



February 1, 2018

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<b>PNG NE CPCN TO ACQUIRE &amp; OPERATE NORTH PINE FUEL GAS PIPELINE EXHIBIT A-3</b>
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Ms. Janet P. Kennedy  
Vice President, Regulatory Affairs & Gas Supply  
Pacific Northern Gas (N.E.) Ltd.  
2550–1066 West Hastings Street  
Vancouver, BC V6E 3X2  
jkennedy@png.ca

**Re: Pacific Northern Gas (N.E.) Ltd. – Certificate of Public Convenience and Necessity to Acquire and Operate the North Pine Fuel Gas Pipeline – Project No. 1598937 – Information Request No. 1**

Dear Ms. Kennedy:

Further to your December 4, 2017 filing of the above-noted application, please find enclosed British Columbia Utilities Commission Information Request No. 1. In accordance with the regulatory timetable, please file your responses no later than Friday, February 23, 2018.

Sincerely,

*Original signed by:*

Patrick Wruck  
Commission Secretary

/ad

cc: Mr. Verlon Otto  
Director, Regulatory Affairs  
Pacific Northern Gas (N.E.) Ltd.  
votto@png.ca



Pacific Northern Gas (N.E.) Ltd.  
Certificate of Public Convenience and Necessity  
to Acquire and Operate the North Pine Fuel Gas Pipeline

**INFORMATION REQUEST NO. 1 TO PNG(NE)**

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**A. PROJECT DESCRIPTION NEED AND JUSTIFICATION**

1.0 **Reference: Project Description  
Exhibit B-1 (Application), Section 2.1.2, p. 5  
Background**

On Page 5, Pacific Northern Gas (N.E.) Ltd. (PNG[NE])states in its Application:

On October 19, 2016, AltaGas NPLP reached a Final Investment Decision (FID) for the construction, ownership and operation of phase one of the North Pine Facility to be located approximately 40 kilometres northwest of Fort St. John, British Columbia.

The North Pine Facility will be a 20,000 Bbls/d natural gas liquids (NGLs) separation and handling industrial operation that will provide local natural gas producers with a new facility that is located close to production zones and has the capacity to process the NGL stream by separating it into its marketable components...

Furthermore, it states that “The target commissioning and testing start date of the North Pine Facility is November 2017, with commercial operation planned to commence in December 2017.”

- 1.1 Please confirm that the North Pine facility is already constructed and in operation.
  - 1.1.1 If not confirmed, please provide a schedule for construction and operation.
- 1.2 Please list the marketable components that the North Pine Facility will produce.
  - 1.2.1 Please provide, in graph form, the expected 20-year demand forecast for the components produced at the North Pine Facility.
  - 1.2.2 Please confirm if the North Pine Facility has secured long term contracts for supplying propane and other marketable components.
- 1.3 Please detail all operational risks associated with the North Pine Facility.

- 1.4 Should the North Pine facility cease operation before the end of the 20-year North Fuel Pipeline contract, please explain the financial effects this will have on the Owner and Operator of the North Fuel Pipeline.
  - 1.4.1 Please explain how these effects will accrue to the accounts of ratepayers, shareholders and/or other stakeholders.

On page 5 of the Application, PNG(NE) states:

AltaGas NPLP is also constructing two eight-inch diameter NGL supply pipelines (Liquids Supply Pipelines), each approximately 40 km in length, which will connect AltaGas' existing Townsend Truck Terminal to the North Pine Facility”

- 1.5 Please confirm who will own and operate the two eight-inch diameter NGL supply pipelines constructed by AltaGas?
  - 1.5.1 If not PNG(NE), please provide a detailed discussion as to why it is appropriate for PNG(NE) to own and operate the North Pine Fuel Gas Pipeline but not the Liquids Supply Pipelines.

2.0 **Reference: Project Description  
Exhibit B-1, Section 2.2, p. 6  
North Pine Fuel Gas Pipeline Project**

On page 6 of the Application, PNG(NE) states:

...Fuel requirements for phase one of the North Pine Facility have been estimated to be 280,000 GJ per year. Fuel requirements are expected to double to 560,000 GJ per year with the completion of phase two of this project.

To meet these supply requirements, a three-inch fuel gas supply pipeline, the Fuel Gas Pipeline, has been constructed to tie-in with the closest source of supply, which is the Canadian Natural Resources Limited....

- 2.1 Please confirm if construction of the pipeline is complete.
  - 2.1.1 If not complete, please provide the completion date and operation date.
  - 2.1.2 If complete, please confirm the final cost of the pipeline and planned operation date.
    - 2.1.2.1 Please confirm if there are any outstanding dispute or litigation claims regarding the construction of the pipeline.
- 2.2 What is the capacity of the North Fuel Pipeline?
- 2.3 Please clarify if the North Fuel Pipeline as built is sized for only phase one or for phase one and two.
  - 2.3.1 If sized for phases one and two, please provide a discussion of the expected differences in construction and operating costs for the North Fuel Pipeline had it been built to accommodate phase one demand only.
- 2.4 If sized for phase one only, please clarify when phase two is expected to commence.
  - 2.4.1.1 Please explain the degree of confidence that phase 2 will commence according to this schedule, and who bears any risks associated with changes to that schedule and/or phase 2 not commencing at all in the foreseeable future?

3.0 **Reference: Project Description  
Exhibit B-1, Section 2, p. 6  
Pipeline Construction**

On page 6 of the Application, PNG(NE) states:

Given the proximity of the Fuel Gas Pipeline to the other infrastructure being constructed for the North Pine Facility, a key consideration for the project was the evaluation of two distinct alternatives for the construction of the Fuel Gas Pipeline, 1) construction by PNG(N.E.); and 2) construction by AltaGas NPLP.

- 3.1 What alternatives, if any, were consider instead of constructing a new pipeline?
- 3.2 What alternatives, to PNG(NE), were considered for the ownership and operation of the Fuel Gas Pipeline?
  - 3.2.1 Did AltaGas NPLP considered owning and operating the Fuel Gas Pipeline itself?
    - 3.2.1.1 If not, please explain.
    - 3.2.1.2 What factors led to the decision that AltaGas NPLP should construct the Fuel Gas Pipeline and PNG(NE) should purchase and operate the new pipeline?
- 3.3 Please list all identified risks associated with the construction and operation of the Fuel Gas Pipeline.
- 3.4 Please provide a table of comparison between AltaGas NPLP operating the Fuel Gas Pipeline and PNG(NE) operating the pipeline; in particular please show the differences between operational benefits, risks and costs.

**B. PROJECT COST**

4.0 **Reference: Project Cost Update  
Exhibit B-1, p. 17  
Cost Forecast**

On page 17 of its Application, PNG(NE) states:“...AltaGas NPLP has updated its cost forecast and now estimates the actual cost of construction to be in the range of \$1.7 million to \$1.8 million.” Page 17 also includes Exhibit 4-1 which includes an estimated final cost of \$1,832,176.

- 4.1 Please provide an update of the current anticipated final cost using the same cost categories as Exhibit 4-1.
  - 4.1.1 Does the anticipated final cost include the cost of all equipment necessary for PNG(NE) to satisfy the requirements of the TSA and the General Terms and Conditions for Industrial Firm Transportation Service, including but not limited to measuring equipment?

5.0 **Reference: Project Cost Estimate  
Exhibit B-1, Section 3, Section 5, p.3, 18, 20  
NPLP Cost Estimate**

On page 18 of the Application, PNG(NE) states:

Based on the identified scope of work, PNG(NE) developed a Class 4 cost estimate to support the development of this project.” And “AltaGas NPLP has developed a Class 3 cost estimate to support the construction of the Fuel Gas Pipeline.”

Furthermore, on page 20 PNG(NE) states:

The PNG(N.E.) comparative project cost estimate has been prepared on a Class 4 basis. While this differs from the stated requirement for a Class 3 level of accuracy as per the Commission’s CPCN Guidelines, PNG(N.E.) submits that as there is no risk of asset stranding and that there are positive rate impacts for other customers from this project, the Class 4 level of accuracy for such a comparative estimate is sufficient for the review of this Application.”

- 5.1 Given that PNG(NE) and AltaGas PNLN were working to a similar scope of work, please explain why PNG(NE) believes it is accurate to compare two different cost classes.
  - 5.1.1 What, if any, of the costs could not be quantified by PNG(NE) that were quantified by AltaGas PNLN?
- 5.2 What other cost estimates were used as a guide for comparison?

### C. FINANCIAL BENEFITS

- 6.0 **Reference: Financial Benefits  
Exhibit B-1, pp. 1–2, 12; Confidential Exhibit B-1-2  
Depreciation**

On pages 1–2 of its Application, PNG(NE) states that:

Based on serving phase one of the North Pine Facility at the minimum take-or-pay volume established for the firm contract demand, PNG(N.E.) estimates incremental revenues with a net present value of \$2.333 million will be realized and will provide for the full recovery of the capital cost of the pipeline, as well as \$6,000 in incremental margin during the initial 20-year term of the transportation service agreement.  
*[Emphasis added]*

Page 12 of the PNG Application includes the following exhibits:

- Exhibit 3-1 – NPV of Incremental Margin Over 20 Years – Standard Depreciation (1.94% or 51.5 years)
- Exhibit 3-2 – NPV of Incremental Margin over 20 Years – Accelerated Depreciation (5% or 20 years)

Using the minimum take-or-pay volume of 240,000 GJ per year, the NPV of the incremental margin is \$523,266 in Exhibit 3-1 (1.94% depreciation rate) and \$6,000 in Exhibit 3-2 (5% depreciation rate). PNG(NE) states that Exhibit 3-2 has been prepared for “illustrative purposes.”

- 6.1 Please clarify whether PNG(NE) proposes to use a depreciation rate of 1.94% or 5% for the North Pine Fuel Gas Pipeline in its revenue requirements calculation.
  - 6.1.1 Based on the proposed depreciation rate confirmed above, please clarify if the estimated NPV of the incremental margin, using the minimum take-or-pay volume, which will impact PNG(NE)’s revenue requirement over 20 years, is \$523,266 or \$6,000.
- 6.2 In the event that a depreciation rate of 1.94% is used for the North Pine Fuel Gas Pipeline, please provide the undepreciated balance of the asset at the end of the 20-year TSA term.
  - 6.2.1 If the asset is no longer used and useful at the end of the 20-year term, what is the proposed regulatory accounting treatment, and resulting rate impact, for the undepreciated balance of the North Pine Fuel Gas Pipeline? Please include supporting calculations in the response.

- 6.2.1.1 Please update Exhibit 3-1 and confidential Exhibit B-1-2 to include the regulatory accounting impact of the undepreciated balance of the asset at the end of 20-years.

**7.0 Reference: Financial Benefits  
Exhibit B-1, pp. 20–21  
Cost of Service Forecast**

On page 20 of its Application, PNG(NE) states that “[r]atebase items in the cost of service forecast include provision for depreciation, taxes, capital cost allowance, interest, and return on equity. These costs are estimated to be approximately \$126,000 annually.”

- 7.1 Please clarify if the rate base cost estimate of \$126,000 is based on a depreciation rate of 1.94% or 5% for the North Pine Fuel Gas Pipeline.

On pages 20–21 of its Application, PNG(NE) states:

As the Fuel Gas Pipeline is a newly constructed asset, annual operating costs are expected to be negligible and over the 20-year term of the TSA are anticipated to relate primarily to meter reading, billing activities, fuel gas costs, and property taxes. Given the proximity of the Fuel Gas Pipeline to the AltaGas NPLP Liquids Supply Pipelines, PNG(N.E.) anticipates right-of-way maintenance will primarily be undertaken by AltaGas NPLP. Therefore, operating costs are estimated to be approximately \$16,000 annually.

- 7.2 Please provide a breakdown of the annual estimated operating costs of \$16,000 into meter reading, billing activities, fuel gas costs, property taxes and any other relevant cost categories.
- 7.3 Does the cost of service forecast include an estimate of annual maintenance costs associated with the pipeline?
- 7.3.1 If so, please provide the estimated annual maintenance costs. If not, please explain why not.
- 7.3.1.1 To the extent that some costs identified in response to the questions above include any cost sharing with AltaGas NPLP, please provide details on the method that will be used to allocate costs between the two entities.
- 7.4 What contingency costs or capital cost plans have been considered for potential major maintenance costs, such as pipeline rupture, leakage, NDT etc.?
- 7.4.1 If none, how will PNG(NE) cover such costs?

**8.0 Reference: Financial Benefits  
Exhibit B-1, pp. 1–2, 12  
Additional Costs**

Page 12 of the Application includes the following exhibits:

- Exhibit 3-1 – NPV of Incremental Margin Over 20 Years – Standard Depreciation (1.94% or 51.5 years)
- Exhibit 3-2 – NPV of Incremental Margin over 20 Years – Accelerated Depreciation (5% or 20 years)

Using the minimum take-or-pay volume of 240,000 GJ per year, the NPV of the incremental margin is \$523,266 in Exhibit 3-1 (1.94% depreciation rate) and \$6,000 in Exhibit 3-2 (5% depreciation rate).

- 8.1 Please provide a list of current and future project costs incurred by PNG(NE) with respect to the North Pine Fuel Gas Pipeline, including but not limited to:

- Regulatory costs associated with the current proceeding;
- Preparation and execution of all agreements associated with the North Pine Fuel Gas Pipeline;
- Cost estimates for the North Pine Fuel Gas Pipeline.

8.1.1 Are the costs identified above included in the economic test summarized in Exhibit 3-1 and 3-2? Please discuss why or why not.

8.1.1.1 If so, provide particulars of those costs.

8.1.1.2 If not, please discuss how those costs will be treated

9.0 **Reference:** **Financial Benefits**  
**Exhibit B-1, p. 11; Commission CPCN Application Guidelines; Confidential Exhibits B-1-1 and B-1-2**  
**Rate impact**

On page 11 of the Application, PNG(NE) states:

The acquisition and operation of the Fuel Gas Pipeline by PNG(N.E.) will provide financial benefit to other customers in the Fort St. John/Dawson Creek service area. This benefit will be realized in the form of the positive rate impacts of the incremental margin realized from providing service to AltaGas NPLP.

The British Columbia Utilities Commission’s (BCUC, Commission) Certificate of Public Convenience and Necessity (CPCN) Application Guidelines state that an application under sections 45 and 46 of the *Utilities Commission Act* (UCA) should contain “[a] schedule calculating the revenue requirements of the project and feasible alternatives, and the resulting impacts on customer rates.”

9.1 Please provide the number and class of the ‘other’ customers in the Fort St. John/Dawson Creek service area who will benefit from the acquisition and operation of the Fuel Gas Pipeline.

9.2 Please identify any known future customer of the pipeline.

9.2.1 Are any of the other or future customers expected to be direct recipients of fuel from the North Pine Fuel Pipeline? Please explain.

9.2.1.1 If the above customers will be direct recipients of fuel from the North Pine Fuel Pipeline, please provide the estimated demand for these customers.

9.3 Please provide the annual impact on customer rates by rate class during the TSA term, including supporting calculations, which correspond to each of confidential Exhibit B-1-1 and confidential Exhibit B-1-2.

9.4 Please discuss whether the incremental margin associated with the North Pine Fuel Pipeline will benefit all PNG(NE) rate classes or only specific rate classes.

10.0 **Reference:** **Financial Benefits**  
**Exhibit B-1, p. 3**  
**Financing**

On pages 3 of its Application, PNG(NE) states that it is “capable of financing the acquisition of the Fuel Gas Pipeline either directly, or indirectly, through its association with PNG and with the AltaGas group of companies.”

10.1 Please discuss whether PNG(NE) has the required financing at present to acquire the North Pine Fuel Gas Pipeline.

11.0 **Reference:** **Financial Benefits**  
**Exhibit B-1, p. 12; Commission CPCN Application Guidelines**  
**CPCN Guidelines**

The Commission's CPCN Application Guidelines state that an application under sections 45 and 46 of the UCA should contain the following information, among other things:

- A schedule calculating the net present values of the incremental cost and benefit cash flows of the project and feasible alternatives, and justification of the length of the term and discount rate used for the calculation;
- A schedule calculating the revenue requirements of the project and feasible alternatives, and the resulting impacts on customer rates;

Page 12 of the PNG Application includes the following exhibits:

- Exhibit 3-1 – NPV of Incremental Margin Over 20 Years – Standard Depreciation (1.94% or 51.5 years)
- Exhibit 3-2 – NPV of Incremental Margin over 20 Years – Accelerated Depreciation (5% or 20 years)

11.1 Does PNG consider that the analysis provided in Exhibits 3-1 and Exhibit 3-2 provides both the net present value of the incremental cost and benefit cash flows and the revenue requirements of the North Pine Fuel Gas Pipeline? Please discuss.

#### **D. SCHEDULES**

12.0 **Reference:** **Application Overview**  
**Exhibit B-1, Section 1, pp. 3, Appendix A**  
**Appendix A**

On page 3 of the Application, PNG(NE) states: "PNG, in turn, is a wholly-owned subsidiary of AltaGas Utility Holdings (Pacific) Inc., which in turn is wholly-owned by AltaGas Ltd. (AltaGas)."

Appendix A to the Application shows the current AltaGas organizational chart illustrating the related party nature of the relationship between PNG(NE) and AltaGas NPLP

- 12.1 Please provide PNG's code of conduct for business relationships between PNG(NE) and AltaGas NPLP, relevant to this Application.
- 12.1.1 Please highlight all areas relevant to this Application.
- 12.1.2 If there is no code of conduct for business relationships, please explain why.

#### **E. AGREEMENT FOR FIRM TRANSPORTATION SERVICE**

13.0 **Reference:** **Agreement for Firm Transportation Service**  
**Exhibit B-1, Appendix D, Section 1.1**  
**Definitions**

Appendix D of the Application includes the Service Agreement for Firm Transportation Service (TSA) between PNG(NE) and AltaGas Northwest Processing Limited Partnership. Section 1.1 of the TSA includes definitions.

Schedule A of the TSA indicates that the Shipper Service Request Date is December 1, 2017.

13.1 Please provide the status of each of the four “Commencement Requirements” identified in section 1.1 of the TSA.

13.1.1 At present, what is the expected Commencement Date for the TSA?

14.0 **Reference: Agreement for Firm Transportation Service  
Exhibit B-1, Appendix D, Section 1.1  
Credit Support and Guarantees**

Section 1.1 of the TSA includes definitions for “Credit Support” and “Guarantee”.

14.1 Please provide all applicable credit ratings available for AltaGas NPLP.

14.2 Do either the TSA or General Terms and Conditions require AltaGas NPLP to provide PNG(NE) with Credit Support, as defined in section 1.1? If yes, please provide the relevant section(s) that outlines this requirement.

14.3 Please provide details of any Guarantees and/or Credit Support under the TSA provided by AltaGas or any of its related entities or otherwise in favour of PNG(NE) that provide assurance regarding Alta Gas’ obligations under the TSA.

14.4 What financial security, if any, do the AltaGas group of companies provide PNG(NE) as the owner and operator of the North Fuel Pipeline in the event AltaGas NPLP terminates operations at the North Pine Facility for any reason, including, but not limited to, bankruptcy or insolvency, prior to the expiry of the Primary Term, or any extension thereof, under the applicable agreements.

15.0 **Reference: Agreement for Firm Transportation Service  
Exhibit B-1, Appendix D, Sections 2.1, 5.1 and 7.1, Schedule C  
Termination**

Section 5.1 of the TSA states that:

The term of this Agreement shall be from the Effective Date until the end of the Primary Term, plus any extension effected pursuant to section 5.2, unless this Agreement is terminated earlier in accordance with the General Terms and Conditions.

Section 7.1 of the TSA states that:

...if the Shipper terminates this Agreement on the basis of default, bankruptcy, insolvency or any other failure to perform by Shipper prior to the end of the Primary Term, Shipper shall pay Transporter an amount equal to the net present value of the Firm Demand Charge for the Contract Demand for the remainder of the Primary Term.

15.1 Please explain how the Shipper would be able to pay the Transporter an amount equal to the net present value of the Firm Demand Charge for the Contract Demand for the remainder of the Primary Term in the event the termination is a result of the bankruptcy or insolvency of the Shipper and whether, related entities in the AltaGas group of companies are providing a guarantee in favour of PNG(NE) for such payments.

15.2 Please provide a summary of all termination provisions included in the TSA and General Terms and Conditions and the description of the contractual obligations of each party on termination and include, in each termination circumstance, which party(s), if any, provide guarantees in favour of PNG(NE) of payments of an amount equal to the net present value of the Firm

Demand Charge for the Contract Demand for the remainder of the Primary Term

- 15.3 Please discuss how termination of each of the other agreements pertaining to the ownership and operation of the Fuel Gas Pipeline (CRA, PCA, and MMA) would affect the TSA.

- 16.0 **Reference: Agreement for Firm Transportation Service  
Exhibit B-1, Appendix D, Section 6.3; Exhibit A2-1, Rate Schedule 10  
Tolls for service and Rate Schedule 10**

Section 6.3 of the TSA states that the “Parties agree that tolls payable by Shipper for Service under this Agreement will be as described in Schedule ‘B’.”

On page 1 of its Application, PNG(NE) states that:

Under the TSA PNG(N.E.) will provide service to AltaGas NPLP at the Small Industrial Service Rate (RS10) applicable to the Fort St. John/Dawson Creek service area for a firm volume of 280,000 GJ per year, with a minimum monthly take-or-pay commitment based on the equivalent to 240,000 GJ per year, thereby providing PNG(N.E.) with a minimum guaranteed revenue stream over the term of the contract. Any supplemental volumes required by the North Pine Facility that are in excess of the contracted firm deliveries will be provided at the RS10 rate, but on a non-firm, interruptible basis.

Rate Schedule (RS) 10 states that it is available as follows:

In the City of Fort St. John, Village of Taylor, City of Dawson Creek and in surrounding areas where customers are serviced from a direct extension of the respective distribution systems, or from connection directly to transmission lines. [*Emphasis added*]

- 16.1 Please explain if the service contemplated by the TSA meets all of the availability requirements of RS 10.
- 16.2 Please discuss why RS 10 was chosen as the appropriate rate for the TSA, including a discussion of the cost basis for using this rate.
- 16.3 Please discuss if PNG(NE) considered any rate alternatives to RS 10 for the service provided to Alta Gas under the TSA and include the pros and cons of each alternative.
- 16.3.1 Did PNG(NE) consider a specific rate using directly assigned costs for the service provided to Alta Gas under the TSA? Please discuss the pros and cons of this type of rate for the TSA with AltaGas.

## F. COST REIMBURSEMENT AGREEMENT

- 17.0 **Reference: Cost Reimbursement Agreement  
Exhibit B-1, Appendix E, Section 1  
Operation date and approvals**

Section 1(f) of the Cost Reimbursement Agreement (CRA) defines the Commercial Operation Date as “the date on which PNG receives written notice from AltaGas that Work is complete and the Pipeline is ready to commence the commercial transport of fuel gas to the North Pine Facility.”

- 17.1 Has PNG(NE) received written notice of the Commercial Operation Date? If so, please provide the date that it was provided. If not, please provide the estimated date.

Section 5 of the CRA relates to PNG Third Party Approvals, which are defined in Section 1(k) as:

any required regulatory, government or third party (including without limitation landowners and co-owner) approval or consent for the purchase of the Pipeline and the transactions contemplated by this CRA, including BCUC Approval.

17.2 Please identify any required PNG Third Party Approvals, other than BCUC approval, and indicate if the approval has been obtained.

18.0 **Reference: Cost Reimbursement Agreement  
Exhibit B-1, Appendix E, Section 9  
Termination**

Section 9 of the CRA relates to Termination and states that:

In the event of termination of this CRA at any time following receipt of BCUC Approval and for the duration of the term of this CRA, by AltaGas pursuant to Paragraph 8 of this CRA, AltaGas shall use reasonable commercial efforts to mitigate costs and PNG shall, not later than the ninetieth (90<sup>th</sup>) day following such termination, pay to AltaGas one hundred percent (100%) of the actual out-of-pocket costs incurred by AltaGas with respect to the Work (excluding any salaries, wages and benefits of AltaGas employees) up to and including the date that the notice of termination by a Party is received by the other Party and one hundred percent (100%) of the actual out-of-pocket equipment restocking and cancellation or shut down costs or other costs and expenses for which AltaGas is liable in connection with the Work, following which neither AltaGas nor PNG shall have any further liability to each other except as provided in Paragraph 9(d).

18.1 In the event that the CRA is terminated by AltaGas pursuant to section 9 of the CRA, please discuss if PNG(NE) would propose to include any costs paid by PNG(NE) to AltaGas in its revenue requirements for recovery from its ratepayers. Please discuss why or why not

18.2 In the event that the CRA is terminated by AltaGas pursuant to section 9 of the CRA, please discuss the impact that this would have on the status of the TSA.

19.0 **Reference: Cost Reimbursement Agreement  
Exhibit B-1, Appendix E, Section 10  
Set-off**

Section 10 of the CRA states that: "...AltaGas may set off any amount unpaid hereunder against any sums due or accruing due to PNG from AltaGas or any of its affiliates under any agreement whether executed before, or after the CRA."

19.1 Please describe the meaning of "set off" in the context of section 10 of the CRA and discuss the type of agreements that this may be applicable to.

20.0 **Reference: Cost Reimbursement Agreement  
Exhibit B-1, Appendix E, Schedule B  
Cost estimate**

Schedule B of the CRA includes a cost estimate for the North Pine Fuel Gas Pipeline Estimate of \$1,700,623.53.

20.1 Please provide the most up-to-date cost estimate applicable to the CRA, if one is available.