

September 18, 2018

Office of Natural Gas Regulatory Activities
U.S. Department of Energy
Attn: Larine Moore, Docket Manager
Forrestal Building, Docket Room 3E-042 (FE34)
1000 Independence Avenue S.W.
Washington, D.C. 20585

18-130-NG

**Re: Second Amendment to Application of Union Gas Limited for Long-Term Authorization to Export Natural Gas from the United States to Canada
FE Docket No. 18-130-NG**

Dear Ms. Moore:

Union Gas Limited (“Union”) respectfully requests to amend its Application for Long-Term Authorization to Export Natural Gas to Canada (the “Amended Application”) (Docket No. 18-130-NG). The Amended Application is filed to specify that Union has entered into a 15-year gas transportation contract with NEXUS Gas Transmission LLC (“NEXUS Pipeline”), an interstate pipeline regulated by the Federal Energy Regulatory Commission, to transport up to 150,000 mmbtu/day (146,143 mcf/day) of natural gas from production areas in the United States to Canada. The fifteen year term of the NEXUS transport agreement is expected to begin October 1, 2018 and will end September 30, 2033.

Union hereby files this Amended Application to request long-term authorization to export natural gas from the United States to Canada coinciding with the term and maximum capacity of Union’s NEXUS Pipeline transport agreement. Consequently, Union respectfully requests to withdraw the application in 18-131-NG and file that contract under 18-130-NG as it falls under the NEXUS contract and the application as amended by the NEXUS contract noted above.

Upon approval of Union’s Amended Application, Union commits to file with the Department of Energy’s Office of Fossil Energy (“FE”), under seal, all subsequent natural gas supply arrangements with a term greater than two years that will utilize Union’s contracted capacity on NEXUS Pipeline over the fifteen year term of the transport agreement.

In support of the Amended Application, please find attached Appendix D, a redacted version of the NEXUS transport agreement. Under separate cover and concurrently with this filing, Applicant has mailed by overnight delivery a confidential, un-redacted version of Appendix D.

Sincerely,



Dan Jones
Counsel for Union Gas Limited

APPENDIX D
REDACTED NEXUS AGREEMENT (PUBLIC VERSION)

STATEMENT OF NEGOTIATED RATES 1/ 6/

Customer Name: Union Gas Limited

Service Agreement: Service Agreement No. 860007 2/ 3/

Project: As used in this Negotiated Rate Agreement, the term "Project" shall mean an approximately 250-mile greenfield pipeline and related facilities extending from eastern Ohio to various interconnections in Michigan, along with subscriptions of firm pipeline capacity on existing or expanding pipeline systems in West Virginia, Pennsylvania, Ohio and Michigan for ultimate delivery to the international border between the United States and Canada near St. Clair, Michigan.

Term of Negotiated Rate: The term of this negotiated rate commences on the Service Commencement Date and continues for a primary term of 15 years ("Primary Term").

Rate Schedule: FT-1

MDQ: 150,000 Dth/d

Customer shall pay the following Reservation Rate, Usage Charges and Other Charges for service provided pursuant to Service Agreement No. 860007:

Reservation Rate: During the Primary Term, shall be as follows:

- (1) Customer shall pay, on a monthly basis, a negotiated Reservation Charge per Dth of Customer's MDQ under Service Agreement No. 860007, for the specific portion of such MDQ as set forth below, equal to the following:
 - a. For years 1-4 of the Primary Term, with respect to 75,000 Dth / Day, and for years 5-15 of the Primary Term, with respect to 150,000 Dth / Day: US [REDACTED] / Dth / Day, which amount for billing purposes is equal to a monthly charge of [REDACTED] / Dth / Month.
 - b. For years 1-4 of the Primary Term, with respect to 75,000 Dth / Day: [REDACTED] / Dth / Day, which amount for billing purposes is equal to an additional monthly charge of [REDACTED] / Dth / Month. For the avoidance of doubt, the Reservation Charge set forth in this Paragraph 1(b) applies to Customer's Supply Zone receipts in years 1-4 of the Primary Term. 2/ 4/ 5/
 - c. Collectively, the negotiated Reservation Charge set forth above and the Usage Charges, Applicable Shrinkage and Applicable Shrinkage Adjustment set forth below are referred to herein as the "Negotiated Rate Charges."

- (2) Customer shall also pay all other FERC approved demand charges and demand surcharges applicable to Customer's Service Agreement No. 860007. 5/

Usage Charges: During the Primary Term, shall be as follows:

- (1) The Usage-1 Charge shall be zero (\$0.00) multiplied by that portion of the total quantity of Customer's gas delivered on any day pursuant to Customer's Service Agreement, which is not in excess of 110% of scheduled service levels for such day, in accordance with the applicable provisions of Pipeline's FERC Gas Tariff, Rate Schedule FT-1.
- (2) The Usage-2 Charge shall be the maximum applicable Rate Schedule FT-1 recourse Usage-2 Charge multiplied by that portion of the total quantity of Customer's gas delivered on any day pursuant to Customer's Service Agreement, which is in excess of 110% of scheduled service levels for such day, in accordance with the applicable provisions of Pipeline's FERC Gas Tariff, Rate Schedule FT-1.
- (3) Customer shall also be subject to the Applicable Shrinkage Adjustment and pay Applicable Shrinkage in accordance with and as provided in Section 21.2 of the General Terms and Conditions of Pipeline's FERC Gas Tariff, and all other FERC approved usage charges and usage surcharges applicable to Customer's Service Agreement No. 860007. 5/

Primary Receipt Points: (1) Meter #N2002-NEXUS/KENSINGTON MR02 at the Kensington Processing Plant in Kensington, Ohio; (2) Meter #N4994-MARKET ZONE 1 CUSTODY TRANSFER POINT (Accounting point at Kensington, Ohio); and (3) Meter #N4995-NEXUS INTERCONNECT WITH TETLP, MONROE CO., OH, near Clarington, OH (for years 1-4 of the Primary Term only).

Primary Delivery Point: Meter # N4035 (DTE) UNION ST. CLAIR - DELIVERY.

Recourse Rate(s): The Recourse Rate(s) applicable to this service is the applicable maximum rate(s) stated on Pipeline's Statement of Rates for Rate Schedule FT-1 as such rate may be in effect from time to time. Customer acknowledges that the Negotiated Rate Charges may be lower than or higher than the applicable Recourse Rate as it may be in effect from time to time.

FOOTNOTES:

1/ This negotiated rate agreement is part of a conforming Service Agreement.

2/ This Negotiated Rate Agreement shall apply only to transportation service under Service Agreement No. 860007 using the Primary Receipt Point(s) and Primary Delivery Point(s) designated herein and secondary points available under Rate Schedule FT-1 in the Supply Zone (during the period of the Primary Term during which Customer has a Primary Receipt Point in the Supply Zone in accordance with Service Agreement No. 860007), Market Zone 1, and Market

Zone 2, including for the avoidance of doubt any receipts of Customer's volumes up to the MDQ at Pipeline's MI-from-SZ ILT receipt point, Meter #N4IL2, for delivery at the Primary Delivery Point. If Customer changes its primary point(s) listed above or the related MDRO or MDDO at any time or from time to time, pursuant to the provisions of Pipeline's FERC Gas Tariff, where such revised primary point or MDRO/MDDO is within Customer's Transportation Path then existing under the applicable Service Agreement, this Negotiated Rate Agreement (including the Negotiated Rate Charges) will continue to apply. If Customer changes its primary points(s) listed above or the related MDROs or MDDOs at any time or from time to time, pursuant to the provisions of Pipeline's FERC Gas Tariff, where such revised primary point / MDRO / MDDO is outside Customer's Transportation Path then existing under the applicable Service Agreement, without the written approval of Pipeline to continue the Negotiated Rate Charges, Pipeline shall have the option to terminate this Negotiated Rate Agreement by providing Customer with written notice of Pipeline's intent to do so and, in such case, this Negotiated Rate Agreement shall terminate and Pipeline's maximum applicable Recourse Rates for Rate Schedule FT-1 shall apply for the remaining term of the Service Agreement, unless and until otherwise mutually agreed in writing between Customer and Pipeline.

3/ Pipeline and Customer agree that Service Agreement No. 860007 is a ROFR Agreement for the term of such Service Agreement.

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5/ Customer agrees to pay: (i) the applicable Annual Charge Adjustment surcharge, and (ii) any other charges and surcharges (whether reservation, usage or other), if any, that may be incurred by Pipeline (a) pursuant to the capacity lease agreements between Pipeline and Vector Pipeline, L.P., DTE Gas Company, and/or Texas Eastern Transmission, LP, or (b) pursuant to any FERC approved cost recovery mechanism of general applicability implemented through a generic FERC proceeding or in a Pipeline-specific proceeding, which mechanism recovers cost components not reflected in the Initial Recourse Rates and which are limited to any surcharge or other charge which is designed to recover costs that are incurred due to a mandate from FERC or any other governmental authority, or otherwise related to pipeline safety or environmental compliance costs associated with Pipeline's operations pursuant to Pipeline's FERC Gas Tariff.

6/ In this Negotiated Rate Agreement, capitalized terms not otherwise defined herein which are defined terms in the Tariff or Service Agreement, or either of them, as applicable, shall have the meanings given to them in such documents, as applicable.