Alliance Pipeline Ltd. (Alliance)
Application for approval for the New Service Offering
Filed 22 May 2014

Information Request No. 5 to Alliance
File OF-Tolls-Group1-A159-2014-01 01

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Bid Floors for Seasonal and Interruptible Service

5.1 Justification for Discretion to Set Bid Floors

Reference:

i) B15-1, Alliance Response to Board IR #4.6, PDF page 24 of 127, [A4H5G1];

ii) B13-2, Alliance Response to Board IR #3.10, PDF pages 26 -27 of 66, [A4G4L8].

Preamble:

In reference i) Alliance indicated that:

> "There may be time periods during which Alliance is not fully contracted with long-term firm transportation service agreements. In fact, the commercial support achieved through the Precedent Agreement process is relatively short-term given that Alliance Pipeline is a long-life asset. As an at-risk pipeline the onus is on Alliance to economically optimize the asset; therefore Alliance is seeking maximum flexibility to price its IT and seasonal services. Demand for Alliance's capacity is not uniform at all locations on the Alliance system. In certain areas Alliance could, at times, be fully contracted. However, in other areas demand for capacity may not be as strong and Alliance may have available capacity. Discretion to set bid floors is therefore required to preserve the value of firm capacity, while providing Alliance the flexibility to compete for volumes in areas of excess capacity. Alliance requires revenue from discretionary services to manage its economic viability and to secure a reasonable opportunity to achieve a reasonable return for shareholders."

In reference ii) Alliance indicated that "Because the proposed tolling methodology that underpins the New Services Offering is not based on cost-of-service, Alliance submits that the traditional application of the Fair Return Standard is not relevant

Request:

a) How does the "relatively short-term" commercial support for the Alliance Pipeline compare to the commercial support for other long-life assets such as Alliance's direct competitors or other pipelines in Canada? Please include in the discussion capacity utilization, depreciation, years of firm contracts and any other relevant factors.

b) Does Alliance agree that its proposal for pricing discretion involves the following components?

b.1) A bid mechanism for interruptible and seasonal service.

b.2) Revenue from interruptible and seasonal service going to Alliance's account.

b.3) The ability to set bid floors by receipt point.

b.4) The theoretical ability to lower bid floors as low as zero percent of the FT toll.

b.5) The theoretical ability to raise bid floors to infinity.

If Alliance does not agree, please explain.

Please provide a separate and distinct justification for each component of pricing discretion as described in b).

c) How can the Board determine whether Alliance needs full discretion to set bid floors in order to have a reasonable opportunity to achieve a fair return, if Alliance has declined to provide a cost of capital estimate that is commensurate with its risk as supported by a fair return study?

d) If Alliance wants measures in place such as the ability to set bid floors to give Alliance a reasonable opportunity to earn fair return, should there also be measures in place to protect shippers from paying excessive tolls contributing to excessive returns?

5.2 Bid Floors and Estimated Revenue

Reference: B15-1, Alliance Response to Board IR #4.7 a) and b), PDF pages 26-27 of 127, [A4H5G1].

Preamble: In the reference, Alliance provided updated information on executed Precedent Agreements, and the impacts on revenue scenarios posed by the Board.

Request:

a) Please provide an update to Alliance's response to Board IR#4.7 a) and b).

b) For each year from 2016 through 2022, provide Alliance's estimated revenues under the NSO from each of the following:

- b.1) Term Park and Loan service;
- b.2) Balancing fees;
- b.3) Firm Rich Gas Service;
- b.4) HCDP Off-Spec Surcharge; and
- b.5) Overrun Quantities Charge.

Commercial Engagement

5.3 Terms of BP Canada's Transportation Service Agreement (TSA)

Reference:

i) C4-9-2, BP Canada Response to Board IR #1.9 b), PDF page 27 of 34, [A4J6T4];

ii) C4-9-2, BP Canada Response to Board IR #1.10 b.1) ii) and (iii), PDF page 31 of 34, [A4J6T4];

iii) C4-9-2, BP Canada Response to Board IR #1.9 c), PDF page 27 of 34, [A4J6T4];

Preamble:

In reference i), BP Canada identified sections of the TSA which it considered to justify the contract's continuation under a new Tariff. Specifically, BP Canada stated that section 6.2 provides for unlimited renewals, section 8.3 establishes specific performance as a potential remedy in the event of default, and section 13 [*sic*] requires all TSA disputes to be dealt with before the Alberta Court of Queen's Bench.

In reference ii), BP Canada elaborated on its interpretation of sections 6.2 and 8.3 of the TSA.

BP Canada stated in reference iii) that interpreting Article 10 of the existing or proposed TSAs in the fashion suggested by Alliance in its response to NEB IR 3.1 would eviscerate the value of any long-term contract signed as part of a Board proceeding.

Request:

a) Comment on how, in Alliance's view, the provision of section 6.2 that "[t]here is no limitation on the number of times Shipper may exercise this [renewal] right, which will remain in effect for as long as the Canadian Pipeline remains in service" is to be reconciled with the deemed modified provisions of Article 10 and the default and termination provisions of Article 8.

b) Does Alliance believe that sections 8.3 and 12.1 of the TSA give potential legal remedies to BP Canada if the Board were to approve a new Tariff in this proceeding and continuation of BP Canada's renewed contract was incompatible with this new Tariff?

c) Does Alliance agree with BP Canada's assertion that Alliance's interpretation of Article 10 of the TSA eviscerates the value of long-term contracts? Explain your answer.

5.4 Terms of BP Canada's TSA - Article 12

Reference: C4-9-2, BP Canada Response to Board IR #1.10 b.1) ii) and (iii), PDF page 32 of 34, [A4J6T4];

Preamble: In the reference, BP Canada noted that the deliberate specificity of section 13.1 [*sic*] of the TSA appears intended to preclude application to the Board to resolve TSA disputes, in addition to any courts outside of Calgary. BP Canada further stated that the Board does not have the power to make orders that would affect remedies that shippers or transporters have before the courts under contracts executed between them.

Request: Comment on BP Canada's statement that the Board does not have the power to make orders that would affect contractual remedies before the courts.

5.5 Consultation with Shippers

Reference:

i) B1-2, Application, paragraphs 32-33, PDF pages 14-15 of 41, [A3X2F4];

ii) B9-5, Alliance Response to CAPP IR #1.1, PDF pages 1-2 of 20, [A4E8J0];

iii) C5-4-1, CAPP Written Evidence, paragraph 46, PDF page 10 of 10, [A4G8G9];

iv) C5-5, CAPP Response to Board IR #1.5 a), PDF page 14 of 14, [A4J6R1].

Preamble: In reference i), Alliance stated that following the posting of the NSO information to the Alliance website, and throughout the Precedent Agreement Process, it continued to consult with shippers regarding the NSO. Alliance's business development and customer consultation groups consulted with existing and prospective supply and market customers to keep them informed of the PA Process and the ongoing development of Alliance's NSO. According to Alliance, over 60 supply and market customers were directly consulted by Alliance's business development department. Commencing 15 July 2013 through to 26 February 2014, more than 120 individual stakeholder consultations were conducted.

In reference ii), Alliance stated that individual consultations with existing and prospective shippers and producers prior to the filing of Alliance's NSO Application included discussion on the balancing of a fixed toll offering to shippers with the need for tolling flexibility for seasonal and interruptible services in order for Alliance to be able to respond to competitive market conditions and mitigate the revenue and cost risk assumed by Alliance.

In reference iii), CAPP stated that the discretionary pricing of the NSO proposal came as news to many parties, if not all, with the filing of the Application. According to CAPP, Alliance did not consult with the shipper community appropriately. CAPP believes that some producers signed up before the application was filed, finding out at that time that Alliance was seeking unfettered pricing discretion for seasonal and regular interruptible service.

In reference iv), CAPP stated that unlimited pricing discretion for firm seasonal pricing simply was not the subject of consultations. CAPP indicated that this is not only CAPP's perception from its involvement in the discussions through the shipper task force; it is also what has been reported to CAPP by members. CAPP also stated that the concept of unlimited pricing discretion for discretionary services was not in any one's contemplation until the NEB issued the RH-003-2011 Decision in March 2013. TransCanada had not proposed unlimited pricing discretion and no other party to that proceeding proposed it. Alliance was well along the path of establishing its new business model and working with potential shippers by March 2013.

Request:

a) Did Alliance propose unlimited pricing discretion to prospective shippers before the release of the RH-003-2011 Decision in March 2013? If yes, when did Alliance consult with shippers on this proposal?

b) For PAs signed before the Application was filed with the Board, confirm whether Alliance notified shippers of the pricing discretion it was proposing for Seasonal and Regular Interruptible Service. If not confirmed, explain why shippers were not first notified and explain when and how they were made aware of the proposed pricing discretion.

c) Are those shippers who signed PAs before the final NSO was filed with the Board bound to accept the agreement as filed with the Board?

5.6 Contract Conversion Process

Reference:

i) C4-9-2, BP Canada Response to Board IR #1.2, PDF pages 6 to 7 of 34, [A4J6T4];

ii) C1-4, ACM Response to Board IR #1.1 b), PDF pages 4-5 of 60, [A4J6T1].

Preamble:

In reference i), BP Canada proposed five specific elements that it believes Alliance could implement to largely address the degradation of service afforded to extension [renewal] shippers under the NSO, and went on to describe three modifications to the NSO that could apply to both the renewal shippers and new shippers.

In reference ii), ACM gave suggestions for how the Board could deal with Legacy [renewal] shippers under the NSO.

Request:

a) If the Board were to approve the NSO but direct Alliance to honour the existing contracts of the renewal shippers under the existing terms and conditions, provide the following:

a.1) Alliance's view on how this could be incorporated into, or managed under the NSO;

a.2) Comment on each of BP Canada's five proposed renewal shipper-specific elements;

a.3) Comment on ACM's proposals for accommodating renewal shippers under the NSO; and

a.4) Discuss on whether any of the modifications in a.2) and/or a.3) could result in the renewal contract shippers receiving unjustly discriminatory treatment relative to those shippers that have signed precedent agreements under the NSO.

b) Comment on each of BP Canada's three proposed modifications that would apply to all shippers under the NSO.

5.7 Conversion Consultations Process

Reference:

i) B1-2, Application, paragraph 37, PDF page 16 of 41, [A3X2F4];

ii) B8-2, Alliance Response to Board IR #2.9, PDF page 17 of 25, [A4E4D3];

iii) B13-2, Alliance Response to Board IR #3.1, PDF page 2 of 66, [A4G4L8];

Preamble: In reference i), Alliance stated that it has offered renewal shippers conversion options but thus far it had not yet been able to conclude the proposed commercial resolution of this transition issue.

In reference ii), Alliance believed it will be able to conclude successful negotiations with the three renewal shippers to convert their post 1 December 2015 service under the existing Tariff to Firm Full Path Service under the New Services Offering.

In reference iii), Alliance stated that Tidal Energy Marketing had submitted a request to Alliance for service under the PA process and Alliance Canada Marketing had also indicated an interest in converting.

Request:

a) Provide an update on the current status of contract conversions with renewal shippers.

b) Discuss whether, in Alliance's view, there is a prospect of reaching an agreement with renewal shippers at this time, or in the near future, such that renewal shippers would voluntarily convert their existing renewal contracts to Precedent Agreement(s), or voluntarily cease to be contracted shippers on the pipeline.

c) If an agreement as described in (b) is not reached between Alliance and the renewal shippers and the Board were to approve the NSO, explain Alliance's views on:

  c.1) Whether there are any commercial or legal remedies available to renewal shippers outside of the Board processes; and

  c.2) Renewal shippers' rights with regard to terminating the renewal contracts.

5.8 Precedent Agreement (PA) Revisions

Reference: B4-2, Alliance Response to Board IR #1.25, PDF page 146 of 165, [A4C4E8].

Preamble: In the reference, Alliance stated that there have been no further revisions made to the PA since 15 May 2014.

Request: Have there been any further revisions to the PA since Alliance's response to the Board on 26 September 2014? If yes, provide and discuss those revisions.

5.9 Consultation Approach

Reference: C4-9-2, BP Canada Response to Board IR #1.10 a), PDF page 30 of 34, [A4J6T4].

Preamble: In the reference, BP Canada stated that there have been no material conversations, discussions, or negotiations between BP Canada and Alliance on how Alliance proposes to convert its existing contract under the NSO, or options that might be available.

BP Canada also stated that Alliance's four-phased approach related to the potential conversion of BP Canada's existing Transportation Service Agreement has been to: (i) encourage conversion; (ii) discourage existing contract extensions; (iii) assume conversion; and then (iv) request the Board to order conversion.

Request:

a) Comment on BP Canada's statement that there have been no material conversations, discussion, or negotiations between BP Canada and Alliance on contract conversion or available options.

b) Comment on the four phased approach related to the potential contract conversion BP Canada has described in the reference.

5.10 Precedent Agreement Process

Reference:

i) B4-9, Alliance Response to BP IR #1.24, PDF page 81 of 82, [A4E18I9];

ii) C4-9-2, BP Canada Response to Board IR #1.10 a), PDF page 31 of 34, [A4J6T4].

Preamble: In reference i) Alliance stated that it did not request any prospective shippers to the Precedent Agreement process to sign a Confidentiality Agreement (CA) in order to participate in the NSO PA process.

In reference ii) BP Canada stated that efforts to understand the details of the proposed NSO were denied when Alliance suggested execution of a CA as a prerequisite for a meeting requested by BP Canada on 24 July 2014. BP Canada asserted that this occurred despite BP Canada's assurance it was trying to understand the details of the NSO and was only requesting information Alliance would publicly provide to any party.

Request:

a) Confirm whether Alliance requested that BP Canada sign a CA. If confirmed, update your responses to BP Canada IR 1.24 and provide an explanation as to why Alliance gave such a response in the first instance.

b) If Alliance had required a CA in an earlier stage of its consultation process, would Alliance now be willing to engage in consultations with BP Canada without having it sign a CA?

Finance Matters

5.11 Requested Relief from the Quarterly Surveillance Report (QSR)

Reference: B9-5, Alliance Response to CAPP IR #1.4 d-f), PDF pages 6-7 of 20, [A4E8J0].

Preamble: In the reference, Alliance stated that it has not determined what information it will report regarding bid information. Alliance noted that reporting of this information is not standardized across industry participants and consequently there is a wide spectrum of available alternatives that range from no reporting to reporting of all bid information. Alliance planned to work with shippers to identify the various reporting alternatives and choose an option that provides Alliance with the ability to compete effectively.

Request: Provide an update on, or the outcome of, consultation with shippers to identify the various reporting alternatives regarding bid information.

Firm Tolls – Index Based Rates

5.12 Index Based Rates (IBR)

Reference:

i) B1-2, Application, paragraph 12, PDF page 9 of 41 [A3X2F4];

ii) B15-1, Alliance Response to Board IR #4.7 a) and b), PDF page 26 of 127, [A4H5G1].

Preamble: In reference i) Alliance applied for approval of FDS-IBR service where transmission tolls vary with the natural gas price differential between the AECO and Chicago markets ("basis").

In reference ii) Alliance indicated that shippers have signed Precedent Agreements for FRS, FRS staged, FFPS, FFPS staged and FDS contracts.

Request: a) Have any Precedent Agreements been executed for FDS-IBR service?

b) If not, given the lack of market interest in the service, is it required?

c) What would be the impact if the Board did not approve FT-IBR service?

Market Based Toll Methodology

5.13 Market Based Tolling Principles

Reference:

i) B4-2, Alliance Response to Board IR #1.17, PDF page 123 of 165, [A4C4E8]

ii) B4-2, Alliance Response to Board IR #1.10 a), PDF page 37 of 165, [A4C4E8]

Preamble:

In reference i), Alliance indicated that the traditional Canadian cost-of-service model simply does not work for a pipeline like Alliance where its shippers have competitive alternatives.

In reference ii), Alliance asserted that it was apparent at the outset of the design of the New Services Offering that a departure from the existing negotiated contractual framework was required. This was achieved through the implementation of the “at-risk” approach to the shipper-pipeline risk/reward balance, a reduction in the overall cost structure as well as higher notional billing determinants in order to derive fixed tolls that would be acceptable in the marketplace.

Request:

a) Discuss the circumstances where Alliance believes it may become appropriate for a transmission pipeline to move from a cost-of-service tolling system to a market-based or at-risk tolling system.

b) Further to a), provide relevant examples of gas transmission pipelines in the United States that have undergone the shift from cost-of-service toll models to market-based or at-risk toll models. For each example provided, describe the circumstances that the pipeline faced before the shift and highlight any parallels that exist between the example pipeline and Alliance.

c) Please explain whether, and if so the extent to which, the answers to a) and b) support Alliance’s submission in reference i).

d) Explain whether the cost reductions noted in reference ii) are in fact reductions in cost, or rather a deferral of cost recovery into the future.

e) Discuss the appropriateness and sustainability of a cost-of-service model which incorporates the cost reductions Alliance has proposed for the notional revenue requirement. In the response, address the impacts on Alliance if the Board were to approve such a cost-of-service model, rather than the proposed "at-risk" model.

Notional Revenue Requirement

5.14 Forecast of Notional Revenue Requirements

Reference:

i) B1-2, Application, paragraph 78, PDF page 31 of 41, [A3X2F4];

ii) B4-2, Alliance Response to Board IR #1.19 c), PDF page 128 of 165, [A4C4E8];

iii) B4-2, Alliance Response to Board IR #1.16, PDF page 77 of 165; [A4C4E8];

iv) B1-25, Toll Fundamentals, Revenue Requirement, PDF page 3 of 4, [A3X2H7].

Preamble:

In reference i) Alliance stated that "a fixed notional revenue requirement…was based on a cost-based long-term revenue requirement forecast covering the 10-year period from 2016 to 2025."

Reference ii) is a 10-year levelized forecast revenue requirement by cost component and cost allocation.

Reference iii) is a discussion of the components that make up the notional revenue requirement.

Reference iv) is the derivation of Alliance's proposed firm fixed base tolls.

Request:

a) Using the cost components identified in reference iii), provide the notional revenue requirement for <u>each year</u> of the 10-year period from 2016 to 2025 in the same format as reference ii).

b) Recalculate the response to a) using Alliance's <u>existing</u> capital structure and after-tax rate of return, and using all other cost components identified in reference iii).

   b.1) Provide the notional revenue requirement levelized for the period 2016 to 2025.

   b.2) Calculate the firm fixed base tolls in the same format as reference iv).

c) Recalculate the response to a) using Alliance's <u>existing</u> depreciation rate, and using all other cost components identified in reference iii).

c.1) Provide the notional revenue requirement levelized for the period 2016 to 2025.

c.2) Calculate the firm fixed base tolls in the same format as reference iv).

d) Recalculate the response to a) using Alliance's existing capital structure, after-tax rate of return and depreciation rate, and using all other cost components identified in reference iii).

d.1) Provide the notional revenue requirement levelized for the period 2016 to 2025 in an excel spreadsheet format.

d.2) Calculate the firm fixed base tolls in the same format as reference iv).

5.15 Allocation of Costs

Reference:

i) B1-2, Application, paragraph 81, PDF page 32 of 41, [A3X2F4]

ii) C4-7-2, BP Canada Evidence, PDF page 43 of 55, [A4G8Q2]

iii) C4-7-2, BP Canada Evidence, PDF page 46 of 55, [A4G8Q2]

iv) C4-9-2, BP Canada Response to NEB IR #1.5, PDF page 16 of 34, [A4J6T4]

Preamble:

In reference i), Alliance explained how it allocated each cost component in the revenue requirement to the three proposed toll design zones (Receipt Zone 1, Receipt Zone 2, and the Delivery Zone). Alliance stated that each element of the forecasted cost components that are a function of rate base were allocated to the respective toll design zone utilizing an allocation factor based on the asset net book value of the Alliance system. Certain cost elements such as Operating and Maintenance (O&M) costs and property taxes were directly allocated to the toll design zones, and other items such as indirect O&M were allocated using direct allocated O&M proportions across the toll design zones.

In reference ii), BP Canada stated that it finds it unreasonable to allocate any large diameter pipeline components or mainline compressor costs to receipt and lateral services in Zones 1 or 2. According to BP Canada, these components are designed to efficiently transport aggregated volumes to the international border, for ultimate delivery to Chicago, and not to receive local volumes aggregating from various field processing facilities (receipt service). BP Canada asserted that these facilities are delivery facilities and the costs should be allocated accordingly.

In reference iii), BP Canada stated that Alliance has failed to make any justification for its distorted allocation, and that the tolls stemming from that allocation are not just and reasonable as they result in cross-subsidization of delivery shippers by receipt shippers under the NSO.

In reference iv), BP Canada stated that gas will not be transported from a receipt point in Zones 1 and 2 to the Alliance Trading Pool (ATP) via the mainline because the ATP is not a physical location. BP Canada explained that Firm Receipt Service provides the right of a shipper to flow gas through an Alliance meter at a receipt point. As soon as the gas passes through that meter, it is accounted for at the ATP. According to BP Canada, the ATP is arguably located at each system receipt meter.

Request: Discuss in detail Alliance's rationale for allocating a substantial portion of the pipeline's cost to the Receipt Zone 1 rather than the Delivery Zone.

In the response, address the issue of why the allocation of the majority of the pipeline cost to Receipt Zone 1 would not result in the cross-subsidization of delivery shippers by receipt shippers.

Operational Issues

5.16 Revised Terms and Conditions

Reference:

i) C4-7-2, BP Canada Evidence, PDF pages 46-54 of 55, [A4G8Q2];

ii) B1-2, Application, paragraph 88, PDF page 34 of 41, [A3X2F4];

iii) B1-17, General Terms and Conditions and Service Agreements, PDF page 29 of 67, [A3X2G9].

Preamble: In reference i), BP Canada stated that it is concerned that a number of the General Terms and Conditions proposed by Alliance impose increased risk and cost on the shippers. Specifically, BP Canada described its concerns regarding:

1. receipt point flexibility;
2. the elimination of Authorized Overrun Service;
3. the proposed overrun charges;
4. the proposed balancing fees;
5. the proposed tools for managing Alliance Trading Pool

imbalances;

6. fuel recovery and the annual adjustment of the fuel rate;
7. British Thermal Unit (BTU) packing and the quarterly payment of the Rich Gas Credit; and
8. the administration of receipt point nominations under the New Services Offering.

In reference ii), Alliance explained that the fixed toll serves as the basis for determining the Overrun Quantities Charge, which is applicable to both firm and interruptible receipt and full path services in the event excess allocations remain at month end. The Overrun Quantities Charge would be equal to 150 per cent of the respective three-year zonal firm receipt toll.

Reference iii) contains the terms and conditions setting out the proposed balancing fee. The balancing fee would be the higher of: $0.16/GJ per day or the highest Term Park and Loan fee last contracted for.

Request:

a) Provide the following for each of BP Canada's concerns listed in reference i):

a.1) Alliance's views on each of BP Canada's concerns;

a.2) an explanation of whether Alliance has discussed these with BP Canada, and the outcome of those discussions;

a.3) a discussion of Alliance's proposed solution to the concerns, if any; and

a.4) a description of examples of other pipelines in similar circumstances that have utilized similar terms and conditions.

b) Discuss how Alliance derived the following charges and why the levels of these proposed charges are just and reasonable:

b.1) Overrun Quantities Charge; and

b.2) Balancing fees.

Risk and Reward

5.17 Terms of New Services Offering

Reference:

i) B15-1, Alliance Response to Board IR #4.7a), PDF page 26 of 127, [A4H5G1];

ii) B13-2, Alliance Response to Board IR #3.5b), PDF page 17 of 66, [A4G4L8];

iii) B13-2, Alliance Response to Board IR #3.7, PDF page 32 of 66, [A4G4L8];

iv) B15-1, Alliance Response to Board IR #4.1c), PDF page 5 of 127, [A4H5G1].

Preamble:

In reference i), Alliance indicated that, as of the end of day 6 February 2015, the average length of contract for: Firm Receipt Service was 47 months; Firm Full Path Service was 59 months; and Firm Delivery Service was 11 months.

In reference ii), Alliance indicated that five per cent of the Precedent agreements executed by 5 January 2015 are longer than five years.

Reference iii) shows updates on the capacity available for firm contracting. As of 24 November 2014, allocated capacity in Zone 1 with minimum contract terms of three years had reached 90 per cent of the 1 bcf/d target. Zone 2 contracts were at 60 per cent of the 265 mmcf/d capacity target. As of 12 December 2014, Alliance no longer had capacity to offer for non-staged three year or longer Zone 1 Firm Receipt Service or Firm Full Path Service.

In reference iv), Alliance stated that it chose a 10-year period for its model because that was the longest period that Alliance expected any shipper would commit to service. The 10-year period also represented the longest term Alliance was prepared to accommodate for services under the applied-for fixed tolls. Alliance indicated that the longest contract term commitments under the Precedent Agreement process are seven years.

Request:

a) Compare Alliance's contract profile described in references i), ii), and iii) to the contract profiles of other pipelines in North America, and in particular those in Western Canada. Include at a minimum the systems of TransCanada PipeLines Limited, NOVA Gas Transmission Ltd., and Westcoast Energy Inc.

b) Using the comparison in a), discuss whether Alliance faces more or less throughput risk than other gas pipelines over the periods:

b.1) 2015 through 2020; and

b.2) 2021 through 2025.

c) Explain, in Alliance's view, why the Board should approve the New Services Offering for a period of ten years rather than five, considering Alliance's contract profile described in references i), ii), and iii).

5.18 Unique Commercial Risks to the Alliance System

Reference:

i) B1-2, Application, paragraph 12, PDF Page 9 of 41 [A3X2F4];

ii) B15-1, Alliance Response to Board IR #4.1, PDF pages 6-10 of 127, [A4H5G1].

Preamble: Reference i) stated that Alliance believes itself to be uniquely positioned to respond to changed market conditions and goes on to describe how Alliance's ability to transport rich gas out of the WCSB can help alleviate potential NGL oversupply in a market with fewer export options.

Reference ii) provided commercial risks to the Alliance system, including risks to its gas supply and its share of market demand.

Request: Describe the unique risks to Alliance in comparison to other systems it competes against for its gas supply and its share of gas-market demand.