REF: Exhibit A, Tab 1, Page 8 and EB-2014-0261 Settlement Agreement Article 3

Preamble: Article 3 of the Settlement Agreement contains a section on Capacity Turnback that is pertinent to the rate impacts of the Major Capital Projects. The Settlement Agreement reads:

Capacity Turnback

"CME, FRPO and OGVG submitted evidence relating to concerns regarding potential capacity turnback and the resulting rate impacts. To address these concerns, the intervenor evidence called for conditions of approval that would extend the terms of existing transportation contracts and set a floor on the ex-franchise demand factors used for allocating Dawn to Parkway costs for a period of ten years.

The parties do not agree on the risk of Dawn Parkway capacity turnback post-2018. For the purposes of settlement, while the parties agree that leave to construct should be granted, there is no agreement of how turnback risk should be dealt with in the context of the proposed facilities. Parties agree that this issue will be dealt with in Union's next cost of service proceeding. For greater certainty, intervenors are in no way restricted or precluded from making any argument before the Board in that proceeding that it is appropriate that certain cost allocation measures should be put in place to insulate ratepayers from the effect of unutilized and underutilized capacity on the Dawn-Parkway system due to potential turnback risk. Accordingly, parties agree that no conditions related to capacity turnback are required at this time."

With the prospect of a deferred cost of service proceeding, we would like to understand better Union's views on the appropriate forum for the Board to consider the above issue.

1) Please provide Union's views on the appropriateness of including this issue in the following proceedings:
   a) The 2018 Rates proceeding
   b) The Enbridge-Union merger application
   c) Any other proceeding Union believes is appropriate

2) If Union favours the 2018 Rates proceeding, what evidence has Union provided in its application that addresses this issue.

REF: Exhibit A, Tab 1, Page 14 and EB-2015-0200 Settlement Agreement, Issue 4, page 15

Preamble: We would like to understand better the impetus and determination of the proposed changes to the M12 rate schedule.

3) For the M12-X rate, what was the Kirkwall to Dawn fuel rate in 2017?
   a) What prompted the change to the rate in 2018?
   b) Please show the derivation of the fuel rate for 2018.

4) Has Union Gas considered making Kirkwall a designated receipt point for obligated deliveries?
   a) If not, why not?
   b) Has Union tested the market to determine if an incentive paid to ex-franchise shippers to deliver firm at Kirkwall during the winter would be an economic alternative to the next tranche of Dawn-Parkway expansion. If not, why not?
   c) Upon determination of any future Dawn-Parkway capacity needs, will Union initiate an assessment of incented Kirkwall deliveries as an alternative?

5) Please explain how the VT3 service is different from M12 service from Parkway to Kirkwall or Dawn.
   a) Why does Union not offer this service anymore?
   b) What are Union's views on the impact of removing this service option on the potential for Kirkwall deliveries?

REF: EB-2017-0087 Rate Order Working Papers, Schedule 23, Page 3

6) Please confirm that the Union Gas relies on M12 capacity to meet the storage needs of Union North customers
   a) Please update the above reference to include the allocation of those M12 costs.
   b) Please explain why these M12 costs are not shown in the schedule.
   c) Were these M12 costs evidenced to the Board in the original EB-2015-0181 Dawn Reference Price proceeding? If not, why not?

d) Using October 2017 QRAM, including commodity costs, please provide a total bill comparison, broken down for the different components of commodity, transportation and supply for Rate 1 and Rate 10 customers with Gas Supply plan sourcing and again, specifically, if these customers were supplied with the same approach as WDA customers.

REF: Exhibit A, Tab 2 and EB-2013-0365 Settlement Agreement and EB-2016-0245 Settlement Agreement pages 17-20

Preamble: We are interested in understanding better the application of principles from the EB-2013-0365 Settlement Agreement to the current situation and the inclusion of PDO costs in 2018 applied for in rates.

Excerpts from the EB-2013-0365 read:

> ***The ultimate objective of the modified proposal is to remedy an inequity. The guiding principle is to keep Union whole rather than to enhance or reduce its earnings during the operation of the Incentive Regulation Mechanism ("IRM") to December 31, 2018.*** *(emphasis added).*
> ….
>
> *10. Union will include in its annual rate case filings a report on:*
> *(a) Capacity that could become available, or could be made available, in the 2 years commencing with the test year, and could be used to further reduce the PDO in place at the time of the rate case filing on a more cost effective (i.e. lower revenue requirement) basis than the cost of the PDCI. Parties in the rate review process may explore any such options and advocate for further physical displacement of remaining PDOs to Dawn or other delivery points less costly to deliver to than Parkway.*
>
> *(c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall (described in paragraph B.2) to acquire incremental resources, the costs of which are not already recovered in base rates, Y factors and/or existing deferral and variance accounts.*
>
> *If the costs incurred to manage the Parkway delivery shortfall component of the PDO reduction in any year are less than the annual demand costs related to the shortfall in*

that year and actual fuel costs in that year for capacity equal to the shortfall capacity, then the entire amount of such cost savings will accrue to Union.

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

7) Please update the Nov. 1, 2019 turnback with up-to-date information
   a) Please double-check the Nov. 1, 2018 turnback information.
   b) Please include this information in the table below in question 8.

8) For each of 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19, please provide:
   a) The amount of capacity recovered in base rates, Y factors and/or existing deferral or variance accounts (broken out by each category of recovery).
   b) In one table, the forecasted amount of Dawn-Parkway capacity as determined in a) and the forecasted peak-day requirements (including updates from turnback identified in the above question 7).
   c) The measures that Union used and the costs incurred to manage the Parkway delivery shortfall to acquire incremental resources, the costs of which are not already recovered in base rates Y factors and/or existing deferral and variance accounts.
   d) For each of the requested winters, please provide the dates of interruptions of customers on the Dawn-Parkway system and the Heating Degree Days associated with each day of interruption.
   e) In a separate table, for each year, please provide the amount of PDO collected and the additional costs to manage the Parkway delivery shortfall that are not already recovered in base rates Y factors and/or existing deferral and variance accounts.

9) Please confirm that the costs original capacity that was temporarily available to allow for the original shift of customers from Parkway to Dawn were included in the 2013 Base Rates for the Dawn-Parkway system.

10) If there is no shortfall as a result of D-P builds that have been put in place and whose recovery are included in rates, please explain why Union is seeking PDO recovery in 2018.

11) For the last 4 calendar years, including calendar 2017 to this point, please provide:
    a) the monthly revenues generated from Dawn-Parkway optimization.
    b) the amount of Dawn-Parkway sold or utilized for optimization in the month.
    c) the maximum amount sold or utilized for optimization on any given day in each month.
    d) the resulting average $/GJ/day of for each month.
    e) the number of days in each respective month where Union was required to turndown requests for IT service due to insufficient capacity.
    f) the total for each calendar year
    g) For those days where IT was unavailable, please provide the Union Gas communication to the party (not to be named for confidentiality purposes) indicating insufficient IT available to meet their request.

12) For each of the last 2 calendar years (2017 year to date), please provide the total PDCI collected in rates and the amount of PDCI paid out to the parties who obligated volumes at Parkway.

REF: Exhibit A, Tab 3, pages 9, 12, 30 and Appendix B

Preamble: We would like to understand better Union's Gas Supply plan for this coming winter.

13) Please provide the presentation and report made to receive executive approval of the GSP as stated on page 12.

14) Notwithstanding Union's commitment to file in the spring of 2018, please provide " The analysis for new transportation paths included in Union's 2017/18 GSP" as described on page 9.
   a) Please ensure to include the analysis done to decide to contract on Vector and DTE/MichCon to replace deferred Nexus capacity (as described on page 30) as opposed to buying that gas landed at Dawn.
   b) Please provide the landed cost at Dawn for each of the pipeline paths as a result of the negotiated price.
   c) When did Union contract for the replacement capacity?
   d) With Dawn LTFP being proposed to start Nov. 1, 2017, did Union run an RFP with suppliers to determine the cost of landed supply at Dawn as an alternative?
      i) If so, please provide the median price received by month from the RFP?
      ii) If not, why not?

15) Given the description of contingency planning on page 30, why does Appendix B show Nexus flow starting Nov. 17?
   a) Please update the table highlighting the changes that reflect the plan at this time.