

GAZIFÈRE INC.  
PRE-FILED EVIDENCE OF JACKIE COLLIER,  
MARGARITA SUAREZ SHARMA AND LISE MAUVIEL  
UNBUNDLING OF TRANSPORTATION CHARGE  
2010 RATE CASE (PHASE I)

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

A.1 Please refer to Exhibit GI-1, Documents 2 & 3 and Exhibit GI-2, document 1.

Q.2 What is the purpose of this testimony?

A.2 This evidence addresses Gazifère's proposal to unbundle the upstream transportation charge from the delivery charge in Gazifère's rates and to eliminate the T-Service credit. Consequently, the unbundled transportation charge will be displayed on customers' bills and Ontario T-Service customers in all rate classes will no longer receive the T-Service credit. These initiatives are consistent with changes that will be implemented by Enbridge Gas Distribution ("EGD") for all their customer rate classes including Rate 200. The purpose of this testimony is to explain the resulting effect on Gazifère's rates, customers' bills and regulatory exhibits.

Q.3 Why is this proposal being put forth at this time?

A.3 The Ontario Energy Board ("OEB") has approved these changes to EGD's rates. EGD will implement these changes during June 2009 and will unbundle the transportation charge on customers' bills, as well as eliminate the T-service credit for Ontario T-Service customers in all their rate classes. These initiatives will affect Rate 200, the rate in which Gazifère takes service from EGD. Therefore, Gazifère will be required to unbundle its rates accordingly.

Q.4 What is the impact of this proposal?

A.4 Gazifère's Ontario T-Service customers will see no change in the amount of their monthly and/or annual bill. Ontario T-Service customers independently contract for commodity and transportation into the distribution network, and as such will no longer receive utility transportation charges nor the corresponding credits that reverse the charge. Their transportation costs are those that they contract for with their transportation provider.

The billing process will be more streamlined as it no longer needs to take into account T-service credits for Ontario T-Service customers.

Transportation charges will be identified separately on the bill and will only apply to Sales and Buy/Sell customers. Gazifère's Sales and Buy/Sell customers will see no change in the amount of their monthly and/or annual bill.

And finally, gas cost exhibits will show transportation costs as a separate line item.

Q.5 How will this affect delivery rates?

A.5 Transportation charges will be unbundled from current delivery rates. To illustrate, please see Attachment D, on page 9, which shows the proposed April 2009 Pass-On unit rates as a starting point. Delivery charges will be reduced by the amount of the transportation charge, which will then be shown as a separate rate.

Q.6 Please provide some background that led to the culmination of this initiative.

A.6 Approximately 150 million cubic meters of natural gas is delivered annually under Rate 200 service for Gazifère. Roughly 80% of those volumes are obtained through EGD's Sales service where EGD provides commodity, transportation, load balancing, and distribution services. The remaining 20% of those volumes are procured via Ontario T-Service where customers make their own arrangements for commodity and transportation to EGD's franchise; EGD provides load balancing and distribution service for all customers.

A table delineating the different types of service is provided here for reference, where X denotes services provided by the utility/Gazifère.

Choice of Service	Commodity	Transport	Load Balancing & Storage	Distribution
Sales	X	X	X	X
Western T*		X	X	X
Ontario T			X	X

\* There are no Western-T customers in Gazifere's franchise area.

At Gazifère, Ontario T-Service customers are billed for commodity and transportation by their respective service providers. Gazifère bills its Ontario T-Service customers for load balancing and distribution; its Sales customers are billed for commodity, load balancing and distribution, where transportation is a component of the delivery charge.

For the 2006 Test year, the Régie approved changes to the allocation methodology for upstream transportation and storage costs (Decision D-2006-158). Those changes improved the alignment of cost allocation and rate design for Gazifère with the cost drivers for Rate 200. It also enabled the unbundling of upstream transportation costs from delivery charges. That methodology has been in place since the 2006 Decision.

However, because of the existing billing legacy systems in place at EGD and Gazifère, transportation charges continued to be embedded in the load balancing (for EGD) and delivery charges (for Gazifère) that applied to customers' bills. The legacy system was not equipped to apply a separate rate to Ontario T-service customers that excluded the bundled transportation charge. Hence, T-service credits were required to remove the effect of the transportation charges.

This had the effect of first collecting transportation charges from all Ontario T-Service customers and reversing the transportation costs through a credit to Ontario T-service customers, requiring additional steps in the billing process and added complexity.

Q.7 Please describe your proposal.

A.7 EGD and Gazifère are set to implement new, integrated Customer Information Systems (CIS) in June 2009. Gazifère's new CIS will enable an unbundled transportation charge that is separately identified from the delivery charge.

These CIS system enhancements will apply the transportation charge only to Sales and Buy/Sell customers and Western T-service customers, eliminating the need for T-service credits to Ontario T customers and gas marketers in both EGD's and Gazifère's franchise. As all of Gazifère's T-service customers are Ontario T-service customers, none will receive transportation charges nor T-service credits.

Gazifère proposes to utilize the capabilities of the new system to display the transportation charge as a separate line item, and to eliminate the additional steps required to collect and remit transportation charges.

Q.8 Please describe how the proposed changes will be implemented.

A.8 The impacts of these changes would be as follows:

- For Sales and Buy/Sell service customers, the transportation charge will be removed from the delivery charge and will be displayed as an additional line in customers' bills. Gazifère's T-service customers will no

longer be invoiced the transportation charges and receive T-service credits, as transportation charges will no longer be embedded in delivery rates. For both types of customers, there is no impact to the monthly charges. Please see Attachment A, on page 5, for a depiction of the changes for typical Rate 2 and Rate 3 customers on Sales and Ontario T-Service using April 2009 Pass-On rates which are currently pending approval from the Régie.

- Gazifère's gas cost exhibit will be modified slightly to reflect transportation costs separately from load balancing costs. Attachment C, on page 8, illustrates the change in the exhibit using April 2009 Pass-On rates which are currently pending approval from the Régie.

# Attachment A

## Rate 2 Sales Service

April 2009 Pass On

	Current		Proposed	
	Charge on Bill		Charge on Bill	
Typical February Volume (m3)	427		427	
Monthly Fixed Charge (\$)	9.73	9.73	9.73	9.73
Delivery Charge (¢/m³):				
from 0 to 50 m³	25.45	12.73	21.17	10.59
from 50 to 100 m³	24.87	12.44	20.59	10.30
from 100 to 320 m³	24.28	53.42	20.00	44.00
from 320 to 1,000 m³	23.70	25.36	19.42	20.78
in excess of 1,000 m³	23.11	-	18.83	-
		<u>103.94</u>		<u>85.66</u>
Transportation Charge	-	-	4.28	18.28
Gas Supply Charge	23.62	<u>100.86</u>	23.62	<u>100.86</u>
Total Bill for month		<u><u>214.52</u></u>		<u><u>214.52</u></u>

## Rate 2 Ontario T-Service (for illustration purposes only)

April 2009 Pass On

	Current		Proposed	
	Charge on Bill		Charge on Bill	
Typical February Volume (m3)	427		427	
Monthly Fixed Charge (\$)	9.73	9.73	9.73	9.73
Delivery Charge (¢/m³):				
from 0 to 50 m³	25.45	12.73	21.17	10.59
from 50 to 100 m³	24.87	12.44	20.59	10.30
from 100 to 320 m³	24.28	53.42	20.00	44.00
from 320 to 1,000 m³	23.70	25.36	19.42	20.78
in excess of 1,000 m³	23.11	-	18.83	-
		<u>103.94</u>		<u>85.66</u>
Transportation Charge	-	-	0.00	0.00
T-Service Credits	(4.28)	<u>(18.28)</u>	0.00	<u>0.00</u>
Total Bill for month		<u><u>95.39</u></u>		<u><u>95.39</u></u>

## Rate 3 Sales Service

April 2009 Pass On

	Current		Proposed	
	Charge on Bill		Charge on Bill	
Typical Contract Demand	600		600	
Typical February Volume	16,477		16,477	
Monthly Fixed Charge (¢/m³ of the subscribed volume)	20.45	122.70	20.45	122.70
Delivery Charge (¢/m³):	13.00	2,142.01	8.72	1,436.79
Transportation Charge	-	-	4.28	705.22
Gas Supply Charge	23.62	<u>3,891.87</u>	23.62	<u>3,891.87</u>
Total Bill for month		<u><u>6,156.58</u></u>		<u><u>6,156.58</u></u>

## Rate 3 Ontario T-Service

April 2009 Pass On

	Current		Proposed	
	Charge on Bill		Charge on Bill	
Typical Contract Demand	600		600	
Typical February Volume	16,477		16,477	
Monthly Fixed Charge (¢/m³ of the subscribed volume)	20.45	122.70	20.45	122.70
Delivery Charge (¢/m³):	13.00	2,142.01	8.72	1,436.79
Transportation Charge	-	-	-	-
T-Service Credits	(4.28)	<u>(705.22)</u>	-	<u>-</u>
Total Bill for month		<u><u>1,559.49</u></u>		<u><u>1,559.49</u></u>

## Notes for Attachment B and C:

Currently, Gazifère determines its gas cost budget based on EGD's Rate 200. The existing Rate 200 load balancing charge includes the cost of EGD's upstream transportation for all forecast volumes including Ontario T-service. Gazifère then receives EGD's T-Service credit which is applicable to Gazifère's Ontario T-Service volumes. The Rate 200 load balancing rate is applied to all of Gazifère's forecast delivery volumes including Ontario T-Service to determine the total costs of Gazifère's load balancing and transportation requirements. Gazifère then determines its upstream load balancing rates (includes both upstream transportation and load balancing) which it charges to all sales and Ontario T-Service customers through the delivery charge of their rates. Gazifère then remits its T-Service credit to its Ontario T-Service customers.

The Rate 200 will now display and charge the load balancing and transportation rates separately. As such, Gazifère will no longer be charged the cost of upstream transportation for its Ontario T-Service volumes which eliminates the need for the T-Service credit. In turn, Gazifère will determine its gas costs requirements for transportation excluding Ontario T-Service volumes. Gazifère's unbundled transportation rates will no longer be charged to Ontario T-Service customers and therefore Gazifère will no longer need to remit the T-Service credit. From a gas cost budget perspective, the total gas costs which Gazifère forecasts will remain the same. This is displayed in Attachment B and C.

Attachment B represents Gazifère's existing April 2009 gas cost budget including the receipt of the T-service credit from EGD. Attachment C represents Gazifère's proposed gas cost budget whereby the transportation rate is only applied to system gas volumes. As can be seen, the net gas costs are the same.



Attachment C

GAZIFÈRE INC.  
 COÛT DU GAZ SELON LE TARIF 200 EB-2009-0018 (1)  
 BASÉ SUR LES VOLUMES DE L'ANNÉE TÉMOIN 2009  
 AJUSTEMENT DU COÛT DU GAZ

1000 m3			Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	
			JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	
		37.61%	4												LF:	37.61%
			1	1	1	1	1	1	1	1	1	1	1	1	1	
			1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	1096.4	
1	FIRST	15	15	16,446.0	16,446.0	16,446.0	14,641.9	8,809.6	6,468.7	5,033.4	5,042.1	4,790.6	7,865.1	12,083.2	16,446.0	130,518.4
2	NEXT	10	25	7,088.8	6,877.1	3,928.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,079.6	19,974.2
3	OVER	25	25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	CURTAILMENT			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	T-SERVICE			3,391.2	3,234.7	3,228.8	2,901.9	2,909.0	2,564.7	1,984.7	2,043.7	1,811.9	2,515.9	2,763.5	3,155.4	32,505.4
6																
7	TOTAL DELIVERIES			23,534.8	23,323.1	20,374.6	14,641.9	8,809.6	6,468.7	5,033.4	5,042.1	4,790.6	7,865.1	12,083.2	18,525.6	150,492.6
8	TOTAL SALES			20,143.5	20,088.4	17,145.9	11,740.0	5,900.6	3,904.0	3,048.7	2,998.4	2,978.7	5,349.2	9,319.6	15,370.3	117,987.2
9	T-SERVICE RECEIPTS			3,391.2	3,234.7	3,228.8	2,901.9	2,909.0	2,564.7	1,984.7	2,043.7	1,811.9	2,515.9	2,763.5	3,155.4	32,505.4
10																
11	CHECK			23,534.8	23,323.1	20,374.6	14,641.9	8,809.6	6,468.7	5,033.4	5,042.1	4,790.6	7,865.1	12,083.2	18,525.6	150,492.6
12																
13																
14																
15	REVENUE CALCULATION															
16	RATES -	EB-2009-0018														
17																
18		WINTER	SUMMER													
19		0.0000	0.0000	0	0	0	0	0	0	0	0	0	0	0	0	0
20	DMD	14.7000	14.7000	161,171	161,171	161,171	161,171	161,171	161,171	161,171	161,171	161,171	161,171	161,171	161,171	1,934.0
21	1ST	1.0815	1.0815	177,863	177,863	177,863	158,352	95,276	69,958	54,436	54,530	51,810	85,061	130,680	177,863	1,411.6
22	2ND	1.0815	1.0815	76,665	74,376	42,488	0	0	0	0	0	0	0	0	22,491	216.0
23	3RD	1.0815	1.0815	0	0	0	0	0	0	0	0	0	0	0	0	0.0
24				415,700	413,410	381,523	319,523	256,446	231,129	215,607	215,701	212,981	246,231	291,851	361,526	3,561.6
25	gas b/s	23.3416	23.3416	188,073	187,558	160,085	109,612	55,092	36,450	28,465	27,995	27,811	49,943	87,014	143,507	1,101.6
26	Load Balancing	0.6381	0.6381	150,175	148,825	130,011	93,430	56,214	41,276	32,118	32,174	30,569	50,187	77,103	118,212	960.3
27	Transportation	4.2552	4.2552	857,148	854,800	729,592	499,559	251,081	166,121	129,730	127,590	126,748	227,617	396,570	654,036	5,020.6
28	CURTAILMENT	-1.1000	-1.1000													
29	gas sys	23.3593	23.3593	4,517,174	4,504,803	3,844,953	2,632,680	1,323,199	875,458	683,678	672,398	667,962	1,199,545	2,089,924	3,446,775	26,458.5
30	TOTAL REVENUE			6,128,270	6,109,396	5,246,163	3,654,803	1,942,032	1,350,435	1,089,598	1,075,858	1,066,070	1,773,523	2,942,461	4,724,056	37,102.7
31				6,128,270	6,109,396	5,246,163	3,654,803	1,942,032	1,350,435	1,089,598	1,075,858	1,066,070	1,773,523	2,942,461	4,724,056	37,102.7
32																
33																
34																
35																
36																
37	Niagara Gas Transmission			116,803	116,803	116,803	116,803	116,803	116,803	116,803	116,803	116,803	116,803	116,803	116,803	1,401.6
38	Gas cost based on April 2009 proposed Rates			6,245,073	6,226,199	5,362,966	3,771,606	2,058,835	1,467,238	1,206,401	1,192,661	1,182,873	1,890,326	3,059,264	4,840,859	<b>38,504.3</b>

Note: (1) Coût du gaz total selon le tarif 200 en vigueur le 1er avril 2009.

## Attachment D

**GAZIFÈRE INC.**  
**UNBUNDLING OF TRANSPORTATION RATE**  
**APRIL 1, 2009 PASS-ON**

ITEM NO.	DESCRIPTION	Proposed Rates	Proposed	April 1, 2009 Pass On
		April 1, 2009 Pass-On	Adjustment	with Unbundled Transportation Charge
		<i>col.1</i>	<i>col.2</i>	<i>col.3</i>
	<b><u>Rate 1:</u></b>			
1	Monthly Fixed Charge (\$)	16.66	0.00	16.66
	Delivery Charge (¢/m <sup>3</sup> ):			
2	from 0 to 100 m <sup>3</sup>	24.52	(4.28)	20.24
3	from 100 to 320 m <sup>3</sup>	23.43	(4.28)	19.15
4	from 320 to 1,000 m <sup>3</sup>	22.35	(4.28)	18.07
5	from 1,000 to 3,200 m <sup>3</sup>	21.23	(4.28)	16.95
6	from 3,200 to 10,000 m <sup>3</sup>	19.08	(4.28)	14.80
7	in excess of 10,000 m <sup>3</sup>	17.44	(4.28)	13.16
8	Transportation Charge		4.28	4.28
9	Gas Supply Charge	23.62	0.00	23.62
	<b><u>Rate 2:</u></b>			
10	Monthly Fixed Charge (\$)	9.73	0.00	9.73
	Delivery Charge (¢/m <sup>3</sup> ):			
11	from 0 to 50 m <sup>3</sup>	25.45	(4.28)	21.17
12	from 50 to 100 m <sup>3</sup>	24.87	(4.28)	20.59
13	from 100 to 320 m <sup>3</sup>	24.28	(4.28)	20.00
14	from 320 to 1,000 m <sup>3</sup>	23.70	(4.28)	19.42
15	in excess of 1,000 m <sup>3</sup>	23.11	(4.28)	18.83
16	Transportation Charge		4.28	4.28
17	Gas Supply Charge	23.62	0.00	23.62
	<b><u>Rate 3:</u></b>			
18	Monthly Fixed Charge: (¢/m <sup>3</sup> of the subscribed volume)	20.45	0.00	20.45
	Delivery Charge (¢/m <sup>3</sup> ):			
19	For all volumes delivered	13.00	(4.28)	8.72
20	Transportation Charge		4.28	4.28
21	Gas Supply Charge	23.62	0.00	23.62
	<b><u>Rate 4:</u></b>			
22	Monthly Fixed Charge: (¢/m <sup>3</sup> of the subscribed volume)	20.71	0.00	20.71
	Delivery Charge (¢/m <sup>3</sup> ):			
23	Load factor less or equal to 70%	11.17	(4.28)	6.89
24	Load factor higher than 70%	10.14	(4.28)	5.86
25	Transportation Charge		4.28	4.28
26	Gas Supply Charge	23.62	0.00	23.62

**GAZIFÈRE INC.**  
**UNBUNDLING OF TRANSPORTATION RATE**  
**APRIL 1, 2009 PASS-ON (continued)**

<b>ITEM NO.</b>	<b>DESCRIPTION</b>	<b>Proposed Rates April 1, 2009 Pass-On</b>	<b>Proposed Adjustment</b>	<b>April 1, 2009 Pass On with Unbundled Transportation Charge</b>
<b><u>Rate 5:</u></b>				
27	Monthly Fixed Charge: (¢/m <sup>3</sup> of the subscribed volume)	31.16	0.00	31.16
28	Delivery Charge (¢/m <sup>3</sup> ): For all volumes delivered	7.63	(4.28)	3.35
29	Transportation Charge		4.28	4.28
30	Gas Supply Charge	23.62	0.00	23.62
<b><u>Rate 6:</u></b>				
31	Monthly Fixed Charge: (¢/m <sup>3</sup> of the subscribed volume)	20.64	0.00	20.64
32	Delivery Charge (¢/m <sup>3</sup> ): Maximum	7.75	(4.28)	3.47
33	Minimum	4.77	(4.28)	0.49
34	Transportation Charge		4.28	4.28
35	Gas Supply Charge	23.62	0.00	23.62
<b><u>Rate 7:</u></b>				
	Monthly Fixed Charge	20.83	0.00	20.83
36	Delivery Charge (¢/m <sup>3</sup> ): from 0 to 100 m <sup>3</sup>	25.62	(4.28)	21.34
37	from 100 to 320 m <sup>3</sup>	24.53	(4.28)	20.25
38	from 320 to 1,000 m <sup>3</sup>	23.44	(4.28)	19.16
39	from 1,000 to 3,200 m <sup>3</sup>	22.36	(4.28)	18.08
40	from 3,200 to 10,000 m <sup>3</sup>	20.18	(4.28)	15.90
41	in excess of 10,000 m <sup>3</sup>	18.54	(4.28)	14.26
42	Transportation Charge		4.28	4.28
43	Gas Supply Charge	23.62	0.00	23.62
<b><u>Tarif 8:</u></b>				
44	Delivery Charge (¢/m <sup>3</sup> ): Maximum	13.47	(4.28)	9.19
45	Minimum	5.98	(4.28)	1.70
46	Transportation Charge		4.28	4.28
47	Gas Supply Charge	23.62	0.00	23.62
<b><u>Tarif 9:</u></b>				
48	Monthly Fixed Charge: (¢/m <sup>3</sup> times the maximum daily volume)	3.10	0.00	3.10
49	Delivery Charge (¢/m <sup>3</sup> ): from 0 to 1,000,000 m <sup>3</sup>	6.57	(4.28)	2.29
50	in excess of 1,000,000 m <sup>3</sup>	6.40	(4.28)	2.12
51	Transportation Charge		4.28	4.28
52	Gas Supply Charge	23.62	0.00	23.62