

GAZIFÈRE INC.
PRE-FILED EVIDENCE OF JACKIE COLLIER
2004 RATE CASE

Q.1 Please state your full name, your current position with the Company, your professional qualifications and previous appearances before this or other regulatory tribunals.

A.1 Please refer to my curriculum vitae filed at Exhibit GI-12, Document 3.

Q.2 What is the purpose of this testimony?

A.2 I am presenting the Working Cash Study underpinning the 2004 Test Year found at Exhibit GI-12, Document 2. The working cash requirement in rate base arising from the study is presented at Exhibit GI-8, Document 2.

Exhibit GI-12, Document 2 is the analysis that determines the revenue and expense lags to be applied to the gas cost, O&M, income and other tax expenses deriving the working cash requirement for the Test Year. This exhibit also determines the impact on working cash arising from the Goods and Services Tax ("GST") and the Québec Sales Tax ("QST").

Q.3 Are there any changes in methodology from the study presented in R-3464-2001?

A.3 No, the methodology is consistent with the Regie's finding in R3464-2001 (D-2002-45) decision with the exception of the determination of the gas cost lag day which is explained under answer 5.

Q.4 Could you please summarize the effect of the study on the 2004 Test Year?

A.4 The requested working cash requirement in rate base arising from the results of this study is \$274.0 thousand. This amount includes the impact of the Goods and Services Tax ("GST"), the Québec Sales Tax ("QST"), and the Uncollectibles, which are not part of this study. The 2002 test year was the last time the working cash study was approved by the

Regie. Compared to the level approved in the 2002 Test Year, this corresponds to a decrease in the working cash requirement of \$641 thousand.

This difference is the result of variations in the net lag days for gas costs, O&M, Municipal Taxes and Other ("Taxes"), Income taxes, GST and QST amounts, level of Uncollectibles, and the forecast level of costs underpinning the 2004 Test Year.

The net lag variance for Gas costs, O&M, Income and Other Taxes accounts for a variation of \$(482.0) thousand. This is offset by the price variance for these costs components of \$81.0, totaling a difference of \$(401.0) thousand. An increase in uncollectibles explains a variance of \$(151.0) thousand. The balance is due to variations in the working cash requirement for GST and QST of \$(89.0) thousand.

Q.5 Can you please describe the changes in the revenue lag, gas costs, O&M and Taxes expense lag from the level approved in the 2002 Rate Case proceedings (D-2002-45)?

A.5 The average revenue lag for all customers has decreased from the level approved in D-2002-45. The billing lag has increased by .1 days while the collection lag has decreased by 1.9 days. This results in a net revenue lag decrease of 1.8 days compared to fiscal 2002.

The gas cost expense lag has increased from 32.9 days in fiscal 2002 to 35.8 days for fiscal 2004. The Company did not apply its 2002 actual gas cost expense lag to determine its forecast 2004 gas cost expense lag. The Company anticipates a change in payment pattern to occur from its 2002 actual gas cost expense lag. The 2002 actual expense lag was unusually high due to the implementation of a new financial reporting system which resulted in delays of gas cost payments between Gazifere and Enbridge Gas Distribution. It is anticipated that for fiscal 2004, payment patterns for gas costs will return to normal levels. Consequently,

the Company generated a gas cost expense lag based on its expected payment pattern.

The O&M expense lag is virtually unchanged from the 2002 level of 19.7 days to the 2004 level of 19.9 days.

The taxes lag has decreased from (43.5) days to (51.2) days. This is primarily a result of a change in the weights of the different tax components and their associated lag days.

The working cash requirement for GST has changed from \$(213.7) thousand in fiscal 2002 to \$(254.8) for 2004. Similarly the level of QST has changed from \$(245.0) thousand to \$(292.1) thousand.

Q.6 Are you proposing any changes to the revenue lag and specific expense lag days presented in the 2002 Regulatory Closing of the Books proceedings?

A.6 With the exception of the gas cost expense lag explained under answer 5, the revenue and expense lags are the same as filed and approved in the 2002 Regulatory Closing of the Books. These lag days reflect fiscal 2002 historical information, which corresponds to the most current history. No other significant changes in payment patterns have occurred or are anticipated to occur in the Test Year.