

UNION GAS LIMITED
Dawn to Parkway System Capacity and Demand, PDO Shift Details, and PDO Demand Revenue Difference

Line No.	Particulars (TJ/d)	2013 Forecast				
		W13/14 (a)	W14/15 (b)	W15/16 (c)	W16/17 (d)	W17/18 (e)
<u>Dawn-Parkway System</u>						
Included in Rates						
1	2013 Cost of Service (EB-2011-0210) Capacity	6,803	6,803	6,803	6,803	6,803
2	Incremental Dawn-Parkway Capacity (1)	-	-	433	876	1,332
3	Total	6,803	6,803	7,236	7,678	8,135
Other Changes (No Impact to Rates)						
4	Other Dawn-Parkway Capacity Changes	-	(2)	(222)	(170)	(246)
Annual Forecast						
5	Total Forecasted Dawn-Parkway Capacity	6,803	6,801	7,014	7,508	7,889
6	Total Forecasted Dawn-Parkway Demands	6,593	6,643	7,049	7,443	7,783
7	Forecast Dawn-Parkway Excess/(Shortfall) (line 5 - line 6) (2)	210 (3)	158	(35) (5)	65	106 (6)
<u>PDO Shift</u>						
Customers without M12 service						
8	Temporarily Available Capacity	-	146	23	13	-
9	Permanent Capacity (from Dawn-Kirkwall Turnback) (5)	-	-	123	133	200
10	Total	-	146 (4)	146	146	200
Customers with M12 service - Permanent Capacity						
11	All Customers excluding TCE Halton Hills	-	19	19	19	19
12	TCE Halton Hills	-	48	48	48	62
13	Total	-	66	66	66	81
14	Total PDO Shift (line 10 + line 13)	-	212	212	212	280
PDO Shift cost in Rates						
15	Dawn-Parkway Demand Costs (\$000's) (5)		<u>2015 Rates</u> 5,143	<u>2016 Rates</u> 5,694	<u>2017 Rates</u> 6,720	<u>2018 Rates</u> 9,726
16	Incremental Compressor Fuel Costs (\$000's)		1,900	1,797	1,707	1,705
17	Total		7,043	7,491	8,426	11,431
Foregone Demand Revenue of M12 Dawn-Kirkwall Turnback						
18	Used for PDO Shift (\$000's) (7)		580	6,158	7,699	11,933
19	Demand Revenue Difference (\$000's) (line 15 - line 18)		4,563	(464)	(979)	(2,207) (8)

Notes:

- (1) W15/16 - Incremental capacity resulting from the Brantford-Kirkwall / Parkway D Project of 433 TJ/d.
W16/17 - Incremental capacity resulting from the Dawn Parkway 2016 System Expansion Project of 443 TJ/d.
W17/18 - Incremental capacity resulting from the 2017 Dawn Parkway Project of 457 TJ/d.
- (2) The PDO shift was reflected in Dawn-Parkway excess/(shortfall) beginning W15/16.
- (3) The W13/14 forecast filed in Union's 2013 Cost of Service proceeding (EB-2010-0210) included 210 TJ/d of excess Dawn-Parkway capacity. In the EB-2011-0210 Decision, the Board accepted Union's forecast and regulatory treatment.
Union's 2013 cost allocation study allocates Dawn-Parkway demand costs in proportion to distance weighted design day demands. The 2013 allocation resulted in approximately 84% of costs allocated to Union's ex-franchise rate classes and 16% to Union's in-franchise rate classes.
- (4) In accordance with the Settlement Framework for Reduction of Parkway Delivery Obligation ("PDO Framework") (EB-2013-0365) effective April 1, 2014, Union had temporarily available Dawn-Parkway capacity which was used to facilitate 146 TJ/d of PDO shift. Parties agreed Union would include the demand and fuel costs associated with the 146 TJ/d of capacity in delivery rates. (PDO Framework, Paragraph B1)
- (5) Consistent with the PDO Framework, effective November 1, 2015 the temporarily available capacity was forecast to be used for other purposes leaving Parkway in a delivery shortfall position. Parties agreed that the demand and fuel costs associated with the temporarily available capacity would remain in delivery rates for Union to manage the Parkway delivery shortfall through the acquisition of incremental resources. M12 Dawn to Kirkwall turnback was to be used to first reduce the Parkway delivery shortfall and then to further reduce the remaining PDO. All incremental costs associated with the incremental PDO reduction were recovered by Union in rates (or deferral account due to timing differences). (PDO Framework, Paragraph B2)
- (6) As part of the 2017 Dawn-Parkway Project (EB-2015-0200), Union had forecast a surplus of 30,393 GJ/d on the Dawn-Parkway System following the completion of the project. As part of the EB-2015-0200 Settlement Agreement, Union agreed to market the surplus capacity in accordance with the Storage and Transportation Access Rule ("STAR") and credit the revenues to the project deferral account.
- (7) Exhibit J2.5, Attachment 2, line 7.
- (8) Dawn-Parkway demand revenue difference is expected to continue through the deferred rebasing period.