

GAZIFÈRE INC.
SUIVI COMPTE CFR – planification du futur renforcement majeur de réseau
CAUSE TARIFAIRE 2014 (Phase 3)

The Gazifère distribution system has been experiencing customer additions and load growth over the past 5 – 10 years that have incrementally reduced the existing piping system capacity. This incremental capacity reduction, along with the anticipated future customer growth has led to a review of the long term needs of the Gazifère distribution system.

The methodology criteria utilized for the review is as follows:

- Support for a 10 year growth forecast;
- Create redundancy applied to the system to mitigate customer loss during various potential system upset conditions;
- Provide additional flexibility to enable supply optimization of the Gazifère high and extra high pressure piping systems;
- Minimize potential constructability issues; and
- Optimize the cost of the project.

The initial analysis completed in 2012 indicated that the number of future customer additions would be high enough to negatively impact the current piping system capacity. This analysis indicated that a) further detailed analysis was required to better identify future customer addition counts and b) begin the process of readying the organization for the potential infrastructure builds required to manage these additions. A more detailed review of future customer additions was completed in 2013 and the long term needs were reassessed. A review of the previous assumptions has revealed that customer additions were over-stated in the original analysis which resulted in inflated customer growth projections. Therefore, Gazifère does not foresee a need to build major piping reinforcement for the winter of 2017-2018 or throughout the 10 year study period based on the revised customer additions. However, localized pipe reinforcements may be required to service future residential and/or commercial subdivision developments based on their proximity to the existing gas infrastructure.

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Using the results obtained from the analysis, it is evident that large segments of the Gazifère franchise area are becoming increasingly vulnerable to potential system outages which may be caused by third party damages or integrity related issues. Therefore, further analysis will be conducted to determine the need to add a major reinforcement to mitigate the potential risk of an outage to large segments of Gazifère customers.

In light of the above, to date, Gazifère has not incurred any costs associated with the recently created deferral account.