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

A.1 My name is Jackie Collier, I am Manager Rate Design, at Enbridge Gas Distribution Inc ("EGD"). I am Anton Kacicnik, I am Manager Rate Research and Design at EGD. My name is Narisa Jotiban, I am Senior Rate Design Analyst at EGD.

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-30, document 2, document 3 and document 4.

Q.3 What is the purpose of this testimony?

A.3 This testimony addresses Gazifère's (the "Company") proposed allocation of the 2014 forecast distribution revenue requirement to the various customer rate classes and the development of the 2014 distribution rates. The 2014 distribution rates are derived using the results of the 2014 fully allocated cost study as a guide. This evidence does not address the derivation of the gas supply, load balancing and transportation charges. These charges will continue to be determined within Gazifère's quarterly rate change mechanism.

This testimony also addresses a change to the provisions of Rate 9 – Interruptible Service rate schedule regarding Unauthorized Withdrawals Contrary to a Notice of Interruption. The Company is also proposing the addition of a Western Transportation Service offering (Western T-Service) for all rate classes in the Service Options outlined in Article 10.1 of the *Conditions of Service and Tariff.*

Q4. What provision of the Rate 9 Interruptible Rate Schedule is changing?

A.4 Gazifère is proposing changes to the provisions in Article 20.2.1.8 - Unauthorized Withdrawals Contrary to a Notice of Interruption. The existing provisions are as follows:

Penalty of 25.00 ¢/m³ for the first withdrawal contrary to a notice of interruption or reduction of service in a contract period.

Penalty of 50.00 ¢/m³ for the second withdrawal contrary to a notice of interruption or reduction of service in a contract period.

The third instance of such failure in any contract period shall result in the customer forfeiting the right to be served under this rate and service hereunder shall cease, notwithstanding any written contract between the distributor and the customer. Natural gas supply or T-service shall continue to be available to the customer under Rate 1 until a new contract pursuant to another applicable rate is executed.

The Company is proposing to replace the existing provisions with the following:

Any material instance of failure to curtail in any contract year may result in the customer forfeiting the right to receive interruptible service under this rate schedule.

Any customer taking a material volume of Unauthorized Overrun Gas, during a period of ordered curtailment, may forfeit its curtailment credits for the respective winter season, December through March inclusive.

Service shall continue to be available to the customer under Rate 1 until a new contract pursuant to another applicable rate is executed.

Q.5 Why is Gazifère proposing this change to the provisions of Rate 9 Interruptible Rate Schedule?

A.5 The proposed change is not the result of Gazifère's Rate 9 interruptible customers' behavior or inappropriate actions regarding curtailment compliance but rather, this change is being proposed to align the provisions of Gazifère's Rate 9 Interruptible Service with the provisions for Unauthorized Overrun Gas within EGD Rate 200 Service. Gazifère takes service under

EGD's Rate 200 Wholesale Service which is available to distributors outside EGD's franchise area who use EGD's distribution system to supply gas to their customers. Rate 200 service is a firm service to a certain level of contract demand per day and interruptible for any daily demand in excess of the firm contract demand. In EB-2011-0277, EGD's 2012 rate case, EGD received approval to modify the provisions of interruptible service under Rate 200. The objective of the proposed changes was to make the wording uniform with Enbridge's interruptible services under Rates 145 and 170 that were addressed in the Ontario Energy Board's System Reliability Decision (EB-2010-0231).

The proposed changes to Article 20.2.1.8 unify Rate 9 and Rate 200 provisions regarding interruption and provide for a more stringent penalty than the existing penalty for customers who fail to curtail when a curtailment order is called.

Q.6 Why is Gazifère introducing a Western Transportation Service Arrangement?

A.6. Gazifère is introducing a Western T-Service arrangement to provide customers with another choice in its service offerings. Gazifère has received customer inquiries about a Western T-Service option. Although no customers are forecast to take service under a Western T-Service option in 2014, with adequate notice, the Company could accommodate their request within 2014.

Currently, as included in article 10.1 of the *Conditions of service and Tariff*, a customer can be a Sales Service customer, a Western Buy/Sell customer or an Ontario T-Service customer. The following chart depicts Gazifère's proposed service offerings and lists the services which are provided by Gazifère under each offering. Each customer is only charged for the service they receive from Gazifère.

Service Offerings

Sales and Western Buy/Sell Service (1)	Western T-Service	Ontario T-Service
Gas Supply including compressor fuel		
Transportation	Transportation	
Load Balancing	Load Balancing	Load Balancing
Distribution Firm Interruptible	Distribution Firm Interruptible	Distribution Firm Interruptible

Note: (1) Under a buy/sell service, the gas supply including compressor fuel is procured by the customer or marketer. The distributor's supplier then buys the gas supply including compressor fuel at a point of acceptance and the distributor sells it back to the customer at the customer's delivery point. Under a sales service, the distributor's supplier procures the gas supply including compressor fuel and the distributor charges the customer for the gas supply and compressor fuel service.

A Western T-service arrangement allows Gazifère's customers to deliver each day to a point on the TransCanada PipeLines Ltd. Transmission system ("TCPL") in Western Canada a mean daily volume of gas plus compressor fuel needed to transport the natural gas. Western T-Service arrangements can be readily accommodated under Rate 200 which allows EGD to transport and deliver the gas to Gazifère's franchise area for distribution on Gazifère's distribution system. In order to accommodate this service offering, Gazifère proposes changes to its provisions under Article 10.1 - Service Options, Section 11.2 - General Provisions for T-Service Arrangement and articles 14.2.2.2, 15.2.2.2, 16.2.2.2, 17.2.2.2, 19.2.2.2, 20.2.2.2 and 20.2.3.3 of its *Conditions of Service and Tariff.* The following changes are provided in revision mode in exhibit GI-25, documents 7 and 8.

Q.7 What is the distribution revenue deficiency and how much is it for the test year?

A.7 The distribution revenue deficiency is the difference between the distribution revenue requirement for the test year determined by the CPBR formula and the revenues derived from applying the current distribution rates from the Régie's Decision D-2012-163 (2013 rates) to the 2014 test year volumes. It is $1,405.2 thousand for 2014.

Q.8 Please provide an overview of the organization of the documents contained under Tab GI-30, documents 1.1 to 1.3. In addition, please provide a summary of the content of these documents.

A.8 Certainly. Document 1.1 (Revenue Comparison – Current Distribution Revenue vs. Proposed Distribution Revenue), contains by rate class a summary of test year 2014 volumes (Col. 2), associated distribution revenues under the current 2013 distribution rates (Col.3), associated revenues under the proposed 2014 rates (Col. 5), and the corresponding 2014 revenue deficiency of $1,405.2 thousand (Col. 4).

Document 1.2 provides a summary of the proposed unit rate changes by rate class. The unit rates currently in effect, the unit rate changes, and the proposed unit rates are provided in this document on a rate class basis.

Document 1.3, page 1, provides the current and proposed average unit rates for the commodity, load balancing, transportation and distribution for each rate class in Columns 1 and 3 respectively. The commodity, load balancing and transportation revenues are based on the July 1, 2013 Pass-on rates and therefore do not include the forecast change in gas costs for 2014 as outlined at Exhibit GI-31. The impact from the change in 2014 gas costs will be incorporated into the rates following the implementation of the Régie's 2014 final decision. The associated revenues are in Columns 2 and 4 respectively. The forecast distribution revenue deficiency is in Column 5. The percentage change in the unit rates is shown in Column 6.

Q.9 Please explain how the deficiency is allocated to the rate classes and how the proposed rates are derived.

A.9 The proposed rates are determined in two stages. In stage 1, the distribution deficiency is allocated to the rate classes pro rata to their rate base allocations on a preliminary basis.

In the stage 2, the distribution deficiency allocation is reviewed and further adjustments may be performed to the distribution revenue component of the various rate classes. The final distribution deficiency by rate class and proposed revenues are shown in Columns 4 and 5 of GI-30, document 1.1.

Q.10 Please describe the adjustments made to the distribution deficiency at the rate class level in stage 2.

A.10 Adjustments are made to the revenue responsibilities of each rate class if the initial allocation of deficiency in stage 1 does not 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 2014 distribution revenue to costs ratios for each rate class as well as the 2013 distribution revenue to cost ratios. Typically, the Company quotes a revenue to cost ratio including commodity and load balancing costs and revenues. As this filing only isolates the distribution revenue requirement, the revenue to cost ratios have been stated on a distribution only basis.

The following adjustments to the rate classes will improve their revenue to costs ratio in 2014 relative to 2013. The Company is proposing to make an upward adjustment of $154.3K in revenues to Rate 2 and a $125K downward adjustment to Rate 1 relative to the allocated deficiency in Stage 1 for each rate class. A slight downward adjustment to revenues of 0.3K to Rate 3, 12K to Rate 5 and 17K for Rate 9 allows for an improvement in revenue to cost ratios for each of these rate classes. Each of these adjustments is at a level similar to the adjustments made to the respective rate classes in 2013.

The rate impacts depicted in the chart below are relative to the July 1, 2013 Pass-On rates which are based on the 2013 final distribution rates and July 1, 2013 gas costs.

Table 1: Proposed Adjustments and Rate Increase for 2014

	Total	Rate 1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 9
Adjustments ($'000)	0.0	(125.0)	154.3	(0.3)	0.0	(12.0)	(17.0)
Proposed 2014 R/C Ratio – Distribution Only	1.00	1.45	0.86	1.81	n/a	1.75	1.33
Fiscal 2013 R/C Ratio – Distribution Only	1.00	1.52	0.83	2.11	n/a	1.96	1.41
% increase on total bill of a T-service customer	3.4%	1.4%	5.1%	0.5%	n/a	0.6%	0.6%
% increase on total bill of a sales customer	2.2%	0.9%	3.7%	0.3%	n/a	n/a	0.2%
2014 Delivery Volumes (10^6m^3)	166.0	66.2	63.7	0.4	n/a	14.2	21.9
2013 Delivery Volumes (10^6m^3)	164.0	67.7	63.5	0.4	n/a	14.2	18.3

Q.11 Are you proposing any changes to the monthly fixed charges?

A.11 No, the Company is proposing to maintain the 2013 level of monthly fixed charges. The overall level of the 2014 fixed cost recovery from the monthly fixed charges is approximately the same as prior years.

Q.12 Does this conclude your evidence?

A.12 Yes, it does.