

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2014-204
Cause tarifaire 2015

2015 Final Distribution Rates

Following the Régie's decision D-2014-204, the Company has designed distribution rates to recover a distribution revenue requirement of \$27,080,600 with a sufficiency of \$30,400. The distribution rates are effective January 1, 2015. The rates are designed in accordance to the evidence filed at exhibits GI-21, document 1 and GI-22, document 1 and incorporate the findings of the Régie's decision D-2014-204 of a:

- Reduction in the DSM budget;
- Reduction in the SPEDE budget

The exhibits supporting the 2015 distribution rates and the resulting revenue to cost ratios can be found at exhibits GI-22, documents 1.1, 1.2 and 1.3, revised on December 12, 2014 following the decision D-2014-204. The revenue sufficiency of \$30,400 results in the following average rate decrease for each rate class:

<u>Rate Class</u>	<u>Sales Service</u>	<u>T-Service</u>
Rate 1	-0.1%	-0.2%
Rate 2	0.0%	0.0%
Rate 3	0.0%	-0.1%
Rate 5	n/a	-0.1%
Rate 9	-0.1%	-0.1%

As was directed by the Regie, the Company maintained the level of the 2014 Distribution rates for Rate 2. The following table depicts the revenue to cost ratios resulting from the impacts from the D-2014-204 decision.

<u>Rate Class</u>	<u>Revenue to Cost Ratio</u>
Rate 1	1.42
Rate 2	0.86
Rate 3	1.81
Rate 5	1.70
Rate 9	1.29

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January 1, 2015 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2015 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2015 volumetric forecast, contract demand and lost and unaccounted for gas forecast and Niagara Gas costs. The impact of the gas cost changes results in a revenue deficiency of \$484,100 for a total deficiency inclusive of gas costs of \$453,700 effective January 1, 2015. The \$484,100 is based on October 1, 2014 Rate 200 gas costs. The derivation of the \$484,100 was presented in evidence at exhibit GI-23, document 1, revised on October 27, 2014. The rates including the October gas costs resulting from the decision D-2014-204 can be found at exhibit GI-29, document 4.

The Company will be filing a QRAM application to reflect new gas costs which will be effective on January 1, 2015. The rates including the decision D-2014-204 and the effects of the January 1, 2015 gas costs will be implemented in the first billing cycle in January 2015.