REF: Exhibit A, Tab 1, Pages 41-43 and EB-2013-0365 Settlement Agreement

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

Excerpt from the EB-2013-0365 read:

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

1) Please populate the Tables 1 and 2 in Attachment 1 to the IR's.

1) Pertaining to Tables 1 and 2:

a) For the following categories in Table 1, please confirm that the recovery of the costs of that capacity falls into one of either "*base rates, Y factors and/or existing deferral or variance accounts.*"

i) Line 1 - Capacity in Base Rates

ii) Line 2 - PDO Capacity from Temporarily Available Capacity in In-franchise Rates

iii) Line 3 - PDO Capacity from Dawn-Kirkwall Capacity in In-franchise Rates

iv) Line 4 - PDO Capacity from PDO Capacity from Customers with M12 service in In-franchise Rates

v) Line 5 - Incremental Build Capacity in Rates

b) If any of the above are not confirmed, specify where the recovery occurs and how it is classified.

c) For line 7 in Table 1, please provide a complete description of the Other Changes that have served to reduce Total Physical capacity over the last three design winters.

i) Please ensure the description outlines the various components that contribute to the reduction of the capacity.

ii) Please advise if there are technical solutions such as compressor refinements that could minimize these reductions in a cost effective manner.

iii) Please advise if there were errors in the forecast or simulation that contributed to the difference.

iv) If the change is the interaction of the new build facilities with the existing facilities, please specify if that was evidenced in any of the build proceedings.

(1) If the reduction came as a result of the combination of new facilities with old, did it contribute to additional facilities being built (e.g., if reduction did not happen, only 2 compressors would have been required in the 2017 build). Please provide the supporting analysis that demonstrates that is not the case.

2) For each of 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18, please provide:
   a) 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.
   b) 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.

3) For the last 4 calendar years, for each month, please provide:
   a) the revenues generated from Dawn-Parkway sale of unutilized transport, broken out between C1 and Interruptible Transport
   b) the maximum daily amount of Dawn-Parkway capacity sold and the $/GJ and HDD for that day
   c) The highest daily $/GJ/day and the total amount of Dawn-Parkway sold and HDD for that day
   d) the number of days in each respective month where Union was required to turndown requests for short-term or IT service, due to insufficient capacity.
   e) 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 capacity to meet the request for short-term or IT service.

4) For each of the last 4 calendar years, please provide the total PDCI collected in rates and the amount of PDCI paid out to the parties who obligated volumes at Parkway.
   a) For each of those years, please provide the cost in $/GJ/day to generate firm deliveries at Parkway using PDCI.
   b) For each of the 2015, 2016 and 2017 builds, please provide the cost in $/GJ/day of generating firm deliveries through each of the respective builds. To ensure clarity for these figures, the requested figure should be the cost of the build divided by the design day demand it delivers to Parkway.

5) For the last 4 years please provide the daily storage levels (Sept.-Nov), separated by utility and non-utility.
   a) For each day, please indicate
      i) The colour of the storage Operational Status light
      ii) Amount of interruptible injection nominated
      iii) Amount of interruptible injection accepted
      iv) Amount of injection accepted from other non-firm injection right services
      v) Revenue generated from services associated with these injections
   b) What criteria does Union use to change the Operational Status light:
      i) From green to yellow?
      ii) From yellow to red?
   c) What criteria does Union publicize to indicate approaching risk of a change in status light?
   d) Would Union entertain posting storage fill positions of the Dawn storage pools on a weekly basis? If not, why not?

REF: Exhibit A, Tab 1, Page 7

Preamble: We would like to understand better the evolution of optimization revenue in Account 179-131 over the IRM period. While we understand the effect of the elimination FT-RAM, Union's evidence states:

> *"2017 weather in traditional delivery areas where Union would transact was between 2 - 5% warmer compared to what was experienced in 2013 when the Board-approved revenue was determined, resulting in less demand and lower prices for exchange transactions compared to 2013 Board-approved levels."*

6) Please specify the traditional delivery areas where Union would transact.

7) For each year since and including 2013, please provide:
   a) The optimization revenues
   b) The HDD for the Jan-Mar and Nov.-Dec. for those years

REF: Exhibit A, Tab 1, Pages 20-25 and EB-2017-0091 Ex. A., T1, page 23

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

8) Please provide the monthly forecasted and actual hearting degree days and actual monthly volumes in the form of Excel spreadsheets with working formulae that determine:
   a) the targeted annual NAC
   b) the resulting actual NAC

Preamble: We would like to understand better the determination of the reduction in storage space required as a result of the NAC volume variance. Union's evidence states;

> *Overall, the NAC volume variance between the 2017/2018 Gas Supply Plan and the 2013 Board approved volumes resulted in a decrease in general service storage requirements of 3.03 PJ…..*
>
> *The reduction in storage activity has decreased storage deliverability costs, the commodity related costs at Dawn and storage inventory carrying costs.*
>
> *The 3.03 PJ reduction in general service storage requirements due to NAC volume variances forms part of the 6.8 PJ of excess utility space available for sale for winter 2017/2018.*

9) Please provide the data and supporting calculations for this determination.
   a) If possible, please provide the data and calculations in an Excel spreadsheet with working formulae.

b) Please clarify the 3.03 PJ reduction is a reduction from what number i.e., what period?

In EB-2017-0091, on the same topic, Union's evidence stated:

> *The 1.62 PJ reduction in general service storage requirements due to NAC volume variances forms part of the 6.4 PJ of excess utility space available for sale for winter 2016/2017. The revenue from the sale of the 6.4 PJ of excess utility space is recorded in the Short-Term Storage and Other Balancing Deferral Account (Account No. 179-70).*

10) Please reconcile the reductions and the resulting excess utility space from the two evidentiary submissions.

REF: Exhibit A, Tab 1, Pages 51-52

Preamble: We would like to understand better Union's views on the utilization of the surplus created from the project. Union's evidence states:

> *In the 2017 Dawn Parkway Project Settlement Proposal (EB-2015-0200), Union agreed to record in the deferral account variances in actual revenue generated from forecast surplus capacity of 30,393 GJ/d relative to the maximum annual revenue of $1.34 million that could be realized from the sale of long-term firm surplus capacity effective November 1, 2017. Union's actual Dawn to Parkway surplus for winter 2017/2018 was in excess of 30,393 GJ/d, therefore no long-term Dawn to Parkway revenue was earned from the forecast surplus to apply against the deferral account.*

11) Please provide Union's support for viewing the 30,393GJ/d not being utilized unless the surplus is less than 30,393 GJ/day.

a) Is it Union's position that this capacity will not attract revenue until the surplus is below 30,393 GJ/d?

b) Is it Union's position that this capacity does not contribute to short-term C1 revenues (firm sales vs. IT)? Please explain how this capacity would not/could not?

TABLE 1

	RATE YEAR		**2014**	**2015**	**2016**	**2017**	**2018**	
Line No.	WINTER DESIGN PERIOD		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1	Capacity in Base Rates (TJ/day)							
2	PDO Capacity from Temporarily Available Capacity in In-franchise Rates (TJ/day)							
3	PDO Capacity from Dawn-Kirkwall Turnback in In-franchise Rates (TJ/day)							
4	PDO Capacity from Customers with M12 service in In-franchise Rates (TJ/day)							
5	Incremental Build Capacity in Rates (TJ/day)							
6	Total Capacity in Rates (TJ/day)	6=1+2+3+4+5						
7	Other Changes[1]							
8	Total Capacity in Rates Net of Other Changes (TJ/day)	8= 6 - 7						
9	Total Revenue Requirement of Assets in Base Rates [2] ($000)							
10	Total Revenue Requirement of PDO ($000)							
11	Build Revenue Requirement ($000)							
12	Total D-P Revenue Requirement ($000)	12= 9+10+11						

TOTAL CAPCITY IN REVENUE REQUIREMENT ALLOCATED BY IN-FRANCHISE DEMANDS NOT SERVICE BY M12 (INCLUDING NORTH), IN-FRANCHISE SERVED WITH M12, EX-FRANCHISE AND PDO

[1] EB-2017-0306 Exhibit J2.5 line 4

[2] Recognizing Price Cap, please increase Rev. Reqt of Assets in Base Rates by resulting Inflation Factor for each IRM year netting out Revenue Reqt. removed with turnback of M12 from customers using M12 for Parkway Obligation.

TABLE 2

LINE	RATE YEAR		**2014**	**2015**	**2016**	**2017**	**2018**	
NO.	DELIVERIES TO PARKWAY FOR WINTER DESIGN PERIOD		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
1	Total Physical Capacity (TJ/day)							
2	M12 Contracted (TJ/day)							
3	D-P In-franchise Demand w/o PDO (TJ/d)							
4	PDO Capacity							
5	Peak Day Capacity Required at Parkway (TJ/day)	5 = 2+3+4						
6	Excess Capacity on Peak Day (TJ/day)	6 = 5-1						