GAZIFÈRE INC.
PRE-FILED EVIDENCE OF JACKIE COLLIER AND MALINI GIRIDHAR
2005 RATE CASE

Q.1 Please state your full name, and your current position with the Company.

A.1 My name is Jackie Collier, and I am Manager Rate Design, at Enbridge Gas Distribution. My name is Malini Giridhar, and I am Manager Rate Research and Design, at Enbridge Gas Distribution.

Q.2 What are your professional qualifications, experience, and previous appearances before this or other regulatory tribunals?

A.2 Please refer to our Curriculum Vitae filed at Exhibit GI-14, Document 8.

Q.3 What is the purpose of this testimony?

A.3 This testimony addresses the Company's proposed allocation of the forecast revenue deficiency to the different customer rate classes. The revenue deficiency is the difference between the revenue requirement for the test year and revenues derived from applying the current rates (D-2004-48) to test year volumes. The detailed evidence is filed under Tab GI-14.

Q.4 Please provide an overview of the organization of the documents contained under Tab GI-14. In addition, please provide a summary of the content of these documents.

A.4 Certainly. Document 2 (Revenue Comparison – Current Revenue vs. Proposed Revenue), contains by rate class a summary of fiscal 2005 volumes, associated revenues under the current pass-on rates (D-2004-48 in Col. 3), associated revenues under proposed rates (Col. 5), and the corresponding revenue deficiency of $890.9 thousand (Col. 4).

Document 3 (Proposed Revenue Recovery by Rate Class) provides the breakdown of revenues and the deficiency/(sufficiency) by customer rate class and rate component: distribution, gas supply load balancing, and gas supply commodity. The distribution and gas supply load balancing components are combined to make up the Delivery Charge component in Gazifère's rates. Revenues under the current rates for

the 2005 test year are shown in Columns 1 through 4. The revenues derived from the proposed rates are shown in Columns 9 through 12. Columns 5, 6, 7 and 8 indicate the forecast revenue deficiency/(sufficiency).

Document 4 (Summary of Proposed Revenue) shows the associated volumes and proposed revenues for the 2005 test year by rate class and rate component.

Document 5 provides a summary of the proposed unit rate change by rate class. The unit rates currently in effect, the unit rate change, and the proposed unit rates are provided in this document on a rate class basis.

Document 6 contains the calculation of the gas supply, and gas supply load balancing charges by rate class, which is derived directly from the Fully Allocated Cost Study evidence found in Tab GI-13, Documents 11, and 12.

Document 7, page 1 provides the current and proposed unit rates for the distribution, gas supply load balancing, and gas supply charges for each rate class in Columns 1 and 3 respectively. The associated revenues are in Columns 2 and 4 respectively. The forecast revenue deficiency is in Column 5. The percentage change in the unit rates is shown in Column 6. Pages 2 and 3 of Document 7 provide a graphical depiction of the data contained in the table, found on page 1.

Q.5 Please explain how the deficiency/sufficiency is allocated to the rate classes and how the proposed rates are derived.

A.5 The proposed rates are determined in four stages. In stage 1, the allocated gas commodity, and gas supply load balancing costs are extracted from the Fully Allocated Cost of Service Study (GI-13, Documents 11 and 12) and are used to develop, for each rate class, the new gas supply, and gas supply load balancing unit rates. These are shown at GI-14, Document 6, items 7 and 8 respectively.

In stage 2, the deficiency associated with each rate component i.e., gas supply, load balancing and distribution is determined. A preliminary allocation of the distribution deficiency is also made.

The load balancing and gas supply deficiencies are shown at Document 3, Columns 6 and 7. They are determined as the difference between the allocated cost (Columns 10 and 11) and the revenue produced under the current rates (Columns 2 and 3). The total distribution deficiency/(sufficiency) is the difference between the total deficiency/(sufficiency), and the sum of the gas supply and gas supply load balancing deficiency/(sufficiency) components. This distribution deficiency/(sufficiency) is allocated to the rate classes pro rata to their rate base allocations on a preliminary basis.

In the third stage, the distribution deficiency/(sufficiency) allocation is reviewed and further adjustments may be performed to the distribution revenue component of the various rate classes. The final distribution deficiency is shown in Column 9 of Document 3.

In stage four, the proposed rates are calculated by adding the unit rate gas supply and delivery adjustments to the current Board approved rates. The gas supply unit rate adjustment, as described in stage 1 is calculated in Document 6. The unit delivery charge adjustment equals the sum of distribution and load balancing deficiencies/(sufficiencies) divided by the delivery volumes. Document 5 lays out the adjustments and the proposed rates.

Q.6 Please describe the adjustments made to the distribution deficiency at the rate class level in stage 3.

A.6 Adjustments are made to the revenue responsibilities of each rate class if the initial allocation of deficiency fails to achieve important rate design objectives. These objectives include avoidance of rate shock, market acceptance, competitive position, appropriate relationships between rates, and acceptable

revenue to cost "(R/C)" ratios.

Table 1 below depicts the proposed revenue to costs ratios for each rate class as well as the 2004 revenue to cost ratios. The Company has tried to maintain a revenue to cost ratio similar to the 2004 level. As can be seen in the chart below, the Company is forecasting a decrease in volumes for all rate classes except for Rates 2 and 4. In an effort to prevent further load loss in the industrial rate classes, the Company has tried to mitigate the rate impacts for these large volume customers. Therefore, as seen in Line 1 of the table, the Company has made adjustments to Rates 9 and 5 in order achieve this objective. With the exception of Rate 9, all other rate classes receive an increase in rates ranging from 1% to 4%.

Table 1: Proposed adjustments and rate increase for 2005

	Total	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 9
Adjustments ($'000)	0.0	0.0	43.6	0.0	0.0	-10.0	-33.6
Proposed R/C Ratio	1.00	1.10	0.93	1.14	1.13	1.16	1.12
Fiscal 2004 R/C Ratio	1.00	1.11	0.92	1.15	1.14	1.15	1.05
% increase for T customer	3.2%	2.4%	4.1%	2.3%	1.4%	1.7%	.5%
% increase for sales	1.5%	1.1%	1.9%	0.9%	0.7%	n/a	n/a
2005 Delivery Volumes ($10^6 m^3$)	154.0	52.9	62.9	.5	6.3	10.5	20.9
2004 Delivery Volumes ($10^6 m^3$)	164.5	53.3	61.1	.5	6.0	10.9	32.8

Q.7 Does this conclude your evidence?

A.7 Yes, it does.