

- UAE 1.5 Please refer to the Direct Testimony of Allen R. Neale (DPU Exhibit 2.0 DIR), lines 607-609, which states “[P]resumably, third party suppliers are kept whole under the Company’s preferred operating plan with slice of system capacity that includes some LNG --- perhaps as much as 8% of the total peak day requirement.”
- a. In the hypothetical situation explained if an outage were to occur, please explain how third-party suppliers would “presumably” be kept whole under the Company’s preferred operating plan?
  - b. According to DEU Response to DPU 1.18 referenced in footnote 38 to Mr. Neale’s testimony, the 150,000 Dth is roughly equal to 8% of the peak day requirement. 150,000 Dth is three times larger than the 50,000 Dth supply shortage in hypothetical example being referenced. Please explain what is meant by a slice of system capacity that includes some LNG --- perhaps as much as 8% of the total peak day requirement.

Answer to UAE 1.5 (a-b) below:

- a. The hypothetical situation explained on lines 607 to 609 refer to Exhibit 2.05, Illustrative Supply Demand Balance Under Force Majeure Scenarios, appearing on the previous page at lines 594-596. Exhibit 2.05 clearly shows a hypothetical shortfall for firm sales supply of 150,000 Dth, plus a hypothetical 50,000 Dths of supply shortfall that is due from firm transportation customers. If the Company were to supply the shortfall for both firm sales and transportation customers under this scenario, the Company would not have enough supply due to the shortfall caused by third party supply not received. The Company’s preferred operating plan is to maintain pressure throughout its system on the design peak day, but under this Force Majeure scenario it would not be able to do so.
- b. The hypothetical supply shortfall in Mr. Neale’s example is not 150,000 Dth, rather it is 200,000 Dths, of which 150,000 Dths is related to supply for firm sales customers and 50,000 Dths is the amount of shortfall in third-party supply expected to serve Transportation customers. Mr. Neale’s reference to slice of system capacity is an informal reference to the amount of supply used by DEU to maintain system balance, and this amount of supply can be comprised of a cross section of the resources in DEU’s portfolio. Please see Attachment UAE 1-5, which illustrates how a local gas utility in Massachusetts presents the slice of system entitlement – subject to availability that must be confirmed in advance – and the percentage allocation by type of resource, noting that control of nominations of any amount of on-system LNG is retained and billed (including a demand charge) by the utility.

Prepared by: Allen R. Neale, on behalf of the DPU.