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.

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-22, documents 2 and 3.

Q.3 What is the purpose of this testimony?

A.3 This testimony addresses Gazifère's (the "Company") proposed allocation of the 2015 forecast distribution revenue requirement to the various customer rate classes and the development of the 2015 distribution rates. The 2015 distribution rates are derived using the results of the 2015 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.

Q.4 What is the distribution revenue deficiency and how much is it for the test year?

A.4 The distribution revenue deficiency is the difference between the distribution revenue requirement for the test year determined by the Comprehensive Performance-Based Regulation ("CPBR") formula and the revenues derived from applying the current distribution rates from the Régie's Decision D-2013-191 (2014 rates) to the 2015 test year volumes. It is $269.4 thousand for 2015.

Q.5 Please provide an overview of the organization of the documents contained under exhibit GI-22, documents 1.1 to 1.3. In addition, please provide a summary of the content of these documents.

A.5 Certainly. Document 1.1 (Revenue Comparison – Current Distribution

Revenue vs. Proposed Distribution Revenue), contains by rate class a summary of test year 2015 volumes (Col. 2), associated distribution revenues under the current 2014 distribution rates (Col.3), associated revenues under the proposed 2015 rates (Col. 5), and the corresponding 2015 revenue deficiency of $269.4 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, 2014 Pass-on rates and therefore do not include the forecast change in gas costs for 2015 as outlined at Exhibit GI-23. The impact from the change in 2015 gas costs will be incorporated into the rates following the implementation of the Régie's 2015 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.6 Please explain how the deficiency is allocated to the rate classes and how the proposed rates are derived.

A.6 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-22, document 1.1.

Q.7 Please describe the adjustments made to the distribution deficiency at the rate class level in stage 2.

A.7 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 2015 distribution revenue to costs ratios for each rate class as well as the 2014 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 forecast revenues will improve their revenue to costs ratio in 2015 relative to 2014. The Company is proposing to make an upward adjustment of $74.1K in revenues to Rate 2 and a $63.8K downward adjustment to Rate 1 relative to the allocated deficiency in Stage 1 for each rate class. A slight downward adjustment to revenues of $0.1K to Rate 3, $4.3K to Rate 5 and $5.9K for Rate 9 allows for an improvement in revenue to cost ratios for almost each of these rate classes. As can be seen in Exhibit G1-22, document 1.1, page 1 of 1, column 4, the above adjustments results in the entire $269.4K being recovered from Rate 2 customers.

As can be seen in the table below, the above adjustments results in no delivery rate change to all rate classes except Rate 2. In an ongoing effort to improve the revenue to cost ratio for Rate 2, the Company has chosen to adjust the Rate 2 revenues to a level that will increase their revenue to cost ratio compared to 2014. This results in a rate impact of 0.8% on a sales service (total bill) basis and a rate impact of 1.1% on a T-service (total bill excluding commodity) basis for Rate 2 customers. If no adjustments were made, the Rate 2 revenue to cost ratio would remain at the 2014 level. The estimated Sales service impact would be 0.5% and the T-service rate impact would be 1.0%. Given the small change in rate impact stemming from the adjustment versus no adjustment scenario, the Company believes the level of adjustment is appropriate. Any further adjustment to the Rate 2 revenues would result in rate decreases for all other rate classes which the Company does not consider appropriate.

The rate impacts depicted in the chart below are relative to the July 1, 2014 Pass-On rates which are based on the 2014 final distribution rates and July 1, 2014 gas costs.

Table 1: Proposed Adjustments and Rate Increase for 2015

	Total	Rate 1	Rate 2	Rate 3	Rate 5	Rate 9
Adjustments ($'000)	0.0	(63.8)	74.1	(0.1)	(4.3)	(5.9)
Proposed 2015 R/C Ratio – Distribution Only	1.00	1.40	0.87	1.81	1.71	1.30
Fiscal 2014 R/C Ratio – Distribution Only	1.00	1.45	0.86	1.77	1.75	1.33
% increase on total bill of a T-service customer	0.6%	0.0%	1.1%	0.0%	0.0%	0.0%
% increase on total bill of a sales customer	0.4%	0.0%	0.8%	0.0%	n/a	0.0%
2015 Delivery Volumes (10^6m^3)	168.2	65.9	64.8	.4	14.2	22.9
2014 Delivery Volumes (10^6m^3)	166.4	66.2	63.7	.4	14.2	21.9

Q.8 Are you proposing any changes to the monthly fixed charges?

A.8 No, the Company is proposing to maintain the 2015 level of monthly fixed charges. The overall level of the 2015 fixed cost recovery from the monthly fixed charges is approximately the same as the prior year.

Q.9 Will the implementation of the *Regulation respecting a cap-and-trade system for greenhouse gas emission allowances* (SPEDE) have an impact on the rates for 2015?

A.9 Yes, as mentioned in exhibit GI-21, the administration costs related to the SPEDE have been incorporated in the distribution rates and are included in the proposed rates filed in exhibit GI-22, document 1.2.

Q.10 How does the Company intend to recover the costs associated with the purchase of emission allowances?

A.10 The Company proposes to recover the costs associated with the purchase of emission allowances through a Rate Rider. This Rider will require a change to the *Conditions of Service and Tariff* as addressed in exhibit GI-16, document 1, question 20. The evidence outlining the derivation and applicability of the Rider will be filed by August 29, 2014.

Q.11 Does this conclude your evidence?

A.11 Yes, it does.