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ELECTRONICALLY FILED

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver BC V6Z 2N3

Attention: Mr. Patrick Wruck,
Commission Secretary

Dear Mr. Wruck:

Pacific Northern Gas Ltd (PNG) and Triton LNG Limited Partnership (Triton) Letter Agreement (the Letter Agreement) Application - Project No.1598957

We are counsel to Western LNG LLC (WLNG).

Please find enclosed the Information Request from WLNG for filing in accordance with the Regulatory Timetable established in Order G-116-18.

Yours very truly,

LAWSON LUNDELL LLP

FOR: Daphne Radzinyak
Keith Bergner*

KBB/pkb

*Law Corporation

1. Reference: Exhibit B-1, page 2 of 8.

"AltaGas [...] has been collaborating with PNG since July 2015".

"representatives of AltaGas formally approached PNG in July 2017".

Reference: Exhibit B-5, page 3, para 8.

"AltaGas [...] has been working jointly with PNG since July 2015".

"... AltaGas representatives also formally approached PNG in mid-2017".

1.1 What form did the collaboration between PNG and its corporate parent, AltaGas, take with respect to the utilization of PNG's capacity in the period July 2015 to July 2017? Please produce copies of the written correspondence, emails or other records in which AltaGas sought from, or was provided information by PNG during those two years, relating to the availability of and terms of access for pipeline capacity on the PNG system.

1.2 What form did the "formal approach" to PNG in July 2017 take? How was that approach distinguished from collaboration that had occurred in the previous two years? Please provide a copy of any written or electronic records evidencing the formal approach made by AltaGas in July 2017.

2. Reference: Exhibit B-1, page 2 of 8.

"AltaGas subsequently requested PNG to undertake investigative works to determine the feasibility and cost of delivering an additional 30 MMcf/day to Ridley Island for a potential total of approximately 50 MMcf/day of Transportation Service."

Reference: Exhibit B-5, page 3, para 9.

"... 'expanded capacity' in the letter agreement became tangible in late 2017 (through inclusion in the draft terms) ..."

2.1 What was the date on which AltaGas "subsequently" requested the investigative works?

2.2 Which party prepared the first draft of the agreement to include a provision for expanded capacity of 50 MMcf/day?

2.3 On what day was that draft circulated to all parties to the transaction. Please produce a copy of that draft agreement and the correspondence under which it was transmitted.

2.4 Prior to including the option for expanded capacity in the draft agreement, had PNG done any engineering work to determine what additional facilities would be required to deliver this greater volume to Prince Rupert? If so, please describe (a) the nature and timing of such work and (b) the cost incurred to undertake such work. In responding, please differentiate between facilities (a) between Summit Lake and Terrace and (b) between Terrace and Prince Rupert.

3. Reference: Exhibit B-5, page 3, para 9.

"... (a) the actual execution of the PNG – Triton Letter Agreement did not occur until March 29, 2018; and that (b) within the terms of the PNG – Triton Letter Agreement further study on the volumes between 20 MMcf/day to approximately 50 MMcf/day still had to be undertaken..."

3.1 Between the "formal approach" made by Triton to PNG in July 2017 and the execution of the Letter Agreement on March 29, 2018, did Triton make any payment to PNG to secure priority access to PNGs existing or expansion capacity?

3.2 Between July 2017 and March 29, 2018, did Triton make any legally enforceable commitments to PNG to make any future payments to PNG in connection with the use of either its existing or expanded pipeline capacity?

4. Reference: Exhibit B-1, page 4 of 8.

"PNG and Triton have agreed to a minimum unit demand charge for the Initial Capacity..."

Reference: Exhibit B-1, Appendix A, Exhibit A.

References the "Unit Demand Charge" and "Base Interruptible Charge".

Reference: Exhibit B-5, page 13, footnote 43.

"The request for confidentiality is based on the consideration that the Triton Project may not go ahead, and that the public dissemination of this information may prove detrimental to PNG's position in future contractual arrangements and thus may have an adverse effect on its ability to negotiate the best possible arrangement on behalf of its customers."

4.1 What is the basis for the Triton confidential demand charge, i.e., how was it determined?

4.2 What is the relationship between the Triton demand charge and the demand charge of other firm shippers? Please provide a table showing the demand charges for each firm shipper and the provisions under which it might change.

4.3 What is the relationship between the Triton demand charge and (i) the incremental costs of providing service to Triton and (ii) recovery of sunk historic costs (stranded costs) for existing facilities?

4.4 What is the interruptible toll to be charged Triton? What is the basis for this calculation?

5. Reference: Exhibit B-1, page 5 of 8.

"PNG also understands that the economic viability of a prospective LNG or methanol project at only 20 MMcf/day is very challenging and believes that Triton would prefer a higher delivery volume than PNG currently has available."

Reference: Exhibit B-5, page 5, para 15.

"Triton itself has been in existence since 2013. Further the Triton Project itself is credible. In this regard, PNG understands that the Triton Project is using existing low cost modular technology, that market reception to the Project has been very positive, and that various project sites on Ridley Island are being evaluated."

5.1 Does PNG agree that the onsite facilities, operational expertise, markets and end-uses for methanol are largely distinct from those for LNG?

5.2 Has Triton entered into an engineering agreement with an EPC constructor to define the project?

5.3 Please confirm that the basis for PNG's understanding that "market reception to the [Triton] Project has been very positive" is based on information provided by Triton. If not confirmed, please explain any independent basis for PNG's understanding that "market reception to the [Triton] Project has been very positive."

5.4 Has Triton determined which market (LNG or methanol) it is pursuing? Which market has given the "very positive" reception described above?

5.5 Please confirm that, while "various project sites on Ridley Island are being evaluated," no project site had been finalized (a) at the time the Letter Agreement was executed, and (b) at the time the Application was filed with the BCUC.

6. Reference: Exhibit B-1, page 8.

"Triton has emphasized the need for a prompt review of this Application as they are endeavouring to obtain commitments from various parties to make their project a success."

Reference: Exhibit B-5, page 5, para 17.

"Triton has emphasized the need for a prompt review of the Application as it is endeavouring to obtain commitments from the various parties to make its project a success."

6.1 Between the filing of Exhibit B-1 on April 9, 2018 and the filing of Exhibit B-5 on June 21, 2018, has PNG obtained from Triton evidence of any progress in obtaining commitments from various parties to make its project a success?

6.2 What parties did PNG take Triton to be referring to when it emphasized the need for a prompt review?

6.3 What direct communication has PNG had with those parties in connection with the Triton project?

6.4 Which party would be the shipper on the PNG pipeline--Triton or Triton's customers?

6.5 Has PNG had any conversations with potential customers of Triton? If so, were these potential customers for methanol or LNG?

7. Reference: Exhibit B-5, page 7, para 24.

"During a January 25, 2018 meeting with Western at PNG offices, PNG learned that Western had no project site and had not made any contact with the Haisla..."

7.1 Please confirm that during the January 25, 2018 meeting, PNG was advised by Western that Western was meeting with the Haisla on the following day—January 26, 2018—in Kitimat. Please further confirm that, subsequent to January 25, 2018, PNG was advised by Western that this meeting with the Haisla did take place.

7.2 At the time of Triton's "formal approach" to PNG in July 2017, did Triton indicate it had (a) a project site and/or (b) some form of benefit agreement with any First Nation that might be affected by its proposed project? Did Triton provide any evidence it had commenced consultation with any First Nation in that regard?

7.3 At the time PNG entered into the option agreement with Triton on March 29, 2018, did Triton indicate it had (a) a project site and/or (b) some form of benefit agreement with any First Nation that might be affected by its proposed project? Did Triton provide any evidence it had commenced consultation with any First Nation in that regard?

7.4 Since March 29, 2018 has Triton advised PNG that is has (a) acquired a project site, (b) determined the type of project it proposed to undertake, (c) determined the amount of pipeline capacity it will at minimum require and/or (d) concluded some form of benefit agreement with any First Nation that might be affected by its proposed project?

8. Reference: Exhibit B-5, page 6, para 21.

"... (PNG notes that the first contact by Western was initiated on October 24, 2017) and a non-disclosure agreement (NDA) with Western was not entered into until November 10, 2017.

Reference: Exhibit B-5, pages 6-7, paras 23 and 25.

"PNG made clear to Western that it was not alone in seeking capacity. It also let Western know on several occasions that PNG had to complete its arrangements with the first proponent that was ahead of Western."

"... starting in late October and November 2017 PNG has had a flurry of requests for meetings with various parties seeking potential capacity on PNG's pipeline."

8.1 Does PNG consider that a "formal approach" has been made by Western to PNG for existing or expansion capacity on its system?

8.2 If for any reason Triton either does not obtain or decides not to exercise an option to use existing or expansion capacity on the PNG system, does PNG consider that Western currently has first priority access to the existing and initial expansion capacity of the pipeline? Is Western "ahead" of other parties in the manner that PNG views Triton as being "ahead of Western"?

8.3 Are there any provisions in PNG's tariff which determine the process by which access to the pipeline system is allocated amongst competing potential customers where aggregate requests exceed available capacity? Explain how PNG has, or would, determine which requests for existing unused capacity would be met if aggregate requests exceeded available capacity.

8.4 Are there tariff provisions, guidelines, practices or procedures that govern how PNG canvasses potential interest in use of its system before allocating existing capacity on a firm contractual basis and/or undertaking expansions? If so, please produce a copy of such written tariff provisions, guidelines, practices or procedures.

8.5 What steps have been taken by PNG to canvass potential interest in use of its system since receiving a "formal approach" from Triton in July 2017?

8.6 What steps were taken by PNG to canvass potential interest in use of its system prior to entering into the option agreement with Triton on March 29, 2018?

8.7 What are the tariff provisions regarding tolls if there is an expansion or the addition of new firm shippers for existing capacity?

8.8 What are the tariff provisions regarding tolls for existing firm shippers? Do their tolls vary with volumes? If so, how? If not, why not?

8.9 What are the tariff provisions for interruptible rates? Do interruptible tolls vary with firm volumes? If so, how? If not, why not?

8.10 What is the disposition of interruptible revenues? Do interruptible revenues benefit firm shippers?

9. (1) Reference: *Phase I Gas Transportation Tariff of Foothills Pipe Lines Ltd.*, "Capacity Allocation Procedures" (December 1, 2012) at parts 3 and 4
http://www.tccustomerexpress.com/docs/fh_regulatory_tariff/04_capacity_allocation_procedures.pdf

9.1 Having regard to Reference (1) above, please confirm that the terms and conditions that the National Energy Board (NEB) has authorized Foothills Pipe Line Ltd. (Foothills) to offer firm long term service using existing capacity on the Foothills Pipe Line System (Foothills System) include the following provisions:

4.1.1 Posting of Existing Capacity

If Company determines that Existing Capacity is available or will become available in Zone 8 or Zone 9, Company shall provide notice on its website, within a reasonable period of time after such determination, regarding the availability of such Existing Capacity. At least three (3) Banking Days after such notice, Company shall post on its website (or by any other alternative method determined by Company, if Company's website is inoperable) on a Banking Day (excluding statutory holidays in the United States) (the "Existing Capacity Open Season"):

(a) *the quantity of Existing Capacity which is available for such Existing Capacity Open Season;*

(b) *the Service Commencement Date(s) for such Existing Capacity which shall be no later than 12 months from the date such Existing Capacity is posted; and*

(c) *the Closing Date for such Existing Capacity Open Season.*

4.1.4 Awarding of Existing Capacity

Subject to subsections 4.1.3 and 4.1.5, Existing Capacity shall be awarded to the Prospective Shipper whose bids are accepted by Company as follows:

(a) Company shall rank the bids in descending priority based on the following criteria:

(i) firstly, on the Requested Term (where the bid with the longer term shall have the higher priority); and

(ii) second, by the Requested Service Commencement Date (where the bid with the earlier Requested Service Commencement Date shall have the higher priority).

(b) Subject to subsection 4.1.4(d), Company shall award Existing Capacity to the bids in sequential order, based on the priority established pursuant to subsection 4.1.4(a), until all the bids have been processed or until all Existing Capacity has been awarded;

(c) Subject to subsection 4.1.4(d), if two or more bids have the same priority and the Existing Capacity is not sufficient to provide the total Requested Maximum Daily Delivery Quantity, then the Existing Capacity shall be awarded to such bids on a pro rata basis based on the Requested Maximum Daily Delivery Quantity of each bid;

(d) If the Existing Capacity to be awarded to a bid as determined by Company in either subsection 4.1.4(b) or subsection 4.1.4(c) is less than the Requested Minimum Daily Delivery Quantity as set out in such Bid Form, that bid shall be deemed to be rejected by Company and no Existing Capacity shall be awarded to such bid. The remaining Existing Capacity shall continue to be awarded sequentially to the remaining bids based on the priority established pursuant to subsection 4.1.4(a), until all the bids have been processed or until all Existing Capacity has been awarded; and

(e) Company shall be deemed to have accepted the bids of Prospective Shippers when Company awards Existing Capacity to such Prospective Shippers. Company shall notify such Prospective Shippers who have been awarded Existing Capacity within 3 Banking Days from the Closing Date.

4.1.5 Requirements for Existing Capacity

Where Company awards Existing Capacity to a Prospective Shipper pursuant to subsection 4.1.4, such Prospective Shipper shall, at the request of Company:

(a) execute, within the time period specified by Company, a Service Agreement, Firm Transportation Service, including Appendix A to that agreement, for the provision of the transportation service awarded;

(b) provide sufficient financial information to demonstrate its creditworthiness;

(c) provide a Financial Assurance to Company if requested pursuant to subsection 5.8 of the General Terms and Conditions of this Gas Transportation Tariff; and

(d) demonstrate to the satisfaction of Company that it has appropriate upstream and downstream transportation arrangements.

9.2 Having regard to Reference (1) above, please confirm that the terms and conditions that the NEB has authorized Foothills to offer firm long term service when expansion facilities are required to provide that service on the Foothills System include the following provisions:

3.3 Expansion Capacity

3.3.1 Where Company determines that the Existing Capacity is insufficient to meet the Request for Service from Prospective Shippers in the queue and that the demand for service is sufficient to consider an expansion of existing facilities ("New Facilities"), Company shall advise each Prospective Shipper in the queue of the minimum term required for service through the New Facilities ("Minimum Term") which shall, unless circumstances dictate otherwise, be 10 years. Company may request each Prospective Shipper in the queue to complete and return to Company, within 30 days of the receipt by Prospective Shipper, a Project Status Summary in the form set forth in Appendix A to these Capacity Allocation Procedures. Any Prospective Shipper whose Request for Service does not indicate that such Prospective Shipper requires service for the Minimum Term will be required to confirm in writing to Company, within the time period provided for completing and returning the Project Status Summary, that such Prospective Shipper agrees to take service for a term not less than the Minimum Term. Prospective Shippers who fail within the time period provided to complete and return a Project Status Summary and, if applicable, provide confirmation that such Prospective Shippers agree to take service for a term not less than the Minimum Term will move to the bottom of the queue. In the event that two or more Prospective Shippers fail to complete and return the Project Status Summary and Minimum Term confirmation, if applicable, within the time period provided, such Prospective Shippers shall retain the same priority each had in relation to the other, on the date Company advises Prospective Shippers of the Minimum Term, when such Prospective Shippers are moved to the bottom of the queue.

4.3.1 Posting of Expansion Capacity

If Company determines that demand for service under Rate Schedule FT, Firm Transportation Service may be sufficient to consider expansion of existing facilities on Zone 8 or Zone 9 ("Expansion Capacity"), Company shall provide notice on its website of the open season for such Expansion Capacity. At least three Banking Days after such notice, Company shall post on its website (or by any other alternative method determined by Company, if Company's website is inoperable) on a Banking Day (excluding statutory holidays in the United States)(the "Expansion Capacity Open Season"):

(a) the date such Expansion Capacity may be available; and

(b) the Closing Date for such Expansion Capacity Open Season.

(2) Reference: *Maritimes & Northeast Pipeline Limited Partnership NEB Gas Tariff,* "General Terms and Conditions" (December 4, 2009), at part 4, online: https://infopost.spectraenergy.com/infopost/MNCAHome.asp?Pipe=MNCA

9.3 Having regard to Reference (2) above, please confirm that the terms and conditions that the National Energy Board (NEB) has authorized Maritimes and Northeast Pipeline Limited Partnership. (MNPLP) to offer firm long term service using existing capacity on the Maritime and Northeast PipeLine (MNP) include the following provisions:

4.2 Unsubscribed Capacity

(a) Subject to requirements for requests for firm service in the GT&C and project financing requirements, firm capacity that is available but is not currently subscribed will be allocated to that request(s) generating the highest net present value to Pipeline. Net present value will be determined based on the discounted cash flow of revenues to Pipeline produced, lost, or affected by the request(s) for service. In determining the highest net present value, Pipeline will consider objective criteria only. Such criteria may include, without limitation, the maximum contract quantity requested, the term of the service requested, the date on which the requested service would commence, and such other objective criteria available based on the requests for service received by Pipeline. The net present value evaluation shall include only revenues generated by the reservation charge component exclusive of any discounts. The net present value discount factor used by Pipeline will be applied

consistently to all requests for capacity being evaluated at a particular point in time.

(b) For request(s) for firm service, provided that capacity is available to satisfy any such request(s), Pipeline shall conduct an open season and shall post the notice of such open season within twenty-four (24) hours of receiving the request(s) for firm service. To the maximum extent possible, Pipeline will attempt to structure any such posting so as not to identify specifically the customer or potential customer submitting the request and/or the specific location of the market(s) to be served. Any open season pursuant to this Section 4.2 will be conducted to determine which Customer or potential customer values any available capacity the most.

(c) For any open season conducted pursuant to this Section 4.2 such open season shall be held for a minimum of: (i) two (2) Business Days for service offerings with a term of less than one (1) year; or (ii) fifteen (15) Business Days for service offerings with a term of one (1) year or more. In no event shall the open season be for a period greater than one (1) Month. All open seasons shall end at 2:00 p.m. CT not less than two (2) Business Days prior to the date service would be available. Any such posting shall, at a minimum, describe the service available, the date(s) that the service will be available, the duration for which the service will be available, the capacity path, any minimum terms and conditions, any other factors Pipeline shall consider in evaluating requests received during the open season, and any other rules applicable to the open season procedure.

9.4 Having regard to Reference (2) above, please confirm that the terms and conditions that the NEB has authorized MNPLP to offer firm long term service using expansion facilities required for that purpose on the MNP include the following provisions:

4.3 Capacity Created as a Result of Constructing Additional Facilities

(a) All Customers and potential customers are put on notice that Pipeline may, but is not required to, from time to time, in addition to constructing facilities under GT&C Article 17, conduct periodic open seasons for the purpose of evaluating market interest to expand and/or extend Pipeline's transportation system. If Pipeline does conduct an open season, any additional pipeline capacity made available by such expansion and/or extension will be allocated under the terms and conditions of such open season.

(b) If Pipeline conducts an open season for pipeline capacity associated with the facilities of Maritimes & Northeast Pipeline, L.L.C. or any other downstream pipeline, Pipeline shall make reasonable efforts to coordinate such open season with Maritimes & Northeast Pipeline, L.L.C. or other downstream pipeline, respectively.

9.5 Having regard to Reference (2) above, please confirm that the terms and conditions that the NEB has authorized MNPLP to offer firm long term service using expansion facilities required for that purpose on the MNP include the following provisions:

5. Service Nomination Procedure

5.1 Customer shall furnish or cause to be furnished to Pipeline nominations showing the quantity of gas to be received and delivered by Pipeline, by individual Point of Receipt and individual Point of Delivery, for each Day of the Nomination Period as required below:

(a) Such nomination shall reflect Customer's contract number; the beginning and ending dates of the period for which the deliveries are desired, provided the nomination beginning and ending dates are within the term of Customer's contract; the quantity of gas to be received, including Fuel Retainage Quantity and any make-up quantity pursuant to Articles 8 or 11, at each Point of Receipt and the quantity of gas to be delivered at each Point of Delivery on Pipeline. Such nomination shall also specify such information as Pipeline reasonably determines necessary to perform service. To the extent Customer desires to change its nomination for any Nomination Period, Customer must submit a new nomination for such Nomination Period to replace in its entirety the prior nomination. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

5.3 Other Nomination Cycles

(a) Evening Nomination Cycle. Subsequent to the Timely Nomination Cycle, as described in Section 5.2, Customer may alter its nominations provided that the nomination given by Customer to Pipeline for deliveries starting at 9:00 a.m. CT on the following Day shall be submitted to Pipeline no later than the time specified in the nomination timeline below, or such lesser period as is acceptable to Pipeline. Any nomination submitted after the Timely Nomination Cycle shall contain Customer's service requirements for one Day only and shall include the effective date and time. Intraday nominations do not replace the remainder of a standing nomination. The nomination timeline shall be Central Time on the Day prior to gas flow:

6:00 p.m. Nomination leaves control of the nominating party

6:15 p.m. Receipt of nomination by Pipeline through the ECS

6:30 p.m. Quick response by Pipeline regarding validity of data elements of nominations received through the ECS at 6:15 p.m.

9:00 p.m. Receipt of completed confirmations by Pipeline from upstream and downstream connected parties

10:00 p.m. Provide scheduled quantities to Customer, point operator and bumped parties (notice to bumped parties)

(3) Reference: *Gas Transportation Tariff of Nova Gas Transmission Ltd.*, "Appendix 'A' - Terms and Conditions Respecting Access to Transportation Service at Group 1 Delivery Points" (December 1, 2012), online: http://www.tccustomerexpress.com/docs/ab_regulatory_tariff/ngtl-gtt-appendix-a.pdf

9.6 Having regard to Reference (3) above, please confirm that the terms and conditions that the National Energy Board (NEB) has authorized Nova Gas Transmission Ltd. (Nova) to offer firm long term service using existing capacity on the Nova System include the following provisions:

2.1 Posting of Existing Capacity

If Company determines that capacity is available or may become available for Service under Rate Schedule FT-D that does not require new Facilities ("Existing Capacity"), Company shall provide Notice on the Website of the open season for such Existing Capacity (the "Existing Capacity Open Season"). At least 3 Banking Days (excluding statutory

holidays in the United States) after such Notice, Company shall post on the Website:

(a) the quantity of Existing Capacity available at the Group 1 Delivery Point;

(b) the date such Existing Capacity will be available; and

(c) the Closing Date for such Existing Capacity Open Season.

2.2 Existing Capacity Bid Process

If Company posts Existing Capacity pursuant to paragraph 2.1, prospective customers may bid for such Existing Capacity, on any Banking Day up to and including the Closing Date, as follows:

(a) Prospective customers shall submit a completed and unedited bid form, in the form set out in article 6.0 (the "Open Season Bid Form");

(b) The requested term of Service, as established by the requested Service Commencement Date and requested Service Termination Date, each set out on the Open Season Bid Form, shall be a minimum term of one year;

(c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Closing Date;

(d) Within 2 Banking Days of the Closing Date, prospective customers, except those who are also Customers receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:

(i) one month demand charges for the Delivery Contract Demand set out on the Open Season Bid Form; or

(ii) $10,000.

The deposit, if provided, shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Existing Capacity posted in the Existing Capacity Open Season.

If Company awards Existing Capacity to a prospective customer and such customer executes the Service Agreement and Schedule of Service under Rate Schedule FT-D for such Existing Capacity, the deposit, if provided, will be credited to the bill for the first month of Service or returned to the Customer if requested.

If Company awards Existing Capacity to a prospective customer who is also a Customer receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, and such prospective customer fails to meet the requirements for Existing Capacity set out in paragraph 2.5, the Existing Capacity awarded to such prospective customer shall be withdrawn and such prospective customer shall pay Company an amount equal to the lesser of:

(i) one month demand charges for the Delivery Contract Demand set out on the Open Season Bid Form; or

(ii) $10,000.

...

2.4 Awarding of Existing Capacity

Subject to paragraphs 2.3 and 2.5, Existing Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

(a) Company shall rank the bids in descending priority based on the following criteria:

(i) first, on the basis of the per unit product of the current FT-D Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority); and

(ii) second, by the Service Commencement Date (where the bid with the earlier Service Commencement Date shall have the higher priority).

...

9.7 Having regard to the Reference (3) above, please confirm that the terms and conditions that the NEB has authorized Nova to offer firm long term service using expansion facilities required for that purpose on the Nova System include the following provisions:

3.1 Posting of Expansion Capacity

If Company determines that demand for Service under Rate Schedule FT-D may be sufficient to consider expansion of existing Facilities ("Expansion Capacity"), Company shall provide Notice on the Website of the open season for such Expansion Capacity (the "Expansion Capacity Open Season"). At least 3 Banking Days after such Notice (excluding statutory holidays in the United States), Company shall post on the Website:

(a) the date such Expansion Capacity may be available; and

(b) the closing date for such Expansion Capacity Open Season (the "Expansion Closing Date").

3.2 Expansion Capacity Bid Process

If Company posts Expansion Capacity pursuant to Paragraph 3.1, prospective customers may bid for such Expansion Capacity, on any Banking Day up to and including the Expansion Closing Date, as follows:

(a) Prospective customers shall submit a completed and unedited Open Season Bid Form set out in article 6.0;

(b) The requested term of Service, as established by the Service Commencement Date and the requested Service Termination Date, each set out in the Open Season Bid Form, shall be a minimum term of 8 years;

(c) All bids shall be irrevocable and must be received by Company by 11:00 hours CCT on the Expansion Closing Date;

(d) Within 2 Banking Days of the Expansion Closing Date, prospective customers, except those who are also Customers receiving Service, other than Service under Rate Schedule IT-S or Rate Schedule FT-X, shall provide to Company for each Open Season Bid Form, a deposit equal to the lesser of:

(i) one month demand charges for the Delivery Contract Demand set out on the Open Season Bid Form; or

(ii) $10,000.

The deposit, if provided, shall be refunded to unsuccessful bidders within 5 Banking Days from the date the Service Agreements and Schedules of Service under Rate Schedule FT-D are executed for all Expansion Capacity posted in the Expansion Capacity Open Season.

...

3.4 Awarding of Expansion Capacity

Subject to paragraphs 3.3 and 3.5, Expansion Capacity shall be awarded to the prospective customers whose bids are accepted by Company as follows:

(a) Company shall rank the bids in descending priority on the basis of the per unit product of the current FT-D Demand Rate multiplied by the requested term (where the bid with the highest per unit product shall have the higher priority);

...

(4) Reference: *Canadian Mainline Gas Transportation Tariff, General Terms and Conditions* "Transportation Access Procedure" (January 1, 2015) at sections 4 & 5, online: http://www.tccustomerexpress.com/docs/ml_regulatory_tariff/04_Transportation_Access_Procedure.pdf

9.8 Having regard to Reference (4) above, please confirm that the terms and conditions that the National Energy Board (NEB) has authorized TransCanada PipeLines Ltd. (TransCanada) to offer firm long term service using existing capacity on the TransCanada Mainline System include the following provisions:

4.1 Posting of Existing Capacity

If at any time prior to or during an open season TransCanada determines it has Existing Capacity, TransCanada may at any time, notify Service Applicants and prospective Service Applicants by posting a Notice of:

(a) the Existing Capacity for each of the available System Segments;

(b) the Date of Commencement for such Existing Capacity, provided that TransCanada is not obligated to offer a Date of Commencement

two (2) or more years from the date of the notice. In the case of MFP, the Date of Commencement shall occur within the MFP Commencement Period;

(c) the type of service available;

(d) in the case of FT-NR the term the service will be available for;

(e) in the case of MFP, the MFP Blocks and System Segments that TransCanada determines may be available, if any; and

(f) the date(s) the ECOS will commence and end.

4.2 The Existing Capacity Open Season

(a) TransCanada shall hold an open season for the Existing Capacity ("ECOS") commencing on or about July 15 in each calendar year (unless it has no Existing Capacity). The ECOS shall be for a period of time determined by TransCanada which shall not be less than two (2) full Banking Days after the commencement of such ECOS. TransCanada may hold an additional ECOS at any time it determines necessary. Service Applicant may during the ECOS submit by fax or mail or by electronic means an ECOS Bid Form for all or a portion of the Existing Capacity for a minimum term of one (1) year consisting of twelve (12) consecutive months. The date of commencement shall, subject to sub-section 3.2 of the MFP Toll Schedule and sub-section 10.3(b)(i) of the FT Toll Schedule, be the first day of the month provided however, Service Applicant may specify a date of commencement other than the first day of the month, for the same month in which the Service Applicant submits an ECOS Bid Form ("Partial Month"). The service termination date shall, subject to sub-section 4.2(a)(iii), sub-section 3.2 of the MFP Toll Schedule and sub-section 10.3(b)(ii) of the FT Toll Schedule, be the last day of the month.

...

4.4 Allocation of Existing Capacity

(a) At the close of the ECOS, TransCanada shall rank the submitted ECOS Bid Forms and TransCanada shall, subject to sub-Section 4.4(b), allocate the Existing Capacity among Service Applicants in the following priority:

(i) First by the demand toll multiplied by the Contract term for each ECOS Bid Form or combination of ECOS Bid Forms, with the bid(s) yielding the highest overall product having the highest priority;

(I) If an ECOS Bid Form is for FT-SN, MFP or EMB Service, the applicable demand toll for the purpose of determining such product shall be the demand toll for FT Service from the receipt point to the delivery point or area each specified in the ECOS Bid Form;

(II) If an ECOS Bid Form is for service pursuant to the SNB Toll Schedule then the product of demand toll and Contract term will be adjusted by multiplying such product by the requested maximum capacity and dividing such amount by the actual impact on Posted Capacity as determined by TransCanada;

(ii) Then by the requested Date of Commencement, with the earliest requested Date of Commencement having the highest priority, provided that TransCanada will have no obligation to award any Existing Capacity to an ECOS Bid Form with a service to commence two or more years from the close of the ECOS.

9.9 Does PNG agree that under the provisions in the tariffs of each of the listed pipelines, it would have been required to conduct some variant of a non-discriminatory open season before committing capacity to an individual shipper for its current excess capacity and for any expansion capacity it required to serve a request for service?

9.10 Does PNG agree that open seasons can provide it with valuable information concerning the extent of demand for capacity on its system and the best means to optimize the pipeline to that demand, including consideration of what additional facilities may be needed to serve demand that exceeds current capacity?

9.11 Is PNG currently prepared to hold an open season in respect of the currently existing capacity on the pipeline--including the volumes in the Triton Letter Agreement?

9.12 If the Commission were to deny this application, would PNG be prepared to commit to holding an open season in connection with its existing and potential expansion capacity?

10. Reference: Exhibit B-5, page 11, para 28.4.

"For the potential new customers, either an existing rate on a rate would be proposed, depending on the result of PNG's analyses."

10.1 Please confirm that the facilities to serve Triton's proposed 50 MMcf/day demand at Prince Rupert would not be required to serve up to 70 MMcf/day demand at Kitimat.

10.2 Does PNG expect that the additional facilities needed for a 50 MMcf/day project to Prince Rupert would trigger the need for an environmental assessment?

10.3 Please confirm that (assuming the Triton 50 MMcf/day demand proceeded), if any future shipper were to contract for capacity on the PNG system from Summit Lake to Kitimat in a volume that exceeded the remaining 30 MMcf/day on the mainline, an expansion of the mainline would be required. Would the expansion that would be required to serve such a shipper to fully utilize the 70 MMcf/day of capacity from Terrace to Kitimat require looping of the mainline and added compression between Summit Lake and Terrace to the extent that PNG would be required to file an environmental assessment under BC and/or Federal law? If PNG has done preliminary hydraulic studies to determine a rough scope of such an expansion, please summarize those findings.

(i) In the above scenario, would Triton's rate be adjusted to reflect Triton's share of the mainline expansion, or would the entire cost of the mainline expansion be shouldered by the new customer that sought to utilize the capacity from Summit Lake to Kitimat?

11. Reference: Exhibit B-2, page 6, response to BCUC IR 1.7

"Please see the following table and chart for capacity to the Prince Rupert area for 2017. *PNG notes that its largest industrial customer in the Prince Rupert area had low demand during this period.*" (emphasis added)

11.1 In the referenced response, PNG provides a tabular and graphical representation that shows "Prince Rupert Capacity" for 2017. Please provide similar tabular and graphical representations that shows pipeline capacity, existing firm demand, interruptible demand and available excess capacity on each of the following three segments on an annual basis for each of 2014 to 2017:

(a) Summit Lake to Terrace;

(b) Terrace to Kitimat; and

(c) Terrace to Prince Rupert.

11.2 Please prepare an alternate graphic for each pipeline of these three segments for each of the following scenarios:

(a) Triton exercises the option for 20 MMcf/day;

(b) Triton exercises the option for 50 MMcf/day;

(c) Triton does not exercise either option, but a new customer enters into an agreement for firm service of 70 MMcf/day in Kitimat;

(d) Triton exercises only its option for the baseline 20 MMcf/day contemplated under the Letter Agreement and a new customer enters into an agreement for firm service of 70 MMcf/day in Kitimat

(e) Triton exercises its option for the additional 30 MMcf/day (for a total of 50 MMcf/day) and a new customer enters into an agreement for firm service of 70 MMcf/day in Kitimat.

12. Reference: Exhibit B-1, page 3 of 8.

"Triton will have 30 days to either accept or reject PNG's proposal for such Expanded Capacity."

Reference: Appendix A - Letter Agreement between PNG and Triton, Clauses 5(e), (i) and (j), pages 3 and 4.

"Within 5 business days of payment of the Initial Option Fee to PNG[...], Triton shall provide PNG with written notice either accepting or rejecting the Expanded Capacity Notice..."

12.1 Does Triton have 30 days or 5 days to exercise its option for the expanded capacity?

12.2 Pursuant to clauses 5(i) and (j), please confirm that Triton has up to two and a half (2.5) years (consisting of the "12 months following the date on which the Initial Option Fee is paid" and "three separate options to extend the Option Period by six months each") to provide PNG written notice of commencement of Service under the Transportation Agreement.

12.3 Pursuant to clauses 5(i) and (j), please confirm that, if the above notice is given (up to 2.5 years into the Option Period), it can provide for commencement of service on a date up to three (3) years following the date of such notice.

13. Reference: Exhibit B-5, page 11, para. 30

"Triton is not, however, an 'affiliate' of PNG under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44."

13.1 Please confirm that Pacific Northern Gas Ltd. is a corporation incorporated or established under the laws of British Columbia.

13.2 Please confirm that Triton LNG Limited Partnership is a partnership formed under the laws of Alberta and registered to do business in British Columbia.

13.3 Please confirm that the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (section 2(1) and 2(2)(a) defines "affiliate" as "one body corporate" which "is affiliated with another body corporate."

13.4 Please confirm that Triton LNG Limited Partnership, being a "partnership" is not a "body corporate" under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

13.5 Please confirm that AltaGas Ltd. (a partner in Triton) is, when acting on behalf of the partnership, an "associate" of Triton under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.

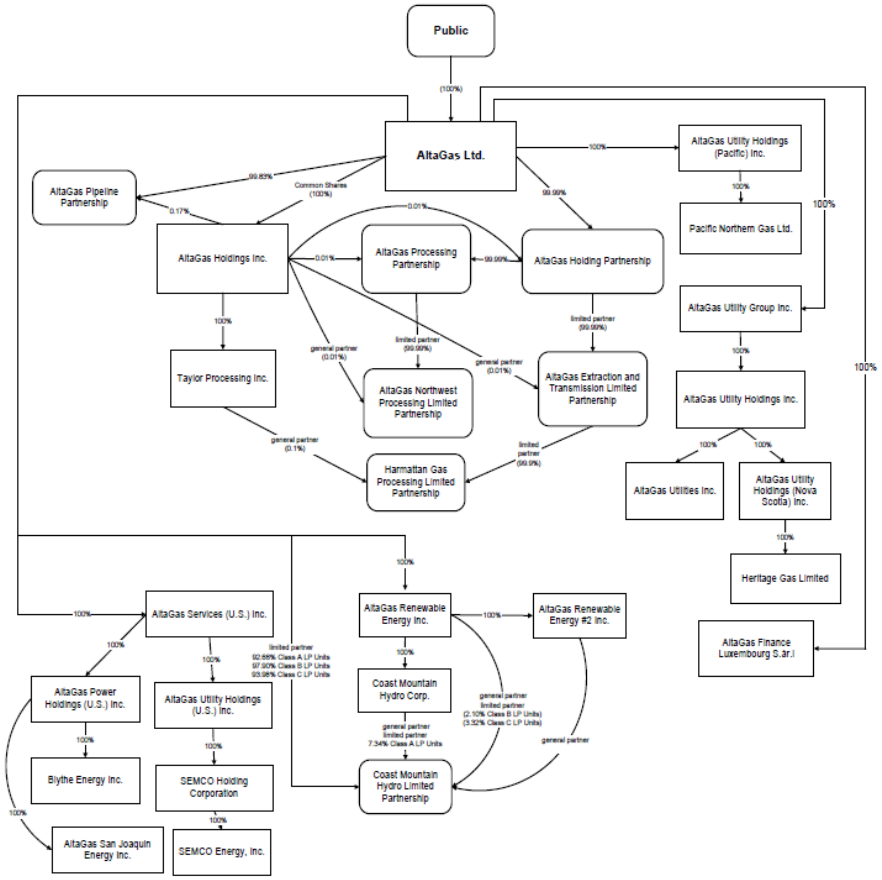
13.6 Please confirm that Pacific Northern Gas Ltd. is a subsidiary of AltaGas Ltd.

13.7 Please confirm that Pacific Northern Gas Ltd. is an "affiliate" of AltaGas Ltd. under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (section 2(2)(a) of which states: "one body corporate is affiliated with another body corporate if one of them is the subsidiary of the other...").

13.8 Please confirm that (i) as an Affiliated Provider, AltaGas is subject to the *Code of Conduct Regulation* (Alberta Regulation 58/2015); and (ii) pursuant to section 2(2) of the *Code of Conduct Regulation*, a retailer is an "affiliate" if it:

> (i) is a corporation of which the owner …legally or beneficially owns or controls, directly or indirectly…at least 10% of the voting shares…
>
> (iii) is in a partnership with the owner … including, without limitation, a general partner of a limited partnership…

13.9 Please confirm the following is a copy of AltaGas Ltd.'s corporate organizational structure as at December 31, 2016.[1] If available, please produce an up to date version of the organizational structure.



[1] AltaGas Utilities Inc., *Inter-Affiliate Code of Conduct 2016 Compliance Report* (April 28, 2017) at page 3, online: <http://www.altagasutilities.com/sites/default/files/2005-01-05-AUI-EUB-Approved-Inter-Affiliate-Code-of-Conduct.pdf >

14. Reference: Exhibit B-5, page 11, para. 32; Code of Conduct

"PNG is very cognizant of its relationship with its parent company and has followed the principles of its Code of Conduct in its dealings with Triton."

Page 2 of the Code of Conduct[2]: "This Code of Conduct (COC) governs the provision by Pacific Northern Gas Ltd. (PNG), a utility regulated by the British Columbia Utilities Commission (Commission), of utility resources and services to PNG's non-regulated businesses and affiliates (for ease of reference, jointly referred to herein as NRBs). This COC applies to the conduct of PNG's wholly-owned subsidiary Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)], also a utility regulated by the Commission."

14.1 What portions of the Code of Conduct, if any, as approved by the Commission in 2012, were intended to govern the relationship between PNG and its corporate parent seeking service on PNG?

14.2 Since PNG began conversations with its corporate parent, AltaGas, in July 2015 regarding use of its excess capacity, what changes, if any, have been made to its Code of Conduct?

[2] PNG - West Division, *2012 Revenue Requirements Application to the B.C. Utilities Commission* (November 30, 2011) at Tab 6, online: <http://www.bcuc.com/Documents/Proceedings/2011/DOC_29265_B-1_PNG-West_2012-Revenue-Requirements-Application.pdf>