



**Ontario Energy Board
Commission de l'énergie de l'Ontario**

**DECISION AND INTERIM ORDER
EB-2016-0334**

UNION GAS LIMITED

**Application for quarterly rate adjustment mechanism commencing
January 1, 2017**

By Delegation, before: Pascale Duguay

December 21, 2016

INTRODUCTION AND PROCESS

Union Gas Limited (Union) filed an application dated December 9, 2016, with the Ontario Energy Board (OEB) for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of natural gas commencing January 1, 2017 (the application).

The application was made pursuant to section 36(1) of the *Ontario Energy Board Act, 1998* and in accordance with the Quarterly Rate Adjustment Mechanism, established by the OEB in the Generic QRAM proceeding¹, for dealing with changes in gas costs. Union provided written evidence in support of the proposed changes outlined in the application and served all intervenors of record in the Generic QRAM proceeding² and the 2017 Rates proceeding³.

The rates in the application also include the implementation of the rates previously approved by the OEB in Union's 2017 rates proceeding⁴ and the rates previously approved by the OEB, on an interim basis, to recover the cost consequences of Union's proposed cap-and-trade compliance plan.⁵

In addition, the application implements changes to Union's rate zones, reference prices and cost allocation for storage and transportation costs in accordance with Union's Dawn Reference Price application as previously approved by the OEB.⁶ The changes to Union North East and Union North West transportation and storage rates resulting from the Dawn Reference Price application⁷ were approved as part of Union's 2017 rates proceeding⁸ for implementation as part of the current proceeding. The changes to the reference prices (i.e. the use of the Dawn reference price for Union's South rate zone and the North East rate zone, and the use of the Alberta Border Reference Price for the North West Zone) beginning January 1, 2017 are proposed to be implemented as part of the current proceeding.

OEB staff asked Union questions regarding its application and Union responded to those questions.

¹ EB-2008-0106

² Ibid.

³ EB-2016-0245

⁴ Ibid.

⁵ EB-2016-0296

⁶ EB-2015-0181

⁷ Ibid.

⁸ EB-2016-0245

The OEB also received comments on the application from the Canadian Manufacturers and Exporters (CME) and the Industrial Gas Users Association (IGUA). CME and IGUA stated that the application was made in accordance with the QRAM methodology established by the OEB. IGUA noted that in conducting its review, it considered Union's implementation of the Dawn Reference Price approved as part of Union's Dawn Reference Price proceeding⁹, the rate changes approved as part of Union's 2017 rates proceeding¹⁰, and the cap-and-trade related charges approved, on an interim basis, as part of Union's compliance plan proceeding.¹¹ IGUA and CME applied for recovery of their costs with respect to their examination of the application.

OEB FINDINGS

I approve the application as filed. The rates will be established on an interim basis until such time that the OEB approves the cap-and-trade related charges on a final basis.

Union's rates will be adjusted effective January 1, 2017 to reflect the projected changes in gas costs and the prospective recovery of the projected twelve-month balances in the gas supply deferral accounts for the period ending December 31, 2017. Union's reference prices (both the Alberta Border Reference Price and the Dawn Reference Price) will also be set to reflect projected gas costs over the next 12 months.

The bill impacts, on an annual basis, for typical residential customers who use 2,200 m³ per year and who purchase gas supply from Union directly resulting from the QRAM application are set out below. These amounts do not include the impact of the rates previously approved by the OEB in Union's 2017 rates proceeding and the rates previously approved by the OEB on an interim basis to recover the costs consequences of Union's proposed cap-and-trade compliance plan.¹² In addition, temporary charges and credits related to previous OEB decisions are not included in the annual bill impacts below.

Previous Service Area	New Service Area	Total Annual Impact
South	South	\$34.61
Fort Frances	North West	\$15.02
Northwestern	North West	\$13.22
Northern (Union SSMDA)	North West	\$10.46
Northern (Union NDA)	North East	\$99.55

⁹ EB-2015-0181

¹⁰ EB-2016-0245

¹¹ EB-2016-0296

¹² Certain offsetting changes to transportation rates for the North East rate zone now being included in the commodity charge were approved as part of Union's 2017 rates proceeding and are not reflected in the annual impact table.

Eastern	North East	\$97.32
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IT IS ORDERED THAT:

1. The Alberta Border Reference Price used to set Union's rates and other charges be established at \$2.984/GJ (11.5809¢/m³). This is an increase from the current Alberta Border Reference Price of \$2.812/GJ (10.9134¢/m³). The resulting rate changes set out in Appendix A and the rate schedules set out in Appendix B are approved on an interim basis and shall be effective January 1, 2017. The Alberta Border Reference Price shall also be used for the Union North West Purchase Variance Account (Deferral Account No. 179-147) and the Spot Gas Variance Account (Deferral Account No. 179-107) reference price for incremental gas purchased for the Union North West Zone.
2. On an interim basis, the rates pursuant to all contracts for interruptible service under Rates 25, M4, M5A, M7, T1, and T2 be adjusted effective January 1, 2017, by the amounts set out in Appendix C. The rates pursuant to contracts for interruptible service under Rate 25 shall be negotiated within the range as adjusted in Appendix C.
3. The Dawn Reference Price used to set Union's rates and other charges be established at \$4.151/GJ (16.1100¢/m³). The resulting rate changes set out in Appendix A and the rate schedules set out in Appendix B are approved on an interim basis and shall be effective January 1, 2017. The Dawn Reference Price shall also be used for the South Purchase Gas Variance Account (Deferral Account No. 179-106), the Union North East Purchase Gas Variance Account (Deferral Account No. 179-148) and the Spot Gas Variance Account (Deferral Account No. 179-107) reference price for incremental gas purchased for the Southern Operations Area or the Union North East Zone.
4. The respective forms of the customer notices set out in Appendix D shall accompany each of Union's customers' first bill or invoice following the implementation of this Decision and Interim Order.

5. A decision regarding cost awards will be issued at a later date. Intervenors shall file with the OEB and forward to Union their respective cost claims by **January 12, 2017**. Cost claims must be prepared in accordance with the OEB's *Practice Direction on Cost Awards*.
6. Union shall file with the OEB and forward to intervenors any objections to the claimed costs by **January 26, 2017**.
7. Intervenors shall file with the OEB and forward to Union any responses to any objections for cost claims by **February 3, 2017**.

All filings with the OEB must quote the file number **EB-2016-0334**, and be made through the OEB's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the OEB by 4:45 p.m. on the stated date. Parties should use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.ontarioenergyboard.ca. If the web portal is not available, parties may e-mail their documents to the attention of the Board Secretary at BoardSec@ontarioenergyboard.ca.

DATED at Toronto, December 21, 2016

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary



CROSS FRANCHISE TRANSPORTATION RATES

(A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

*Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).

*Dawn as a delivery point: Dawn (Facilities).

(B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Transportation Service (1):

	Monthly Demand <u>Charges</u> (applied to daily contract demand) <u>Rate/GJ</u>	Union Supplied Fuel		<u>Fuel and Commodity Charges</u>			
		<u>Fuel and Commodity Charge</u>		<u>Shipper Supplied Fuel</u>		<u>Commodity Charge Rate/GJ (2)</u>	
		<u>Apr.1-Oct.31 Rate/GJ (2)</u>	<u>Nov.1-Mar.31 Rate/GJ (2)</u>	<u>Fuel Ratio</u>			<u>AND</u>
				<u>Apr.1- %</u>	<u>Nov.1-Mar.31 %</u>		
a) Firm Transportation							
Between:							
St.Clair & Dawn	\$1.045	\$0.013	\$0.015	0.207%	0.266%		\$0.004
Ojibway & Dawn	\$1.045	\$0.023	\$0.017	0.447%	0.303%		\$0.004
Bluewater & Dawn	\$1.045	\$0.013	\$0.015	0.207%	0.266%		\$0.004
From:							
Parkway to Kirkwall	\$0.837	\$0.015	\$0.010	0.293%	0.157%		\$0.003
Parkway to Dawn	\$0.837	\$0.015	\$0.010	0.293%	0.157%		\$0.003
Kirkwall to Dawn	\$1.475	\$0.009	\$0.009	0.157%	0.157%		\$0.002
Dawn to Kirkwall	\$2.865	\$0.019	\$0.037	0.318%	0.756%		\$0.006
Dawn to Parkway (Cons) / Lisgar	\$3.402	\$0.030	\$0.049	0.571%	1.026%		\$0.006
Dawn to Parkway (TCPL)	\$3.402	\$0.033	\$0.052	0.571%	1.026%		\$0.009
Kirkwall to Parkway (Cons) / Lisgar	\$0.537	\$0.019	\$0.020	0.410%	0.427%		\$0.002
Kirkwall to Parkway (TCPL)	\$0.537	\$0.022	\$0.023	0.410%	0.427%		\$0.005
b) Firm Transportation between two points within Dawn							
Dawn to Dawn-Vector	\$0.029	n/a	n/a	0.339%	0.157%		\$0.003
Dawn to Dawn-TCPL	\$0.138	n/a	n/a	0.157%	0.351%		\$0.004
c) Interruptible Transportation between two points within Dawn*							
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE)				0.157%	0.157%		\$0.002
d) Interruptible and Short Term (1 year or less) Firm Transportation:							
Maximum		\$75.00					



(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	Union Supplied Fuel		Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
	Commodity Charge		Fuel Ratio		
	Apr.1-Oct.31 Rate/GJ (2)	Nov.1-Mar.31 Rate/GJ (2)	Apr.1- %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.047	\$0.049	0.207%	0.266%	\$0.038
Ojibway & Dawn	\$0.057	\$0.051	0.447%	0.303%	\$0.038
Bluewater & Dawn	\$0.047	\$0.049	0.207%	0.266%	\$0.038
From:					
Parkway to Kirkwall	\$0.153	\$0.147	0.910%	0.774%	\$0.115
Parkway to Dawn	\$0.153	\$0.147	0.910%	0.774%	\$0.115
Kirkwall to Dawn	\$0.057	\$0.057	0.157%	0.157%	\$0.051
Dawn to Kirkwall	\$0.139	\$0.157	0.935%	1.373%	\$0.100
Dawn to Parkway (Cons) / Lisgar	\$0.167	\$0.186	1.188%	1.643%	\$0.118
Dawn to Parkway (TCPL)	\$0.170	\$0.189	1.188%	1.643%	\$0.121
Kirkwall to Parkway (Cons) / Lisgar	\$0.062	\$0.063	1.027%	1.044%	\$0.020
Kirkwall to Parkway (TCPL)	\$0.065	\$0.066	1.027%	1.044%	\$0.023
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.339%	0.157%	\$0.004
Dawn to Dawn-TCPL	n/a	n/a	0.157%	0.351%	\$0.009

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Notes for Section (C) Rates:

- (1) A demand charge of \$0.070/GJ/day/month will be applicable to customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for all firm transportation service paths.
- (2) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs for transportation of \$0.004/GJ between St. Clair / Ojibway / Bluewater and Dawn, \$0.003/GJ from Parkway to Kirkwall / Dawn, \$0.002/GJ for from Kirkwall to Dawn, \$0.006/GJ from Dawn to Kirkwall, \$0.006/GJ from Dawn to Parkway (Cons) / Lisgar, \$0.009/GJ from Dawn to Parkway (TCPL), \$0.002/GJ from Kirkwall to Parkway (Cons) / Lisgar, \$0.005/GJ from Kirkwall to Parkway (TCPL), \$0.003/GJ between Dawn to Dawn-Vector, \$0.004/GJ between Dawn to Dawn-TCPL, and, \$0.002/GJ between two points within Dawn.

(D) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(F) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "C 2010" for contracts in effect on or after October 1, 2010.

Effective

January 1, 2017
O.E.B. Order # EB-2016-0334

Chatham, Ontario

Supersedes EB-2016-0296 Rate Schedule effective January 1, 2017.

TRANSPORTATION RATES

(A) Applicability

The charges under this schedule shall be applicable to a Shipper who enters into a Transportation Service Contract with Union.

Applicable Points

Dawn as a receipt point: Dawn (TCPL), Dawn (Facilities), Dawn (Tecumseh), Dawn (Vector) and Dawn (TSLE).
Dawn as a delivery point: Dawn (Facilities).

(B) Services

Transportation Service under this rate schedule shall be for transportation on Union's Dawn - Parkway facilities.

(C) Rates

The identified rates represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

	Monthly Demand Charges (applied to daily contract demand) Rate/GJ	<u>Fuel and Commodity Charges</u>			
		Union Supplied Fuel Fuel and Commodity Charge Rate/GJ	Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
			Fuel Ratio %	AND	
<u>Firm Transportation (1)</u>					
Dawn to Parkway (Cons) / Lisgar	\$3.402	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.006
Dawn to Parkway (TCPL / EGT)	\$3.402			\$0.009	
Dawn to Kirkwall	\$2.865			\$0.006	
Kirkwall to Parkway (Cons) / Lisgar	\$0.537			\$0.002	
Kirkwall to Parkway (TCPL / EGT)	\$0.537			\$0.005	
<u>M12-X Firm Transportation</u>					
Between Dawn, Kirkwall and Parkway	\$4.239	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		Note (2)
<u>Limited Firm/Interruptible Transportation (1)</u>					
Dawn to Parkway (Cons) / Lisgar – Maximum	\$8.165	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.006
Dawn to Parkway (TCPL / EGT) – Maximum	\$8.165			\$0.009	
Dawn to Kirkwall – Maximum	\$8.165			\$0.006	
Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar (3)	n/a	n/a	0.157%		\$0.002

Authorized Overrun (4)

Authorized overrun rates will be payable on all quantities in excess of Union's obligation on any day. The overrun charges payable will be calculated at the following rates. Overrun will be authorized at Union's sole discretion.

	Union Supplied Fuel Fuel and Commodity Charge Rate/GJ	<u>Fuel and Commodity Charges</u>		
		Shipper Supplied Fuel		Commodity Charge Rate/GJ (2)
		Fuel Ratio %	AND	
<u>Transportation Overrun</u>				
Dawn to Parkway (Cons) / Lisgar	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.118
Dawn to Parkway (TCPL / EGT)			\$0.121	
Dawn to Kirkwall			\$0.100	
Kirkwall to Parkway (Cons) / Lisgar			\$0.020	
Kirkwall to Parkway (TCPL / EGT)			\$0.023	
Parkway (TCPL) Overrun (5)	n/a	0.704%		n/a
<u>M12-X Firm Transportation</u>				
Dawn to Kirkwall / Parkway (Cons) / Lisgar	Monthly fuel and commodity rates shall be in accordance with schedule "C".	Monthly fuel ratios shall be in accordance with schedule "C".		\$0.145
Dawn to Parkway (TCPL / EGT)			\$0.148	
Kirkwall to Parkway (Cons) / Lisgar			\$0.141	
Kirkwall to Parkway (TCPL / EGT)			\$0.144	
Parkway to Dawn / Kirkwall			\$0.142	
Kirkwall to Dawn			\$0.141	

(C) Rates (Cont'd)Unauthorized Overrun

Authorized Overrun rates will be payable on all quantities up to 2% in excess of Union's contractual obligation.

The Unauthorized Overrun shall be the higher of the reported daily spot price of gas at either Dawn, Parkway, Niagara or Iroquois in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

Nomination Variances

Where Union and the shipper have entered into a Limited Balancing Agreement ("LBA"), the rate for unauthorized parking or drafting which results from nomination variances shall equal the "Balancing Fee" rate as described under Article XXII of TransCanada PipeLines Transportation Tariff.

Notes for Section (C) Rates:

- (1) The annual transportation commodity charge is calculated by application of the YCRR Formula, as per Section (D). The annual transportation fuel required is calculated by application of the YCR Formula, as per Section (D).
- (2) Includes cap-and-trade rates for facility-related greenhouse gas obligation costs for transportation of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Parkway (Cons) / Lisgar, \$0.005/GJ for Kirkwall to Parkway (TCPL / EGT), \$0.002/GJ for Parkway (TCPL / EGT) to Parkway (Cons) / Lisgar, \$0.003/GJ for Parkway to Dawn / Kirkwall, and \$0.002/GJ for Kirkwall to Dawn.
- (3) This rate is for westerly transportation within the Parkway yard, from Parkway (TCPL) or Parkway (EGT) to Parkway (Cons) or Lisgar.
- (4) For purposes of applying the YCRR Formula or YCR Formula (Section (D)) to transportation overrun quantities, the transportation commodity revenue will be deemed to be equal to the commodity charge of the applicable service as detailed in Section (B).
- (5) This ratio will be applied to all gas quantities for which Union is obligated to deliver to Parkway (Cons) or Lisgar and has agreed to deliver to Parkway (TCPL) or Parkway (EGT) on an interruptible basis. This will be in addition to any rate or ratio paid for transportation easterly to Parkway (Cons) or Lisgar.
- (6) A demand charge of \$0.070/GJ/day/month will be applicable for customers contracting for firm all day transportation service in addition to the demand charges appearing on this schedule for firm transportation service to either Kirkwall or Parkway

(D) Transportation Commodity

The annual fuel charge in kind or in dollars for transportation service in any contract year shall be equal to the sum of the application of the following equation applied monthly for the 12 months April through March (The "YCRR" or "YCR" Formula). An appropriate adjustment in the fuel charges will be made in May for the previous 12 months ending March 3rd to obtain the annual fuel charges as calculated using the applicable "YCRR" or "YCR" Formula. At Union's sole discretion Union may make more frequent adjustments than once per year. The YCRR and YCR adjustments must be paid/remitted to/from Shippers at Dawn within one billing cycle after invoicing.

(D) Transportation Commodity (Cont'd)

$$YCR = \sum_{1}^{4} [(0.001570 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}] \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [0.001570 \times (QT1 + Q3)) + (DWFxQT1) + F_{WT}] \text{ For Oct. 1 to May 31}$$

$$YCRR = \sum_{1}^{4} [(0.001570 \times (QT1 + QT3)) + (DSFx(QT1 + QT3)) + F_{ST}]xR \text{ For June 1 to Sept. 30}$$

plus

$$\sum_{5}^{12} [(0.001570 \times (QT1 + QT3)) + (DWFxQT1) + F_{WT}]xR \text{ For Oct. 1 to May 31}$$

where: DSF = 0.00000 for Dawn summer fuel requirements
 DWF = 0.0020 for Dawn winter fuel requirements

in which:

YCR Yearly Commodity Required

The sum of 12 separate monthly calculations of Commodity Quantities required for the period from April through March.

YCRR Yearly Commodity Revenue Required

The sum of 12 separate monthly calculations of Commodity Revenue required for the period April through March.

QT1 Monthly quantities in GJ transported easterly hereunder received at Dawn at not less than 4 850 kPa but less than 5 860 kPa (compression required at Dawn).

QT3 Monthly quantities in GJ transported westerly hereunder received at the Parkway Delivery Point.

F_{WT} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway Compressor Stations ("Lobo", "Bright", "Trafalgar" and "Parkway") to transport the same Shipper's QT1 monthly quantities easterly.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

The monthly Lobo and Bright compressor fuel will be allocated to each Shipper in the same proportion as the Shipper's monthly quantities transported is to the monthly transported quantity for all users including Union.

The monthly Parkway and Trafalgar compressor fuel used will be allocated to each Shipper in the same proportion as the monthly quantity transported to Parkway (TCPL) for each user is to the total monthly quantity transported for all users including Union.

(D) Transportation Commodity (Cont'd)

F_{ST} The individual Shipper's monthly share of compressor fuel used in GJ which was required at Union's Lobo, Bright, Trafalgar and Parkway compressor stations to transport the same Shipper's quantity on the Trafalgar system.

Lobo, Bright, Trafalgar and Parkway compressor fuel required by each Shipper will be calculated each month.

R Union's weighted average cost of gas in \$/GJ.

Notes

(i) In the case of Easterly flow, direct deliveries by TCPL at Parkway to Union or on behalf of Union to Union's Transportation Shippers will be allocated to supply Union's markets on the Dawn-Parkway facilities starting at Parkway and proceeding westerly to successive laterals until exhausted.

(E) Provision for Compressor Fuel

For a Shipper that has elected to provide its own compressor fuel.

Transportation Fuel

On a daily basis, the Shipper will provide Union at the delivery point and delivery pressure as specified in the contract, a quantity (the "Transportation Fuel Quantity") representing the Shipper's share of compressor fuel and unaccounted for gas for transportation service on Union's system.

The Transportation Fuel Quantity will be determined on a daily basis, as follows:

Transportation Fuel Quantity = Transportation Quantity x Transportation Fuel Ratio.

In the event that the actual quantity of fuel supplied by the Shipper was different from the actual fuel quantity as calculated using the YCR formula, an adjustment will be made in May for the previous 12 months ending March 31st.

Nominations

The Shipper will be required to nominate its Transportation Fuel Quantity in addition to its normal nominations for transportation services.

(F) Terms of Service

The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A" for contracts in effect before October 1, 2010. The General Terms & Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A 2010" for contracts in effect on or after October 1, 2010.

(G) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B" for contracts in effect before October 1, 2010. Nominations under this rate schedule shall be in accordance with the attached Schedule "B 2010" for contracts in effect on or after October 1, 2010.

(H) Monthly Fuel Rates and Ratios

Monthly fuel rates and ratios under this rate schedule shall be in accordance with Schedule "C".

(I) Receipt and Delivery Points and Pressures

Receipt and Delivery Points and Pressures under this rate schedule shall be in accordance with Schedule "D 2010" for contracts in effect on or after October 1, 2010.

SCHEDULE "C"

UNION GAS LIMITED
M12 Monthly Transportation Fuel Ratios and Fuel and Commodity Rates
 Firm or Interruptible Transportation Commodity
 Effective January 1, 2017

Month	VT1 Easterly Dawn to Parkway (TCPL), Parkway (EGT) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	0.862	0.045	0.545	0.029	0.157	0.010
May	0.612	0.035	0.370	0.021	0.157	0.010
June	0.508	0.030	0.271	0.017	0.398	0.019
July	0.494	0.029	0.259	0.017	0.396	0.019
August	0.393	0.025	0.158	0.013	0.396	0.019
September	0.389	0.025	0.158	0.013	0.392	0.019
October	0.739	0.040	0.464	0.026	0.157	0.010
November	0.882	0.046	0.622	0.031	0.157	0.010
December	0.995	0.051	0.733	0.037	0.157	0.010
January	1.147	0.057	0.870	0.042	0.157	0.010
February	1.089	0.054	0.820	0.040	0.157	0.010
March	1.018	0.052	0.736	0.037	0.157	0.010

Month	M12-X Easterly Kirkwall to Parkway (TCPL), Parkway (EGT)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	0.474	0.025	0.157	0.009	0.293	0.015
May	0.399	0.021	0.157	0.009	0.293	0.015
June	0.394	0.021	0.157	0.009	0.293	0.015
July	0.392	0.021	0.157	0.009	0.293	0.015
August	0.392	0.021	0.157	0.009	0.293	0.015
September	0.388	0.021	0.157	0.009	0.293	0.015
October	0.432	0.023	0.157	0.009	0.293	0.015
November	0.418	0.022	0.157	0.009	0.157	0.010
December	0.420	0.022	0.157	0.009	0.157	0.010
January	0.434	0.023	0.157	0.009	0.157	0.010
February	0.426	0.023	0.157	0.009	0.157	0.010
March	0.439	0.023	0.157	0.009	0.157	0.010

Note:

- (1) Fuel rate is calculated based on the January 2017 QRAM (EB-2016-0334) Dawn reference price of \$4.151/GJ and includes cap-and-trade facility-related greenhouse gas obligation costs of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Lisgar / Parkway (Cons), \$0.005/GJ for Kirkwall to Parkway (TCPL), and \$0.003/GJ for Parkway to Dawn / Kirkwall.

SCHEDULE "C"

UNION GAS LIMITED

M12 Monthly Transportation Authorized Overrun Fuel Ratios and Fuel and Commodity Rates

Firm or Interruptible Transportation Commodity

Effective January 1, 2017

Month	VT1 Easterly Dawn to Parkway (TCPL), Parkway (EGT) With Dawn Compression		VT1 Easterly Dawn to Kirkwall, Lisgar, Parkway (Consumers) With Dawn Compression		VT3 Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	1.479	0.182	1.162	0.149	0.774	0.147
May	1.228	0.172	0.987	0.141	0.774	0.147
June	1.125	0.168	0.888	0.138	1.015	0.157
July	1.111	0.167	0.876	0.137	1.013	0.157
August	1.010	0.163	0.775	0.132	1.013	0.157
September	1.005	0.163	0.775	0.132	1.009	0.157
October	1.356	0.177	1.081	0.145	0.774	0.147
November	1.499	0.183	1.239	0.152	0.774	0.147
December	1.612	0.188	1.350	0.156	0.774	0.147
January	1.764	0.194	1.486	0.162	0.774	0.147
February	1.706	0.192	1.437	0.160	0.774	0.147
March	1.635	0.189	1.353	0.156	0.774	0.147

Month	M12-X Easterly Kirkwall to Parkway (TCPL), Parkway (EGT)		M12-X Easterly Kirkwall to Lisgar, Parkway (Consumers)		M12-X Westerly Parkway to Kirkwall, Dawn	
	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate	Fuel Ratio	Fuel and Commodity Rate
	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)	(%)	(\$/GJ) (1)
April	1.091	0.190	0.774	0.173	0.910	0.180
May	1.016	0.187	0.774	0.173	0.910	0.180
June	1.011	0.187	0.774	0.173	0.910	0.180
July	1.009	0.187	0.774	0.173	0.910	0.180
August	1.009	0.187	0.774	0.173	0.910	0.180
September	1.005	0.186	0.774	0.173	0.910	0.180
October	1.049	0.188	0.774	0.173	0.910	0.180
November	1.035	0.187	0.774	0.173	0.774	0.174
December	1.037	0.187	0.774	0.173	0.774	0.174
January	1.051	0.188	0.774	0.173	0.774	0.174
February	1.043	0.187	0.774	0.173	0.774	0.174
March	1.056	0.188	0.774	0.173	0.774	0.174

Note:

- (1) Fuel rate is calculated based on the January 2017 QRAM (EB-2016-0334) Dawn reference price of \$4.151/GJ and includes cap-and-trade facility-related greenhouse gas obligation costs of \$0.006/GJ for Dawn to Kirkwall / Parkway (Cons) / Lisgar, \$0.009/GJ for Dawn to Parkway (TCPL / EGT), \$0.002/GJ for Kirkwall to Lisgar / Parkway (Cons), \$0.005/GJ for Kirkwall to Parkway (TCPL), and \$0.003/GJ for Parkway to Dawn / Kirkwall.