CAMPUS ENERGY PARTNERS SUFFIELD LP
APPLICATION FOR APPROVAL OF TOLLS AND TERMS AND CONDITIONS OF SERVICE FOR THE NORTH SUFFIELD PIPELINE

FILE OF-TOLLS-GROUP2-C1017-2020-01
SECTIONS 32, 34, 226 AND 229 OF THE *CANADIAN ENERGY REGULATOR ACT*
FILED 26 JUNE 2020

ROCKPOINT GAS STORAGE CANADA LTD. ("ROCKPOINT"), PINECLIFF ENERGY LTD. ("PINE CLIFF") AND TORXEN ENERGY LTD. ("TORXEN") (THE "COMPLAINANTS") RESPONSE TO INFORMATION REQUEST NO. 1 OF CAMPUS ENERGY PARTNERS SUFFIELD LP

December 1, 2020

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1.1 Connection to and Service on Suffield North

Reference: (a) Written Evidence of the Complainants, para. 41-73 (C09222-2)

Preamble: It is necessary to further understand each Complainant's history and current status as a shipper on Suffield North.

Request: (a) Please advise when each Complainant first connected to Suffield North, the meter station(s) connected to, the capital costs incurred by each Complainant to connect, and the economics supporting the decision to connect to Suffield North.

(b) To the extent any of the Complainants are connected to Suffield North by virtue of having purchased facilities already connected to Suffield North, please identify the facilities and advise the date(s) that such facilities were acquired.

(c) Please confirm when each Complainant first shipped gas on Suffield North.

(d) Please identify each receipt point on Suffield North used by each Complainant. To the extent such receipt points have changed over time for any Complainant, please explain fully, including the costs incurred by any complainant in connection with the additional or changed receipt point(s).

(e) Please provide a schedule, broken down by month and receipt point, showing the volumes shipped on Suffield North by each Complainant from January 1, 2018 to October 31, 2020, indicating whether the volumes were shipped on a firm-service or interruptible basis, the toll paid, the name of the entity holding the transportation service with Suffield, and the netback received by each Complainant for the volumes shipped on Suffield North.

(f) Please confirm that some or all of the volumes shipped by each Complainant, as outlined in the schedule produced in response to (d), could alternatively have been shipped on the NGTL System. If confirmed, please identify which volumes could alternatively have been shipped on the NGTL System. If not confirmed, please explain fully.

(g) Please confirm that none of the Complainants have ever contracted for firm service on Suffield North.

(h) Please confirm that each Complainant's former TSA with AltaGas for interruptible service on Suffield North was terminable by either the shipper or transporter on 30 days notice.

(i) Please confirm that none of the Complainant's sought, obtained or was provided with *Filing Manual* Guide P financial information regarding Suffield North before entering into the former TSAs for interruptible service with AltaGas.

(j) Please confirm that Rockpoint does not currently have a TSA for Suffield North.

(k) Since the time Rockpoint's former TSA with AltaGas was terminated, please confirm whether Rockpoint has, or is currently, shipping gas on Suffield North through IPC under the TCF Agreement? If so, please provide full particulars of Rockpoint's arrangement with IPC, including the term of the arrangement, the volumes to shipped, and a breakdown of all fees paid to IPC for transportation of gas volumes.

(l) Please confirm that since January 2020 Pine Cliff has not shipped gas under its TSA with Campus for interruptible service on Suffield North.

(m) If (l) is confirmed, please confirm whether, since January 2020, Pine Cliff has, or is currently, shipping gas on Suffield North through IPC under the TCF Agreement? If so, please provide full particulars of the Pine Cliff's arrangement with IPC, including the term of the arrangement, the volumes to shipped, and a breakdown of all fees paid to IPC for transportation of gas volumes.

(n) Other than in August and September 2019, please confirm that Torxen has not shipped gas under its TSA with Campus on Suffield North. If not confirmed, please explain fully.

(o) Please confirm that since October 2019 Torxen has been shipping gas on Suffield North through IPC under the TCF Agreement. Further please provide full particulars of Torxen's arrangement with IPC, including the term of the arrangement, the volumes to be shipped, and a breakdown of all fees paid to IPC for transportation of gas volumes.

(p) From January 1, 2018 to present, please describe and provide full particulars of all upstream and downstream obligations of each Complainants to third-parties (including, without limitation, the upstream and downstream obligations of Pine Cliff referred to in paragraph 64 of the Complainants' evidence), and for such obligations:

  (i) identify any upstream or downstream obligations that necessarily requires service on Suffield North to fulfil; and

(ii) confirm whether some or all of each Complainants' upstream or downstream obligations may be fulfilled through financial transactions (e.g. derivative or swaps), that do not require physical delivery of gas.

(q) Please confirm whether any of the Complainants' service on Suffield North was ever interrupted for any reasons, and if so, please explain when, for how long, and the reasons provided for such interruptions.

Response: **Rockpoint Response**

(a) Rockpoint connected to the North Suffield Pipeline at meter AB MS 0151991 at Station A1 at 04-03-019-09 W4M on January 29, 2019. Rockpoint expended approximately $1.1 million to connect to the North Suffield Pipeline. The economic conditions that led to Rockpoint's capital investment decision are described in response to CER IR 2.2.

(b) Not applicable.

(c) Rockpoint first delivered volume to the North Suffield Pipeline in January 2019**.**

(d) Rockpoint deliveries were made to Station A1 at 04-03-019-09 W4M**.**

(e) See response to CER IR 2.2 for volumes shipped. Rockpoint delivered all volumes at an IT rate of $0.1925/GJ.

(f) Confirmed, all of the volumes could have been delivered to NGTL.

(g) Confirmed.

(h) The contract that was signed with AltaGas contained such a provision. However, while such a right existed Rockpoint believes that it was never intended to be in substitution for the notice requirements under the contract that would not allow toll changes to take effect until a stipulated period later. Campus terminated the contract for the express purpose of bypassing the advance toll change requirement despite stipulating to the NEB and interested parties that it did not intend to change tolls if permitted to acquire the North Suffield Pipeline from AltaGas.

(i) As the tolls were substantially similar to the tolls under which the North Suffield Pipeline received initial NEB approval and upon review of AltaGas' financial statements as filed with the NEB for the Suffield Pipeline, Rockpoint did not consider it necessary to obtain Filing Manual Guide P information prior to executing a TSA with AltaGas.

Rockpoint would have been content to continue paying the same level of IT tolls as agreed with AltaGas once Campus became the owner of the North Suffield Pipeline and without requesting additional financial information from Campus. Based on the representation made by 2133151 Alberta Ltd. in the transfer application for the Suffield Pipeline System, Rockpoint expected this to happen. It was Campus' significant proposed increase to the IT tolls that led Rockpoint to complain to the NEB and seek financial information supporting the proposed tolls.

(j) Confirmed.

(k) Rockpoint has never shipped gas through IPC.

(l) Not applicable.

(m) Not applicable.

(n) Not applicable.

(o) Not applicable.

(p) Not applicable.

(q) During the 33 days when Rockpoint delivered gas to the North Suffield Pipeline there were no service interruptions.

Torxen Response

(a) Torxen’s Tide Lake, Princess East, Princess West meter stations were acquired from Cenovus on December 7, 2017 and were already connected to the North Suffield Pipeline at that time.

The Deep and Shallow (Bantry facility tie-in to Princess West) was put in-service April 2019 at a capital cost of $3.51 Million.

The economic justification for the Bantry tie-in was based upon an AltaGas IT Transport toll of $0.1815/GJ and Empress pricing less $0.05/GJ. The Empress premium to AECO at the time was forecast to be ~ $0.68/GJ.

As of May 1, 2020, Torxen moved the Bantry gas back to the NGTL system. Torxen’s gas price netback has been lower on the North Suffield Pipeline than on the NGTL system. Torxen’s Empress pricing trades at a discount to AECO 5A. The IT Transport of ~$0.13/GJ on the NGTL system is significantly lower than the interim IT tolls on the North Suffield Pipeline of $0.1815/GJ. With both pricing and IT tariffs considered, it is more economic to send Torxen's Bantry gas on the NGTL system.

(b) Refer to the response in (a) above.

(c) December 17, 2017.

(d) Refer to the response in (a) above.

(e) Please see Attachment Torxen 1.1(e). Torxen respectfully declines to provide confidential netback information that is neither relevant nor significant to the determination of just and reasonable tolls and service terms on the North Suffield Pipeline.

(f) The Bantry volumes are the only volumes that are able to flow on either the NGTL system or the North Suffield Pipeline. This option was only available April 2, 2019 onwards, after a capital expense of $3.51 Million for the tie-in.

(g) Confirmed. Torxen was in discussions with AltaGas for a two-year Firm Agreement prior to the sale of the facilities, however discussions were put on hold and Torxen was informed to wait until the closing to discuss further. Campus then proposed Firm rates which were not just and reasonable.

(h) Confirmed.

(i) Confirmed.

(j) Not applicable.

(k) Not applicable.

(l) Not applicable.

(m) Not applicable.

(n) Not confirmed. Torxen also shipped gas in November 2019 under the TSA with Campus.

(o) Not confirmed. Torxen has been shipping through IPC since December 2019. Torxen declines to provide the requested details of its IPC arrangement, which are confidential between the parties.

(p) As below:

(i) Torxen maintains firm delivery sales contracts in place for volumes transported on the North Suffield Pipeline, as follows:

March 2018: 15,000 GJ/d

April to October 31, 2018: 18,000 GJ/d

November 2018 to March 31, 2019: 20,000 GJ/d

April 2019: 25,000 GJ/d

May 2019: 30,000 GJ/d

June to October 31, 2019: 25,000 GJ/d

November 2019 to October 31, 2020: 20,600 GJ/d

November 2020 to October 31, 2021: 10,000 GJ/d

(ii) Not confirmed. All Torxen obligations require physical delivery of gas.

(q) Torxen does not have this information.

Pine Cliff Response:

(a) Pine Cliff first indirectly connected to the North Suffield Pipeline in January 2018. There was no capital required to connect indirectly to the North Suffield Pipeline.

(b) Pine Cliff did not purchase any facilities to connect to North Suffield Pipeline.

(c) Pine Cliff first shipped gas on North Suffield Pipeline in January 2018.

(d) Pine Cliff delivered volumes to North Suffield Pipeline at Station A1 at 04-03-019-09 W4M.

(e) Pine Cliff volumes delivered to the North Suffield Pipeline were delivered under TSA's which were generated and signed by Campus. Each TSA contains all the requested contractual terms. See the response to CER IR 2.3 for Pine Cliff's average daily volumes shipped to the North Suffield Pipeline.

(f) All of the volumes referred to above were connected to the NGTL system and could have been delivered to the NGTL system.

(g) Pine Cliff has never held firm service on the North Suffield Pipeline.

a. Pine Cliff was in negotiation for firm service and was prepared to commit to a 15 month firm commitment at $0.1775/GJ in August, 2018 (see Attachment Pine Cliff 1.1(g)(1)) before the negotiation was put on hold due to the sale of the Suffield Pipeline and advice from AltaGas that any transportation agreements would need prior written consent of Birch Hill Equity Partners. Pine Cliff was directed that this offer would be honoured following the ownership transfer from AltaGas to Campus which is why Pine Cliff did not object to the transfer of ownership.

b. Following the transfer of ownership to Campus, Pine Cliff was still interested in a five year firm service agreement (see Attachment Pine Cliff 1.1(g)(2)) on the assumption that Campus would honour the five year firm service fee of $0.165/GJ that was filed with the National Energy Board under filing A94813-1 on October 15, 2018 (see Attachment Pine Cliff 1.1(g)(3)). Subsequent to the transfer of ownership this fee was not offered which is a significant reason why Pine Cliff was not able to come to a firm service agreement with Campus.

(h) Confirmed.

(i) Confirmed.

(j) Not applicable.

(k) Not applicable.

(l) Pine Cliff has not shipped gas under its TSA with Campus since December 31, 2019.

(m) Pine Cliff can confirm that it has never shipped gas on North Suffield Pipeline through IPC.

(n) Not applicable.

(o) Not applicable.

(p) Pine Cliff had a firm service transportation agreement in place with a third party from March 1, 2018 to December 31, 2019 whereby Pine Cliff was obligated to deliver 253.6 e3m3/day of gas through the third party pipeline for delivery to the North Suffield Pipeline. Pine Cliff was obligated to pay for this capacity regardless of whether Pine Cliff physically delivered the gas or not.

(q) There were no material interruptions that we are aware of.

1.2 Connection to and service on NGTL System

Reference: (a) Written Evidence of the Complainants, paras. 55, 65, 73 (C09222-2)

(b) NGTL System – Regions and Area Map (http://www.tccustomerexpress.com/docs/ab_system_maps/ngtl-regions-and-areas.pdf) (the "**NGTL Map**")

Preamble: The NGTL System competes directly with Suffield North. The Complainants allege that Campus exercised market power to force them off Suffield North. To assess this allegation, which Campus denies, it is necessary to understand each Complainants' connection to and utilization of the NGTL System in the vicinity of Suffield North.

Request: (a) Please confirm when each complainant first shipped gas on the NGTL system, and the applicable NGTL receipt and delivery tolls at that time for the service received by each Complainant.

(b) Please confirm that each Complainant is physically connected to the NGTL System within the "Big Sky Area", as shown on the referenced NGTL Map.

(c) Please identify every NGTL receipt point to which each Complainant is connected in the "Big Sky Area", as shown on the referenced NGTL Map.

(d) In relation to each Complainant's receipt points on the NGTL System (identified in response to (b), above), please identify each Complainant's closest receipt point on Suffield North, and the approximate distance between them.

(e) From 2018 to present, please provide full particulars of any TSAs between each complainant and NGTL for all receipt and delivery services, including the term of the agreement, the designated receipt and delivery points if any, whether it was for firm or interruptible service, the volumes permitted to shipped under the TSA, and the receipt, delivery, or other tolls to be paid for transportation services.

(f) Please confirm that transportation service on NGTL does not require the shipper to hold both receipt and delivery services.

(g) Please confirm whether any of the Complainants' service on the NGTL System was ever interrupted for any reason, and if so, please explain when, for how long, and the reasons provided for such interruptions.

(h) Please provide a schedule, broken down by month and receipt point, showing the volumes shipped on the NGTL System by each Complainant from January 1, 2018 to October 31, 2020, indicating whether the volumes were shipped on a firm-service or interruptible basis, the toll(s) paid, and the netback received by each Complainant for the volumes shipped on the NGTL System.

(i) Please confirm that some or all of the volumes shipped by each Complainant, as outlined in the schedule produced in response to (h), could alternatively have been shipped on Suffield North. If confirmed, please identify which volumes could alternatively have been shipped on Suffield North. If not confirmed, please explain fully.

(j) Please confirm whether any of the Complainants have sold gas through NIT, and if so, please provide a schedule of the dates of such transactions and the volumes sold.

(k) Regarding Torxen's Princess-West, Princess East, or Tide Lake facilities:

(i) Confirm whether these facilities ever connected to active NGTL meter stations.

(ii) If the answer to (g)(i) is affirmative, explain when the facilities disconnected and why.

(iii) Please confirm that, through an appropriate request for connection and service being made to NGTL, it would be possible to connect (or reconnect, as the case may be) these facilities to active NGTL meter stations.

(iv) Please provide an estimate of the cost to connect (or reconnect) these facilities to active NGTL meter stations.

(v) Please confirm that Torxen has the ability to physically or through financial arrangements divert gas from these facilities to other NGTL-connected receipt points.

(l) Please confirm whether any of the Complainants hold delivery capacity at Empress. If confirmed, please confirm whether such Complainants derive revenue from natural gas liquids extraction from the common stream, and if so, the revenue received, broken down by month, from January 1, 2018 to October 31, 2020.

Response: **Rockpoint Response:**

(a) Rockpoint's Suffield storage facility has been continuously connected to the NGTL system since inception. Gas delivered to/from storage is delivered under NGTL's IT-S tolls. For gas utilized by the facility for fuel or otherwise not returned to NGTL, Rockpoint pays IT-D tolls under the applicable toll schedule to NGTL. Rockpoint is unaware of what the IT-D toll would have been when it was first connected to the NGTL system.

(b) Confirmed.

(c) Rockpoint's meter on NGTL is located at #3880.

(d) The distance between the NGTL connection and Rockpoint's connection to the North Suffield Pipeline is less than two kilometres.

(e) As referenced in response to CER IR 2.2 and in response to Campus IR 1.2 (a), Rockpoint receives gas purchased for its own account into its storage facility on NGTL's IT-S toll and returns that gas to NGTL on that same toll. Customer owned gas is received from and delivered to NGTL on the same basis.

(f) Rockpoint does not have its own production and holds neither receipt nor delivery service on NGTL except for the fact that Rockpoint pays IT-D on fuel gas or volumes shipped to North Suffield.

(g) See Rockpoint's response to CER IR 2.2.

(h) Receipts and deliveries to/from the NGTL system from Rockpoint's storage facilities are market sensitive, confidential information and are not relevant to the determination of just and reasonable tolls for the North Suffield Pipeline.

(i) Not confirmed. See our response to CER IR 2.2. Further Rockpoint's meter is limited to approximately 50,000 GJs/day of capacity.

(j) As a part of managing Rockpoint's proprietary inventory of gas, Rockpoint is nearly continuously buying and selling gas at NIT. Dates and volumes of such purchases and sales is market sensitive, confidential information and is not relevant to the determination of just and reasonable tolls for the North Suffield Pipeline. See also our response to Campus IR 1.4 below.

(k) Not applicable.

(l) Please see response to (f) above. Rockpoint, through its subsidiary Access Gas Services, holds various transportation arrangements at Empress to service customer obligations. Rockpoint does not derive revenue from liquids extraction.

Torxen Response

(a) Torxen has not delivered gas to the NGTL System from Tide Lake, Princess West, Princess East (IT Tariff of $0.1815/GJ on the North Suffield Pipeline).

Torxen delivered gas from Bantry to the NGTL system until April 1, 2019 (TCPL IT tariff of ~$0.13/GJ). We then delivered gas from Bantry to the North Suffield Pipeline from April 2, 2019 up to and including April 30, 2020. (IT Tariff of $0.1815/GJ on the North Suffield Pipeline). We have since been delivering gas from Bantry to the NGTL system from May 1, 2020 to present (TCPL IT tariff of ~$0.13/GJ).

(b) Torxen's Princess West, Princess East and Tide Lake are not currently physically connected to the NGTL System.

Bantry is physically connected to the NGTL System and the North Suffield Pipeline in the Big Sky Area.

(c) Below are the names of the meter stations that Torxen is connected to on the NGTL system.

Countess Makepeace
Hussar-chancellor
Wayne North
Countess
Wayne Dalum
Verger
Wintering Hills
Alderson
Wintering Hills East
Wayne Rosebud
Bantry North
Matzhiwin West
Verger Millicent
Lake Newell East
Patricia West
Bantry Northeast

Cassils
Bassano South
Rainier South
Matzhiwin South
Bullpound
Gem South
Hussar North
Seiu Creek
Rosemary
Gem West
Standard
Carbon West
Twelve Mile Coulee
Lonesome Lake
Munson
Tilley South #2
Cessford Burfield West #2
Countess South #2

(d) The closest distance from a Torxen NGTL meter to a North Suffield Pipeline receipt point is our Bantry Facility to the Torxen Princess West facility. The distance from Bantry to Princess West is approximately 12 kilometres. Torxen built this connection in early 2019 at a cost of approximately $3.51 million. By connecting Bantry to Princess West, Bantry gas is able to flow from Princess West to Princess East and connect to the North Suffield Pipeline. The next nearest facility is Torxen's Alderson facility which is approximately 16 kilometres to the nearest North Suffield Pipeline receipt point. Torxen is not contemplating connecting any new locations as a result of the large capital cost and lower gas sale netback (net of transportation costs) on the North Suffield Pipeline.

(e) Torxen respectfully declines to provide confidential netback information that is neither relevant nor significant to the determination of just and reasonable tolls and service terms on the North Suffield Pipeline.

(f) Confirmed.

(g) Service on the NGTL System has been quite good but it does occasionally get interrupted by TC Energy maintenance. These maintenance periods can range from a few hours to a few days.

(h) This is not relevant except for Bantry volumes, for which we have provided the volume breakdown that was sent to the North Suffield Pipeline April 2019 to April 2020 but otherwise flowed on NGTL.

(i) The only Torxen gas that has the ability to flow to either NGTL or North Suffield Pipeline is Bantry. This “option” was only in-service as of April 2019.

All other Torxen receipt points can only flow to NGTL or to the North Suffield Pipeline and not both.

(j) Yes, a majority of Torxen’s gas is sold at NIT. The specific volumes are confidential to Torxen but all of our NGTL connected gas is currently sold at NIT.

(k) As below:

i. Not confirmed, since Torxen has acquired those facilities.

ii. Not applicable.

iii. Confirmed.

iv. Refer to the response to CER IR 2.7.

v. Not confirmed. As there is currently no physical connection to NGTL, some facility work would be required prior to us being able to deliver to NGTL. Timing on this is unknown but likely greater than 1 year.

(l) Not confirmed.

Pinecliff Response

(a) Pine Cliff shipped volumes on the NGTL System in 2016, 2017 and 2020 at an IT tariff of ~0.17/GJ.

(b) Confirmed.

(c) Pine Cliff has other production that is connected to the NGTL System in the Big Sky Areas at NGTL Vale East and NGTL Murray Lake meter stations.

(d) The NGTL Vale East meter station is over 80km from the North Suffield Pipeline. The NGTL Murray Lake meter station is over 100km from the North Suffield Pipeline.

(e) Across the NGTL System Pine Cliff maintains hundreds of contracts to transport gas. These contracts include both firm and/or interruptible transport and are for both receipt and delivery services. The contracts are for a wide range of volumes with terms from daily all the way up to five years in duration. All tolls are as per the NGTL tariff.

(f) Confirmed.

(g) Service on the NGTL System has been quite good but it does occasionally get interrupted by TC Energy maintenance. These maintenance periods can range from a few hours to a few days.

(h) Pine Cliff delivers to over 30 different NGTL delivery points across the entire NGTL System but only three in the Big Sky Area as detailed in 1.2 c above.

(i) The only volumes that can physically flow on the North Suffield Pipeline are the Suffield Connected Volumes which were provided in response to Campus IR 1.1 e) above.

(j) The vast majority of Pine Cliff's volumes are sold at NIT.

(k) Not applicable.

(l) Pine Cliff does have capacity at Empress but it was assigned to a third party from January 1, 2018 to October 31, 2020.

1.3 Pine Cliff and Torxen Suffield-Connected Reserve Life

Reference: (a) Written Evidence of the Complainants, paras. 5-6, 126-138 (C09222-2)

Preamble: Under cost-of-service tolling, the economic life of Suffield North is relevant to what the appropriate depreciation rate should be for remaining rate base. Campus believes that the remaining economic life of Suffield North is approximately 10 years based on the natural gas reserves of its shipper base, particularly those of its largest shipper IPC. To date, none of the Complainant's have subscribed for firm service, much less firm-service for a term greater than 10 years. It is necessary to understand the natural gas reserve life of each Complainant, to understand how long each Complainant might prospectively be a shipper on Suffield North.

Request:

(a) For Pine Cliff and Torxen (and Rockpoint, if applicable), please provide the total quantity of its proven and probable natural gas and natural gas liquid reserves connected to Suffield North (referred to herein as the "Suffield Connected Reserves"), as of October 31, 2020.

(b) Please explain the methodology used by Pine Cliff and Torxen (and Rockpoint, if applicable) to determine the quantity of its Suffield Connected Reserves.

(c) For Pine Cliff and Torxen (and Rockpoint if applicable) please provide a schedule of historical production, by month, of its Suffield Connected Reserves (including production prior to such reserves becoming connected to Suffield North).

(d) For Pine Cliff and Torxen (and Rockpoint, if applicable) please provide:

(i) the base decline rate for its Suffield Connected Reserves; and

(ii) expected production forecast over the life of its Suffield Connected Reserves, and identify and explain any material assumptions used in this forecast.

(e) For Pine Cliff and Torxen (and Rockpoint, if applicable), please confirm its forecast value of its Suffield Connected Reserves.

(f) For Pine Cliff and Torxen (and Rockpoint, if applicable), please confirm the minimum netback at which each considers it economical to produce its Suffield Connected Reserves.

(g) For Pine Cliff and Torxen (and Rockpoint, if applicable), please provide its estimated reserve life for its Suffield Connected Reserves.

(h) Please explain the methodology used by each Complainant to estimate the reserve life of its Suffield Connected Reserves, including any assumptions used.

(i) Please confirm that each Complainant's Suffield Connected Reserves are also connected to the NGTL System.

(j) Please confirm whether Pine Cliff or Torxen (or Rockpoint, if applicable) has shut-in any of its Suffield Connected Reserves as a result of oil and/or gas pricing between January 2018 to present. If confirmed, please identify when the shut-in occurred and the associated oil and/or gas pricing that motivated the decision to shut-in.

(k) For Rockpoint, please confirm that to the extent it is physically able to do so it keeps natural gas in storage when prices are depressed and sells natural gas when prices are high enough for it to earn a profit.

Response: The Complainants do not believe that relying on the Reserve Life Index ("RLI") to assess the remaining economic life of a pipeline is appropriate. RLI as an indicator of the estimated future duration of production is not appropriate as the RLI calculation methodology relies on several factors that can each significantly impact RLI. For instance, future price expectations are a large determinate of when future production becomes uneconomic. It is possible for an entity's RLI to increase over time despite production if future price expectations also increase. Relying on RLI associated with proved producing reserves also ignores production potentially associated with undeveloped reserves that may be developed in a different price environment or may become economic with advances in technology or reduced production and transportation costs.

Rockpoint Response:

Rockpoint does not hold its own production or reserves. Therefore, responses to (a) – (j) are all not applicable. For (k), see the response to Campus IR 1.4 (b).

Torxen Response:

Torxen estimates it will be producing natural gas reserves in the area connected to the North Suffield Pipeline for greater than 30 years. We respectfully decline providing our confidential reserve information.

Pinecliff Response:

Pine Cliff estimates it will be producing natural gas reserves in the area connected to the North Suffield Pipeline for greater than 20 years. We respectfully decline providing our confidential reserve information.

1.4 Rockpoint's Suffield Gas Storage Facility

Reference: (a) Written Evidence of the Complainants, paras. 4, 41-55 (C09222-2)

Preamble: Rockpoint implies that its business is incompatible with subscribing for firm service on Suffield North, yet it also alleges that Campus exercises market power over Rockpoint, which Campus denies. To respond to these allegations, it is necessary to further understand the nature of Rockpoint's gas storage business and how it utilizes Suffield North and other transportation alternatives in the course of its business.

Request:

(a) Please confirm that Rockpoint's Suffield Gas Storage Facility was already connected to the NGTL System at the time it was connected to Suffield North.

(b) Please explain how AECO storage facilities are utilized to respond to and manage fluctuations in the market price of natural gas for Rockpoint and Rockpoint's natural gas management businesses Access Gas that delivers natural gas and related services to commercial, industrial and retail customers throughout Canada, and EnerStream Agency Services Inc., an affiliate of Rockpoint that is an integrated energy company delivering natural gas services to Industrial, Commercial, and Institutional customers throughout Canada. In particular, please explain how gas storage is used to mange the day to day market price swings in the price of natural gas?

(c) Please confirm that part of Rockpoint's business involves buying gas at AECO and transporting it for delivery to Dawn (or other delivery points accessed by TC Mainline), to capitalize upon natural gas price differentials between AECO and the delivery location.

(d) Please confirm that because Rockpoint does not continuously trade consistent volumes of gas, the inherent nature of Rockpoint's gas trading business makes it impractical for Rockpoint to subscribe for firm-service transportation from the Suffield Gas Storage Facility to TC Mainline.

(e) Please confirm that, prior to connecting the Suffield Gas Storage Facility to Suffield North, Rockpoint's only means of physically transporting gas purchased at AECO and sold at Dawn (or other delivery points accessed by TC Mainline) was via the NGTL System to TC Mainline.

(f) Please confirm that Rockpoint's motivation to connect the Suffield Gas Storage Facility to Suffield North was, at least in part, to have access to alternate and additional transportation capacity at potentially lower tolls than could be obtained on the NGTL System, and where otherwise service would not have been readily available.

(g) For the period from January 1, 2018 to October 31, 2020, please provide a schedule detailing, on a monthly basis, the volumes purchased by Rockpoint from AECO for delivery to eastern markets, the average price paid to purchase gas on AECO for each month, the average delivered price of such gas; the proportion of such gas transported on TC Mainline via the NGTL System versus Suffield North; the respective tolls paid on the NGTL System versus Suffield North to transport the subject gas; and the Rockpoint's overall netback.

(h) For the period from January 1, 2018 to October 31, 2020, please provide a schedule detailing, on a daily basis, the volumes withdrawn by Rockpoint from its Suffield North connected storage facility for delivery to eastern markets on TC Mainline, the volume nominated at Burstall on each day for delivery, the average price attributed to volumes withdrawn to facilitate said deliveries, and the average delivered price of such gas.

Response: **Rockpoint Response:**

(a) Confirmed.

(b) Rockpoint’s gas storage facilities are utilized by its customers to secure physical gas storage capabilities to inject gas into storage during low demand periods and to withdraw gas from storage during high demand periods. The motivations for Rockpoint’s customers to store gas and manage gas price volatility are their own.

Rockpoint charges its customers a negotiated fee for service for the right to store, inject or withdraw gas from our storage facilities.

To the extent that Rockpoint is unable to secure enough customers to fully utilize its storage capacity at acceptable rates or if customers do not fully utilize their contracted capacity, Rockpoint will, subject to its liquidity, purchase gas at NIT to hold in its storage facilities. Rockpoint does not speculate on natural gas price movements or transportation. When a volume of gas is purchased for Rockpoint's own account, that same volume of gas is forward sold in the financial markets for delivery at NIT. There are no transportation costs normally associated with these purchase and sale transactions.

Rockpoint's gas management services, conducted via Access Gas Services, are described in CER IR 2.2. Access, of which Enerstream is a subsidiary, secures gas transportation and delivery services for its customers. Access does not provide storage services or contract for storage capacity at Rockpoint's storage facilities. Transportation and delivery contracts for Access are back-to-back contracted with customer commitments in order to generate a margin on the service. Neither Rockpoint nor Access speculates in natural gas prices or transportation arrangements.

(c) Not confirmed. See response to (b) above.

(d) See response to CER IR 2.2.

(e) Not confirmed. See response to CER IR 2.2 and (b) above.

(f) Not confirmed. See response to CER IR 2.2.

(g) As described in (b) above all gas that is purchased by Rockpoint for storage in its own storage facilities is purchased at NIT and was either sold at NIT or in the case of volumes transported on the North Suffield Pipeline was sold at Burstall. Volumes purchased/sold at NIT, prices paid or received and margin generated from those transactions is market sensitive confidential information.

(h) See response to (g) above.

1.5 Competitiveness of Campus's Proposed Market-Based Tolls

Reference: (a) Written Evidence of the Complainants, paras. 96-102 (C09222-2)

Preamble: The North Suffield pipeline has always operated under market-based tolls, and in competition with the NGTL System. The Complainants, however, now seek to convert Suffield North to cost-of-service tolls on the belief that it will yield lower overall tolls, despite having previously subscribed for interruptible service on Suffield North at market-based rates higher than the cost-of-service tolls now advocated by the Complainants.

Request:

(a) Please confirm that Suffield North has never charged cost-of-service tolls.

(b) Please confirm that none of the Complainant's requested cost-of-service financial information from AltaGas prior to executing their former TSA's for interruptible service on Suffield North.

(c) Please confirm that each Complainant considered the toll payable under its former TSA with AltaGas for interruptible service on Suffield North to be just and reasonable.

(d) Please confirm that in a properly functioning market competitive prices should fluctuate based on market dynamics, including, but not limited to, supply and demand.

(e) Please confirm that when they were posted with the NEB in June 2019, Campus's proposed market-based tolls were lower than the tolls for similar service on the NGTL system.

(f) Please confirm that as of October 31, 2020, Campus's proposed market-based tolls remain lower than the tolls for similar service on the NGTL System, other than Campus's proposed interruptible toll (for which Campus has requested pricing discretion).

(g) Assuming that both pipelines have available capacity to transport the intended volumes, please confirm that each complainant has the choice between shipping on Suffield North or the NGTL System based on price.

Response:

(a) Not confirmed. The Complainants have previously registered their disagreement with the characterization of the tolls charged prior to the acquisition of the North Suffield Pipeline as being "market-based". The tolls charged prior to Campus' acquisition of the North Suffield Pipeline were negotiated tolls. Those did not automatically vary with market conditions. Moreover, the tolls were subject to Complaints-Based Regulation under which the pipeline was required to maintain accounts and records which would permit the regulator to review related costs and revenues to determine whether the tolls subject to dispute were just and reasonable. Consistent with the Group 2 regulation of the North Suffield Pipeline, the NEB has never approved market-based tolls for the pipeline.

(b) See Complainants response to Campus IR 1.1(i).

(c) Confirmed. It should be noted, however, that up until Campus and AltaGas became seriously engaged in their negotiations, AltaGas and each of the Complainants had been involved in well advanced negotiations regarding contracts for services at lower tolls. Rockpoint completed its agreement, Torxen and Pinecliff had their contract negotiations discontinued by AltaGas during the sale approval process as any contracts entered into by AltaGas prior to the transaction close required written approval by Birch Hill Equity Partners (see Pine Cliff Attachment 1.1(g)(1)). In retrospect, this would appear to suggest that Birch Hill Equity Partners directed AltaGas to break off negotiations knowing they intended that Campus would immediately raise tolls after the Application was approved and the acquisition was completed.

(d) The Complainants are not clear what “prices” the question refers to. With respect to transportation services in the context of an open access regulated pipeline, the Complainants do not agree with this statement. This market is regulated for a reason including the fact pipelines by their nature are natural monopolies. The users of transportation services are making capital decisions to generate a product to transport. Adding uncertainty about the cost associated with getting that product to market increases the risk of that capital investment decision.

(e) Not confirmed. Torxen pays a lower tariff on the NGTL system which on an IT rate is ~\$0.13/GJ, which is lower than all the firm service offerings proposed by Campus. The proposed IT rate from Campus is \$0.34/GJ. Please see response to Campus 1.5 (a) above respecting the Complainants disagreement with the characterization of "market-based tolls".

(f) Not confirmed. Torxen pays a lower tariff on the NGTL system which on a three year FTR rate is ~$0.11/GJ. The proposed two year rate from Campus is $0.24/GJ

Those tolls are also higher than the tolls Rockpoint had agreed to with AltaGas prior to the Campus acquisition of the Suffield Pipeline system. Those tolls were also higher than the existing tolls at the time of the approval process for Campus' acquisition of the Suffield Pipeline, during which Campus assured the NEB and parties it did not intend to change tolls or service. Presumably Campus was aware of and directed the AltaGas/Torxen and AltaGas/Pine Cliff negotiations in the period between completing the acquisition and its close. The acquisition by Campus was announced on September 10, 2018 and closed on February 5, 2019. During that period AltaGas suspended negotiations with Torxen and Pine Cliff pending the close of the transaction. When viewed in that light, to the Complainants, the assurance that tolls would not change suggested that, at a minimum, the tolls would not increase.

(g) Please refer to the responses to CER IR 2.5, 2.6 and 2.7 respectively.

1.6 Alleged Comparable Utilities

Reference: (a) Written Evidence of the Complainants, paras. 159 - 160 (C09222-2)

Preamble: The Complainants' proposed cost-of-serve toll model uses a deemed capital structure based on the average deemed debt-to-equity ratio of certain other allegedly comparable cost-of-service regulated utilities. To assess the Complainants' suggested deemed capital structure it is necessary to further understand the risk-profile of the alleged comparable utilities.

Request: For each of the comparator regulated entities listed in Table 4, stated to be "similarly situated regulated assets" for the 2019 reference year) please provide the following information:

(a) Nature of the services provided by the regulated entity in terms of transmission and or distribution;

(b) Total rate base in service;

(c) Total amount of customers served;

(d) Total forecast capital additions for 2019 forward;

(e) To the extent possible expressed for the 2019 reference period forward, or otherwise for the most recent period available the forecast of customer growth or attrition;

(f) Method of regulation, specifically whether the comparator entity is regulated under a performance based regulatory regime, cost of service regime, or market based tolls regime;

(g) The extent to which each comparator entity utilizes:

(i) deferral accounts;

(ii) true up mechanisms that allow it to pass costs along to customers;

(iii) Rate adjustments outside the AUC's I - X PBR mechanism including but not limited to adjustments under the AUC's X factor and Y factors;

(iv) Use of capital tracker adjustments under PBR; and

(v) Method of collecting bad debt from customers served.

(h) Each comparator entities risk rating, credit rating, financing, and cost of debt.

Response:

(a) – (h)

The Complainants respectfully decline to provide the detailed information requested on the basis that their recommendation was not formulated on the basis of this level of detailed analysis. The Complainants' approach is more similar to Campus' approach which dispensed with the same level of detailed analysis itself. Moreover, it would be unduly burdensome to provide the requested details particularly in the limited time afforded under the Commission's schedule.

In an effort to be responsive, however, the Complainants offer the following explanation.

In order to explain their selection of comparable investments to the North Suffield Pipeline and, in particular, its capital structure, the Complainants would note that the business risk of oil and NGL midstream investments is significantly different from a pure gas transmission investment given the inherent volatility of the business and exposure to commodity risk. The AltaGas investment noted by Campus, for example, encompasses business risk not restricted to the gas distribution business it operated nor to the stand-alone gas transportation business either. The investments cited by Campus such as Keyera, Pembina, Inter Pipeline and Gibson, therefore, are not comparable. Enbridge is principally an oil pipeline which is generally recognized as riskier, however, it appears the reference is to the consolidated operations of the holding company which include a wide variety of US and Canadian oil, liquids and gas onshore and offshore gathering and processing facilities and pipelines, and power generation and transmission assets which are not comparable to the simple, regulated gas transmission asset before the Commission. The latter comment applies equally to the TransCanada investments cited which include oil, nuclear power, oil and gas liquids and gas transmission businesses.

While Campus asserted it was attempting to consider gas transportation and distribution investments as comparables (Application, paragraphs 57 and 63), for the reasons outlined above it fell short in that attempt. The Complainants, therefore, attempted to identify regulated, gas transportation and distribution assets that operated in the same jurisdiction as the North Suffield Pipeline given the commonality of gas supply, market and operating risks for these similarly situated businesses.

For these reasons, the Complainants eliminated companies cited by Campus (application, paragraph 64) such as Enbridge Gas New Brunswick and Heritage Gas. Those gas distribution companies experienced well-advertised growing pains in a new Maritime Canada market not previously supplied with gas until the first gas developed in the Canadian offshore became available (Sable Offshore Energy Project). The gas supply risk inherent in that new development recently crystallized with the cessation of offshore supplies, and the abandonment and removal of the related infrastructure. The economics of those gas supplies similarly changed as gas supplies now needed to be attracted from a foreign jurisdiction (the United States ("US")); from a relatively higher cost gas consuming region (New England); now needed to pay the tolls on the Maritimes & Northeast Pipeline LLC in the US; and pay the Maritimes & Northeast LLP toll for imports from the US to their delivery points. Given these risks and circumstances, pipeline distribution and transportation investments in Alberta were considered more comparable given ample gas supply and markets and well developed gas infrastructure.

In terms of distribution companies, AltaGas Utilities (now Apex), ATCO Gas North and ATCO Gas South all operate in Alberta and take no commodity risks (or the little that they do is passed through to customers in rate Riders). They are all regulated by the Alberta Utilities Commission ("AUC") and have their tolls set by the AUC under a rebasing methodology intended to re-align costs and revenues at the outset of a Performance Based Regulation ("PBR") plan term (now in the second PBR plan). PBR allows utilities the incentive to earn more than the allowed return depending on their performance. For some utilities actual returns sometimes have been less than allowed returns as well as higher. These actual returns do not affect tolls within a PBR term. For all PBR utilities in Alberta, deemed equity ratios and allowed ROEs are set every few years in Generic Cost of Capital proceedings ("GCOC"). ATCO Pipelines is a gas transmission company operating in Alberta which is regulated by the AUC on a cost of service basis and has its deemed equity ratio set in the GCOC. All of these AUC regulated companies have had gas supply and other business, regulatory and financial risks assessed in regular cost of capital proceedings which most recently assessed business, regulatory and financial risk at a 37% equity ratio (except Apex) and a Return on Equity ("ROE") of 8.5%. Apex's deemed equity ratio was set at 39% based on its relatively smaller size.

In terms of gas transmission investments, the Complainants referred to well accepted benchmarks frequently referred to in cost of capital proceedings before the Commission – NGTL, TC Mainline and Westcoast. They all rely to a significant extent on gas supply from the same Western Canada Sedimentary Basin upon which the Complainants distribution comparables also rely. Their deemed equity ratios reflect a long history of cost of capital regulation by the National Energy Board (and its now successor). While settlements have underpinned most recent toll re-determinations, the long cost of capital history which has evolved at the NEB /CER has informed the deemed equity ratios which are generally set in roughly the same range since basic business and regulatory risks are not considered to change that markedly over time. All three comparables currently feature tolls calculated on the basis of a 40% deemed equity ratio. While ATCO Pipelines (deemed 37%) is also a gas transmission company, it is much smaller than the other federally regulated comparators.

The Complainants also included oil transportation investments to bracket the results of the gas transportation and distribution sample. The gas related transportation comparables should be accorded the greatest weight while the oil transportation investments should be considered as a form of corroboration of those gas-related results. TransMountain has a 45% equity ratio reflecting the higher risk oil pipelines are generally thought to bear. On the other hand, the Enbridge Southern Lights investment is a bit different with fewer shippers but a much stronger market requirement involving the shipment of diluent to oil sands producers which could not pipeline their bitumen to market without it. The longer-term contracts which supported Southern Lights' conversion from crude export to diluent import service also contributed to its relatively low 30% equity ratio. Milk River, on the other hand, is a smaller oil transportation pipeline located in Southern Alberta. Its small size (90,000 bbls/d), geographic constraints and exposure to oil are reflected in its higher allowed equity return (13%) and allowed equity ratio (50%).

Comparables are just that - comparables; not identical to the North Suffield Pipeline but each bearing similarities and dissimilarities. The Complainants choice of comparables were reasonably based on relevant criteria which are intended to inform the Commission's appreciation of relative business risks. North Suffield Pipeline is a smaller, regulated gas pipeline investment in approximately its 20th year of continuous operation with significant gas supply available (and willing) to use it. The fact the new operator has chosen to discourage shippers by reneging on past undertakings and electing to impose significant toll increases and onerous terms of service has resulted in under-utilization of that asset. That current level of underutilization is the result of the choices made by the new management and do not reflect the basic risks of the North Suffield Pipeline.

Please also see response to CER 1.2