

K1.1

UNION GAS LIMITED

Answer to Supplementary Interrogatory from
Board Staff

Reference: Rate Order, Working Papers, Schedule 20

Parkway Delivery Obligation (PDO)

The amount in the settlement proposal draft Rate Order for 2018 is \$24.602 million as compared to \$24.855 million in the original filing. Further, the amounts for 2017 rates is also different as compared to the original filing. Considering that the settlement proposal did not reference the Parkway Delivery Obligation or settle these amounts, it is not clear how the amounts changed as compared to the original filing. The schedule seems to indicate a reduction in compressor fuel costs but there is no further explanation. Union Gas is requested to provide further clarification at the presentation day or in final arguments.

Response:

- a) The change to the 2017 and 2018 PDO costs is the result of the 2017 Cap-and-Trade Compliance Plan Decision (EB-2016-0296), which was issued on November 16th, 2017. The decrease to the 2017 PDO Costs of \$0.333 million was filed as part of the final Rate Order at EB-2016-0296, Rate Order, Appendix H.

The Parkway Delivery Commitment Incentive (PDCI) compressor fuel costs are calculated based on the average M12 Dawn-Parkway (TCPL/EGT) fuel and commodity rates, which include the facility-related Cap-and-Trade charge. As part of the pre-filed 2018 Rates application, Union used the 2017 Cap-and-Trade rates that were approved on an interim basis for the calculation of PDCI costs. Subsequent to the pre-filed application, the OEB issued the 2017 Cap-and-Trade Compliance Plan Decision, which resulted in a decrease of \$0.003/GJ to the M12 Dawn-Parkway (TCPL/EGT) Cap-and-Trade facility-related charge. To reflect the approved 2017 Cap-and-Trade rates, Union updated the calculation of PDCI costs as part of the Settlement Rate Order for 2018 Rates.

Please refer to Table 1 for the calculation of the \$0.333 million decrease and the \$0.253 million decrease to PDO/PDCI costs for 2017 and 2018, respectively.


Ontario Energy Board	
FILE No.	EB-2017-0087
EXHIBIT No.	K1.1
DATE	Jan 8, 2018
	

Table 1
Changes to the 2017 and 2018 Parkway Delivery Obligation Costs for
2017 Cap-and-Trade Decision

Line No.	Particulars	2017 (a)	2018 (b)	Units (c)
	<u>Total PDO Costs</u>			
1	2018 Pre-filed Rate Order (1)	25,985	24,855	\$000's
2	2018 Settlement Rate Order (2)	25,652	24,602	\$000's
3	Change in PDO Costs (line 2 – line 1)	<u>(333)</u>	<u>(253)</u>	\$000's
	<u>Calculation of Change</u>			
4	Interim 2017 Cap-and-Trade Facility Rate (3)	0.009	0.009	\$/GJ/d
5	Approved 2017 Cap-and-Trade Facility Rate (4)	0.006	0.006	\$/GJ/d
6	Difference (line 5 – line 4)	<u>(0.003)</u>	<u>(0.003)</u>	\$/GJ/d
7	PDCI Volumes (5)	304	231	TJ/d
8	Change in PDO Costs (line 6 x line 7)	<u>(333)</u>	<u>(253)</u>	\$000's

Notes:

- (1) EB-2017-0087, Pre-filed Rate Order, Working Papers, Schedule 3, p. 2, line 14, columns (e) & (l).
- (2) EB-2017-0087, Settlement Rate Order, Working Papers, Schedule 3, p. 2, line 14, columns (e) & (l).
- (3) Interim 2017 Rate M12 Dawn-Parkway (TCPL/EGT) Facility Unit Rate per Cap-and-Trade pre-filed evidence, EB-2016-0296, Appendix A, p. 14, column (c), line 7.
- (4) Approved 2017 Rate M12 Dawn-Parkway (TCPL/EGT) Facility Unit Rate per Cap-and-Trade Decision and Rate Order EB-2016-0296, Rate Order, Appendix F, Rate M12, p. 2.
- (5) 2017 PDCI volumes per EB-2016-0296, Exhibit 7, Schedule 2, p.2, note 6 + p.3, note 6. 2018 PDCI volumes per EB-2017-0087, Rate Order, Working Papers, Schedule 20, p. 5, note 6 + p. 6, note 6.