

GAZIFÈRE INC.
DESCRIPTION OF THE RIDER FOR OCTOBER 1, 2003 TO MARCH 31, 2004 PERIOD
2004 RATE CASE

The Company has designed rates to reflect the Régie's decision D-2003-243 resulting in a the sufficiency of \$308,000 for Fiscal 2004. Exhibit GI-23, document 13 shows the final rates reflecting this sufficiency. The Régie's decision also results in a new base for the pass-on that was implemented on January 1, 2004. The new January pass-on rates are shown on exhibit GI-24, document 4. In previous years, Gazifère has implemented the Régie's decision retroactively by rebilling all customers on the new rates and reversing all charges paid on interim rates. The Company believes that this billing process should be replaced by an administratively simpler process by means of a rate rider. The Company proposes to implement the Régie's approved final rates in its April billing cycle. For the period October 1, 2003 to March 31, 2004, the company proposes to return to customers a prorated share of the overall sufficiency through a rate rider that will be applied to the actual volumes consumed during this period. The rider will also be implemented in the April billing cycle. Assuming no further change in Enbridge Gas Distribution's Rate 200, the final January pass-on rates will be implemented on April 1, 2004. If a pass-on occurs, the Company would implement new rates April 1, 2004 that will use the final January rates as the base. The calculation of the rider is described below.

As shown on exhibit GI-25, document 2, budgeted volumes from October to December are multiplied by the unit rate change between the interim pass-on rate that was effective October 1, 2003 and the final October 1, 2003 rate (D-2003-243). Budgeted volumes from January to March are multiplied by the unit rate change between the interim pass-on rate that was effective January 1, 2004 and the final pass-on rate for January 1, 2004. The sufficiency accumulated over this six month period is then divided by actual volumes to yield the unit rate rider. Since the Company does not have actual volumes for the six month period at this point, the Company has used a blended mix of actual (October to December), estimated actuals (January) and budgeted (February and March). This process is done for each rate class and type of service (sales and T-service) in order to ensure that the derivation of the rider adheres to the rate setting process.