFG, Comp. Fuel           | 1,066  | 1,527   | 1,491   | 1,976   | 1,287  | 565    | 342     | 342      | 513      | 485      | 553     | 495     | 10,641  |
| Less: Customer Supplied Fuel             | (788)  | (1,006) | (1,182) | (1,020) | (775)  | (466)  | (294)   | (291)    | (322)    | (306)    | (273)   | (322)   | (7,045) |
| Total Demands                            | 13,382 | 20,928  | 23,867  | 21,805  | 17,661 | 11,159 | 5,855   | 3,314    | 3,621    | 3,572    | 4,205   | 7,480   | 136,847 |
| Supplies                                 |        |         |         |         |        |        |         |          |          |          |         |         |         |
| TCPL Empress-Union CDA                   | 90     | 93      | 93      | 84      | 93     | 90     | 93      | 90       | 93       | 93       | 90      | 93      | 1,095   |
| Vector                                   | 2,532  | 2,617   | 2,617   | 2,363   | 2,617  | 2,532  | 2,617   | 2,532    | 2,617    | 2,617    | 2,532   | 2,617   | 30,807  |
| TCPL Niagara-Kirkwall                    | 633    | 654     | 654     | 591     | 654    | 633    | 654     | 633      | 654      | 654      | 633     | 654     | 7,702   |
| Panhandle                                | 1,108  | 1,145   | 1,145   | 1,034   | 1,145  | 1,108  | 1,145   | 1,108    | 1,145    | 1,145    | 1,108   | 1,145   | 13,478  |
| Local Production                         | 38     | 40      | 40      | 36      | 40     | 38     | 40      | 38       | 40       | 40       | 38      | 40      | 465     |
| South Ojibway                            | 633    | 654     | 654     | 591     | 654    | 633    | 654     | 633      | 654      | 654      | 633     | 654     | 7,702   |
| Dawn                                     | 3,237  | 3,237   | 3,237   | 2,821   | 3,237  | 3,396  | 2,503   | 3,081    | 3,184    | 3,184    | 3,081   | 3,184   | 37,384  |
| Nexus                                    | 3,165  | 3,271   | 3,271   | 2,954   | 3,271  | 3,165  | 3,271   | 3,165    | 3,271    | 3,271    | 3,165   | 3,271   | 38,510  |
| Total Supplies                           | 11,436 | 11,710  | 11,710  | 10,474  | 11,710 | 11,596 | 10,975  | 11,281   | 11,657   | 11,657   | 11,281  | 11,657  | 137,144 |
| Change in Inventory - wd/(inj)           | 1,946  | 9,218   | 12,157  | 11,331  | 5,950  | (437)  | (5,121) | (7,967)  | (8,036)  | (8,085)  | (7,076) | (4,177) | (297)   |
| Total Supplies + Inventory Change        | 13,382 | 20,928  | 23,867  | 21,805  | 17,661 | 11,159 | 5,855   | 3,314    | 3,621    | 3,572    | 4,205   | 7,480   | 136,847 |
| <b>North</b>                             |        |         |         |         |        |        |         |          |          |          |         |         |         |
| Demands                                  |        |         |         |         |        |        |         |          |          |          |         |         |         |
| System Sales                             |        |         |         |         |        |        |         |          |          |          |         |         |         |
| Union NCDA                               | 357    | 515     | 634     | 535     | 452    | 278    | 142     | 85       | 79       | 77       | 92      | 206     | 3,451   |
| Union EDA                                | 1,309  | 1,890   | 2,314   | 1,949   | 1,661  | 1,048  | 550     | 328      | 307      | 312      | 348     | 778     | 12,794  |
| Union MDA                                | 50     | 74      | 93      | 75      | 63     | 38     | 19      | 11       | 10       | 9        | 12      | 28      | 482     |
| Union NDA                                | 1,492  | 2,149   | 2,622   | 2,183   | 1,837  | 1,129  | 592     | 356      | 332      | 337      | 399     | 853     | 14,282  |
| Union SSMDA                              | 423    | 729     | 659     | 578     | 498    | 291    | 147     | 94       | 120      | 184      | 95      | 277     | 4,096   |
| Union WDA                                | 785    | 1,122   | 1,414   | 1,165   | 990    | 616    | 326     | 209      | 200      | 190      | 202     | 457     | 7,675   |
| North Comp Fuel                          | 10     | 3       | 10      | 5       | 3      | 15     | 32      | 31       | 32       | 32       | 31      | 32      | 235     |
|  | 4,427  | 6,481   | 7,744   | 6,490   | 5,505  | 3,416  | 1,809   | 1,114    | 1,080    | 1,139    | 1,179   | 2,631   | 43,015  |
| Supplies                                 |        |         |         |         |        |        |         |          |          |          |         |         |         |
| TCPL Empress-Union NCDA                  | 181    | 187     | 187     | 169     | -      | 181    | 187     | 181      | 187      | 187      | 181     | 187     | 2,013   |
| TCPL Empress-Union EDA                   | 30     | 31      | 31      | 28      | -      | 30     | 31      | 30       | 31       | 31       | 30      | 31      | 334     |
| TCPL Empress-Union MDA                   | 52     | 79      | 99      | 81      | 68     | 38     | 17      | 7        | 5        | 4        | 8       | 26      | 483     |
| TCPL Empress-Union NDA                   | 189    | 195     | 195     | 177     | -      | 189    | 196     | 189      | 196      | 196      | 189     | 196     | 2,106   |
| TCPL Empress-Union SSMDA                 | 440    | 570     | -       | -       | -      | 552    | 570     | 552      | 570      | 570      | 552     | 571     | 4,948   |
| TCPL Empress-Union WDA                   | 919    | 1,221   | 982     | 399     | 85     | 708    | 375     | 220      | 198      | 193      | 224     | 521     | 6,044   |
| TCPL Parkway-Union EDA                   | 677    | 531     | 634     | 536     | -      | 92     | 86      | 560      | 565      | 686      | 563     | 547     | 5,478   |
| TCPL Parkway-Union NDA                   | 52     | 226     | 128     | 152     | -      | 34     | 85      | 178      | 202      | 77       | 174     | 231     | 1,538   |
| TCPL Parkway-Union NCDA                  | 50     | 48      | 44      | 38      | -      | 36     | 50      | 50       | 48       | 52       | 52      | 38      | 506     |
| Nexus                                    | 1,583  | 1,635   | 1,635   | 1,477   | 1,635  | 1,583  | 1,635   | 1,583    | 1,635    | 1,635    | 1,583   | 1,635   | 19,255  |
| Total Supplies                           | 4,172  | 4,723   | 3,935   | 3,056   | 1,788  | 3,443  | 3,231   | 3,550    | 3,637    | 3,632    | 3,557   | 3,982   | 42,706  |
| Change in Inventory - wd/(inj)           | 255    | 1,758   | 3,809   | 3,434   | 3,717  | (27)   | (1,423) | (2,436)  | (2,557)  | (2,492)  | (2,378) | (1,351) | 309     |
| Total Supplies + Inventory Change        | 4,427  | 6,481   | 7,744   | 6,490   | 5,505  | 3,416  | 1,809   | 1,114    | 1,080    | 1,139    | 1,179   | 2,631   | 43,015  |
| <b>Total Demands</b>                     |        |         |         |         |        |        |         |          |          |          |         |         |         |
| South                                    | 13,382 | 20,928  | 23,867  | 21,805  | 17,661 | 11,159 | 5,855   | 3,314    | 3,621    | 3,572    | 4,205   | 7,480   | 136,847 |
| North                                    | 4,427  | 6,481   | 7,744   | 6,490   | 5,505  | 3,416  | 1,809   | 1,114    | 1,080    | 1,139    | 1,179   | 2,631   | 43,015  |
|  | 17,808 | 27,409  | 31,611  | 28,295  | 23,165 | 14,575 | 7,664   | 4,428    | 4,701    | 4,711    | 5,383   | 10,111  | 179,862 |
| <b>Total Supplies</b>                    |        |         |         |         |        |        |         |          |          |          |         |         |         |
| South                                    | 11,436 | 11,710  | 11,710  | 10,474  | 11,710 | 11,596 | 10,975  | 11,281   | 11,657   | 11,657   | 11,281  | 11,657  | 137,144 |
| North                                    | 4,172  | 4,723   | 3,935   | 3,056   | 1,788  | 3,443  | 3,231   | 3,550    | 3,637    | 3,632    | 3,557   | 3,982   | 42,706  |
|  | 15,608 | 16,434  | 15,645  | 13,530  | 13,498 | 15,039 | 14,207  | 14,830   | 15,294   | 15,289   | 14,837  | 15,639  | 179,850 |
| <b>Change in Inventory - wd/(inj)</b>    |        |         |         |         |        |        |         |          |          |          |         |         |         |
| South                                    | 1,946  | 9,218   | 12,157  | 11,331  | 5,950  | (437)  | (5,121) | (7,967)  | (8,036)  | (8,085)  | (7,076) | (4,177) | (297)   |
| North                                    | 255    | 1,758   | 3,809   | 3,434   | 3,717  | (27)   | (1,423) | (2,436)  | (2,557)  | (2,492)  | (2,378) | (1,351) | 309     |
|  | 2,200  | 10,975  | 15,966  | 14,765  | 9,668  | (465)  | (6,543) | (10,403) | (10,592) | (10,578) | (9,454) | (5,528) | 13      |
| <b>Total Supplies + Inventory Change</b> | 17,808 | 27,409  | 31,611  | 28,295  | 23,165 | 14,575 | 7,664   | 4,428    | 4,701    | 4,711    | 5,383   | 10,111  | 179,862 |

UNION GAS LIMITED

Summary of November 1, 2017 Upstream Transportation Contracts  
as of September 2017

**Southern Operations Areas**

| Line No.   | Upstream Pipeline                            | Primary Receipt Point | Primary Delivery Point | Contract Quantity | Contract Units | Contract Termination Date | Unitized Demand Charge (\$Cdn/GJ) | Commodity Charge (\$Cdn/GJ) | 100% LF Toll (\$Cdn/GJ) | Rate Type |
|--|--|-----------------------|------------------------|-------------------|----------------|---------------------------|-----------------------------------|-----------------------------|-------------------------|-----------|
|  |  | (a)                   | (b)                    | (c)               | (d)            | (e)                       | (f)                               | (g)                         | (h=f+g)                 |           |
| <b>TransCanada Pipeline</b>  |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
| 1  | Empress to Union ECDA FT                     | Empress               | Union ECDA             | 3,000             | GJ             | 31-Oct-2019               | 1.990                             |                             | 1.990                   | Tariff    |
| 2  | Dawn to Union CDA FT                         | Dawn                  | Union ECDA             | 8,000             | GJ             | 31-Oct-2019               | 0.339                             |                             | 0.339                   | Tariff    |
| 3  | Niagara to Kirkwall FT                       | Niagara               | Kirkwall               | 21,101            | GJ             | 31-Oct-2022               | 0.230                             |                             | 0.230                   | Tariff    |
| 4  | Kirkwall to Union CDA FT                     | Kirkwall              | Union CDA (Amended)    | 135,000           | GJ             | 31-Oct-2032               | 0.162                             |                             | 0.162                   | Tariff    |
| 5  | TCPL FT - Total                              |                       |                        | 167,101           | GJ             |                           |                                   |                             |                         |           |
| <b>Panhandle Eastern Pipe Line Field Zone</b>  |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
| 6  | PEPL FT <sup>(1)</sup>                       | Panhandle Field Zone  | Ojibway (Union)        | 25,000            | DTH            | 31-Oct-2025               | 0.425                             | 0.044                       | 0.469                   | Tariff    |
| 7  | PEPL FT <sup>(2)</sup>                       | Panhandle Field Zone  | Ojibway (Union)        | 10,000            | DTH            | 31-Oct-2027               | 0.425                             | 0.044                       | 0.469                   | Tariff    |
| 8  | PEPL - Total                                 |                       |                        | 36,927            | GJ             |                           |                                   |                             |                         |           |
| <b>Vector Pipelines<sup>(3)</sup></b>  |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
| 9  | Vector US FT1 <sup>(4)</sup>                 | Chicago               | Cdn/US Interconnect    | 80,000            | DTH            | 31-Oct-2022               | 0.279                             | 0.002                       | 0.281                   | Fixed     |
| 10   | Vector Canada FT1                            | Cdn/US Interconnect   | Dawn (Union)           | 84,404            | GJ             | 31-Oct-2022               | 0.019                             | 0.0004                      | 0.019                   | Fixed     |
| 11   | Vector - Total                               |                       |                        | 84,404            | GJ             |                           | 0.298                             | 0.002                       | 0.300                   |           |
| 12   | Vector US FT1                                | Chicago               | Cdn/US Interconnect    | 60,000            | DTH            | 31-Mar-2018               | 0.207                             | 0.002                       | 0.209                   | Fixed     |
| 13   | Vector Canada FT1                            | Cdn/US Interconnect   | Dawn (Union)           | 63,303            | GJ             | 31-Mar-2018               | 0.011                             | 0.0004                      | 0.011                   | Fixed     |
| 14   | Vector - Total                               |                       |                        | 63,303            | GJ             |                           | 0.218                             | 0.002                       | 0.220                   |           |
| <b>DTE Gas Company</b>   |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
| 15   | DTE <sup>(5)</sup>                           | MichCon Generic       | St. Clair (Union)      | 90,000            | DTH            | 31-Oct-2018               | 0.067                             |                             | 0.067                   | Fixed     |
| 16   | DTE - Total                                  |                       |                        | 94,955            | GJ             |                           |                                   |                             |                         |           |
| <b>NEXUS</b>   |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
|  | NEXUS - FT <sup>(6)(7)</sup>                 | Kensington            | St. Clair (Union)      | 150,000           | DTH            | 01-Nov-32                 | 0.915                             |                             | 0.915                   | Fixed     |
|  |  |                       |                        | 158,258           | GJ             |                           |                                   |                             |                         |           |
| <b>Other:</b>  |  |                       |                        |                   |                |                           |                                   |                             |                         |           |
| 17   | St.Clair Pipelines L.P. (St.Clair Pipeline)  | St. Clair/Intl Border | St. Clair/Intl Border  | 214,000           | GJ             | 31-Oct-2023               | 0.004                             |                             | 0.004                   | Tariff    |
| 18   | St.Clair Pipelines L.P. (Bluewater Pipeline) | Bluewater/Intl Border | Bluewater/Intl Border  | 127,000           | GJ             | 31-Oct-2023               | 0.022                             |                             | 0.022                   | Tariff    |
| <div> <div>Exchange Rate 1 US =</div> <div>Conversion Factor</div> <div>Heat Content (as of April 1/17)</div> </div> <div> <div>1.2538</div> <div>1.055056</div> <div>38.95</div> </div> <div>CAD</div> <div>As of August 31, 2017</div> |  |                       |                        |                   |                |                           |                                   |                             |                         |           |

Note:

- (1) Effective November 1, 2019 Contract Quantity increases to 35,000 DTH/day.
- (2) Effective November 1, 2019 Contract Quantity increases to 22,000 DTH/day.
- (3) A portion of the Vector portfolio is anticipated to be allocated to serve the North portfolio until NEXUS is in service
- (4) Demand charge drops to 0.204 \$Cdn/GJ on Dec 1, 2017
- (5) Contract terminates on October 31, 2018 or at the time NEXUS pipeline becomes operational
- (6) Union has contracted for 150,000 DTH/day and allcates 50,000 DTH/day to the North Portfolio
- (7) Start date assumed in Gas Supply Plan to be November 1, 2017 with a 15 year contract term. (Actual commencement date will be dependent on NEXUS in service date)

UNION GAS LIMITED

Summary of November 1, 2017 Upstream Transportation Contracts<sup>(1)(2)</sup>  
as at September 2017

**Northern and Eastern Operations Areas**

| Line No.  | Upstream Pipeline                 | Primary Receipt Point | Primary Delivery Point | Contract Quantity | Contract Units                 | Contract Termination Date | Unitized Demand Charge (\$Cdn/GJ) | Commodity Charge (\$Cdn/GJ) | 100% LF Toll (\$Cdn/GJ) | Rate Type |
|---|-----------------------------------|-----------------------|------------------------|-------------------|--------------------------------|---------------------------|-----------------------------------|-----------------------------|-------------------------|-----------|
|   |                                   | (a)                   | (b)                    | (c)               | (d)                            | (e)                       | (f)                               | (g)                         | (h=f+g)                 |           |
| <b>TransCanada Pipeline</b>                                       |                                   |                       |                        |                   |                                |                           |                                   |                             |                         |           |
| 1   | Empress to Union NCDA FT          | Empress               | Union NCDA             | 9,208             | GJ                             | 31-Oct-2019               | 1.927                             |                             | 1.927                   | Tariff    |
| 2   | Empress to Union EDA FT           | Empress               | Union EDA              | 1,089             | GJ                             | 31-Oct-2022               | 2.128                             |                             | 2.128                   | Tariff    |
| 3   | Empress to Union NDA FT           | Empress               | Union NDA              | 5,244             | GJ                             | 31-Oct-2019               | 1.591                             |                             | 1.591                   | Tariff    |
| 4   | Empress to Union NDA FT           | Empress               | Union NDA              | 4,800             | GJ                             | 31-Oct-2018               | 1.591                             |                             | 1.591                   | Tariff    |
| 5   | Empress to Union WDA FT           | Empress               | Union WDA              | 51,407            | GJ                             | 31-Oct-2019               | 1.031                             |                             | 1.031                   | Tariff    |
| 6   | Empress to Union SSMDA FT         | Empress               | Union SSMDA            | 8,843             | GJ                             | 31-Oct-2019               | 1.442                             |                             | 1.442                   | Tariff    |
| 7   | Empress to Union SSMDA FT         | Empress               | Union SSMDA            | 12,800            | GJ                             | 31-Oct-2020               | 1.442                             |                             | 1.442                   | Tariff    |
| 8   | Empress to Union MDA FT           | Empress               | Union MDA              | 5,565             | GJ                             | 31-Oct-2019               | 0.717                             |                             | 0.717                   | Tariff    |
| 9   | Parkway to Union EDA FT           | Parkway               | Union EDA              | 35,000            | GJ                             | 31-Oct-2022               | 0.412                             |                             | 0.412                   | Tariff    |
| 10  | Parkway to Union EDA FT           | Parkway               | Union EDA              | 75,000            | GJ                             | 31-Oct-2031               | 0.412                             |                             | 0.412                   | Tariff    |
| 11  | Parkway to Union EDA FT (EMB)     | Parkway               | Union EDA              | 25,000            | GJ                             | 31-Oct-2031               | 0.451                             |                             | 0.451                   | Tariff    |
| 12  | Parkway to Union EDA FT           | Parkway               | Union EDA              | 9,286             | GJ                             | 31-Oct-2031               | 0.412                             |                             | 0.412                   | Tariff    |
| 13  | Parkway to Union EDA FT           | Parkway               | Union EDA              | 5,000             | GJ                             | 31-Oct-2032               | 0.412                             |                             | 0.412                   | Tariff    |
| 14  | Parkway to Union NCDA FT          | Parkway               | Union NCDA             | 1,100             | GJ                             | 31-Oct-2031               | 0.293                             |                             | 0.293                   | Tariff    |
| 15  | Parkway to Union NCDA FT          | Parkway               | Union NCDA             | 2,887             | GJ                             | 31-Oct-2032               | 0.293                             |                             | 0.293                   | Tariff    |
| 16  | Parkway to Union NDA FT           | Parkway               | Union NDA              | 10,000            | GJ                             | 31-Oct-2030               | 0.593                             |                             | 0.593                   | Tariff    |
| 17  | Parkway to Union NDA FT           | Parkway               | Union NDA              | 116,629           | GJ                             | 31-Oct-2031               | 0.593                             |                             | 0.593                   | Tariff    |
| 18  | TCPL FT - Total                   |                       |                        | 378,858           | GJ                             |                           |                                   |                             |                         |           |
| <b>TransCanada Storage Transportation Service Firm Withdrawal</b> |                                   |                       |                        |                   |                                |                           |                                   |                             |                         |           |
| 19  | NCDA                              | Parkway               | Union NCDA             | 13,704            | GJ                             | 31-Oct-2022               |                                   |                             |                         |           |
| 20  | WDA                               | Parkway               | Union WDA              | 31,420            | GJ                             | 31-Oct-2022               |                                   |                             |                         |           |
| 21  | SSMDA                             | Dawn                  | Union SSMDA            | 35,022            | GJ                             | 31-Oct-2022               |                                   |                             |                         |           |
| 22  | NDA                               | Parkway               | Union NDA              | 48,375            | GJ                             | 31-Oct-2022               |                                   |                             |                         |           |
| 23  | EDA                               | Parkway               | Union EDA              | 26,351            | GJ                             | 31-Oct-2022               | 0.412                             |                             | 0.412                   | Tariff    |
| 24  | TCPL Firm STS Withdrawal - Total  |                       |                        | 154,872           | GJ                             |                           |                                   |                             |                         |           |
| <b>TransCanada Storage Transportation Service Firm Injection</b>  |                                   |                       |                        |                   |                                |                           |                                   |                             |                         |           |
| 25  | WDA                               | Union WDA             | Parkway                | 3,150             | GJ                             | 31-Oct-2022               | 1.406                             |                             | 1.406                   | Tariff    |
| 26  | EDA                               | Union EDA             | Parkway                | 1,000             | GJ                             | 31-Oct-2022               |                                   |                             |                         |           |
| 27  | NDA                               | Union NDA             | Parkway                | 49,100            | GJ                             | 31-Oct-2022               | 0.593                             |                             | 0.593                   | Tariff    |
| 28  | TCPL Firm STS Injection - Total   |                       |                        | 53,250            | GJ                             |                           |                                   |                             |                         |           |
| <b>Centra Transmission Holdings Inc.<sup>(3)</sup></b>            |                                   |                       |                        |                   |                                |                           |                                   |                             |                         |           |
| 29  | Centra Transmission Holdings Inc. | Spruce                | Union MDA              | 149.6             | 10 <sup>3</sup> m <sup>3</sup> | 31-Oct-2017               | 0.507                             |                             | 0.507                   | Tariff    |
| 30  | Centra Pipelines Minnesota Inc.   | Sprague               | Baudette               | 5,281             | MCF                            | 31-Oct-2017               | 0.126                             |                             | 0.126                   | Tariff    |
| 31  | CTHI FT - Total                   |                       |                        | 5,716             | GJ                             |                           |                                   |                             |                         |           |

Exchange Rate 1 US = 1.2538 CAD As of August 31, 2017  
Conversion Factor 1.055056  
Heat Content (as of April 1/16) 38.21

**Note:**

- (1) Assumes all 2017 TCPL NCOS as awarded, and existing contracts reduced as bid  
(2) Excludes Vector and NEXUS capacity allocated from the South portfolio  
(3) Renewal letters sent in April 2017 to renew for 1 year to October 31, 2018