

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2011-186
Cause tarifaire 2012

2012 Final Distribution Rates

Following the Régie's decision D-2011-186, the Company has designed distribution rates to recover a distribution revenue requirement of \$23,490,600 with a deficiency of \$1,430,200. The distribution rates are effective January 1, 2012. The rates are designed in accordance to the evidence filed at exhibits GI-30, document 1 and GI-31, document 1 and incorporate the findings of the Régie's decision D-2011-186:

- Reduction in DSM budget;
- Reduction in ROE to 8.29%;
- Changes to the forecast annual volumes for Rate 9.

The exhibits supporting the 2012 distribution rates and the resulting revenue to cost ratios can be found at exhibits GI-31, documents 1.1, 1.2 and 1.3 and GI-30, document 2, revised on December 12, 2011 following the decision D-2011-186. The revenue deficiency of \$1,430,200 results in the following average rate increase for each rate class:

<u>Rate Class</u>	<u>Sales Service</u>	<u>T-Service</u>
Rate 1	0.8%	1.4%
Rate 2	3.8%	5.5%
Rate 3	0.4%	0.7%
Rate 5	n/a	1.7%
Rate 9	n/a	1.6%

The Company maintained the revenue to costs ratios as depicted in the original filing at exhibit GI-30 document 2, however, the effects from the decision D-2011-186 improves the revenue to cost ratio for Rate 9 from 1.54 to 1.52.

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January 1, 2012 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2012 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2012 volumetric forecast, contract demand and lost and unaccounted for gas forecast. The impact of the gas cost changes results in a revenue sufficiency of \$(69,300) for a total deficiency inclusive of gas costs of \$1,360,900 effective January 1, 2012. The \$(69,300) is based on October 1, 2011 Rate 200 gas costs. The derivation of the \$(69,300) is presented in evidence at exhibit GI-32, document 1, revised on December 12, 2011 following the Régie's decision D-2011-186. The rates including the October gas costs resulting from the decision D-2011-186 can be found at exhibit GI-39, document 4.

The Company will be filing a QRAM application to reflect new gas costs which will be effective on January 1, 2012. The rates including the decision D-2011-186 and the effects of the January 1, 2012 gas costs will be implemented in the first billing cycle in January 2012.