FRPO INTERROGATORY #1

INTERROGATORY

REF: Exhibit B1, Tab 1, Schedule 2

Preamble: In addition to Board Staff's inquiry regarding the price and volume aspects of the Gas in Storage variance.

Please provide an explanation of the specific drivers that lead to the variances.

RESPONSE

The forecasted gas in storage balances shown in response to Board Staff Interrogatory #5 at Exhibit I.B1.EGDI.STAFF.5, are based upon actual volumetric balances at the time the forecast is being prepared and incorporate a forecast of deliveries and consumption for the forecast period. To the extent there is difference from one year to the next pertaining to forecast sales and Direct Purchase customers then that will influence changes in forecasted gas in storage balances. Migration between sales service and T-Service is beyond the Company's control.

As seen in the response to Board Staff Interrogatory #5 at Exhibit I.B1.EGDI.STAFF.5, the different gas prices that applied in 2016 versus 2017 contribute to the budget variance.

Additionally, as part of the forecasting process, the Company includes the impact of any changes in transportation contracting to move gas from Dawn to Parkway. The costs associated with incremental Union transmission capacity that coincided with the GTA project become fully effective in 2017 and contribute to a majority of the increase in Demand and In Charges in 2017 versus 2016. Similarly because the Company has contracted for additional Union M12 capacity there is an increase in forecasted fuel cost to move that volume in 2017 as well.

Witnesses: D. Small
R. Small