

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2016-014
Cause tarifaire 2016

2016 Final Distribution Rates

Following the Régie's decision D-2016-014, the Company has designed distribution rates to recover a distribution revenue requirement of \$25,478,000 with a sufficiency as compared to existing rates of \$2,510,000. The distribution rates are effective January 1, 2016. The rates are designed in accordance to the evidence filed at exhibits GI-36, document 1 and GI-37, document 1 and incorporate the findings of the Régie's decision D-2016-014 of a:

- Reduction in the O&M budget;

The exhibits supporting the 2016 distribution rates and the resulting revenue to cost ratios can be found at exhibits GI-37 documents 1.1, 1.2 and 1.3, revised on February 17, 2016 following the decision D-2016-014. The revenue sufficiency of \$2,510,000 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	-6.6%	-10.0%
Rate 2	-1.5%	-1.9%
Rate 3	-4.3%	-7.6%
Rate 5	-4.9%	-10.3%
Rate 9	-4.3%	-9.5%

As was approved by the Regie in D-2016-014, the Company maintained the rate adjustments as was proposed in its November 23, 2015 update which reflected a proposed revenue sufficiency of \$1,772,000. As was directed by the Regie, the Company allocated the additional revenue sufficiency of \$738,000 resulting from the D-2016-014 decision based on each rate classes proportional share of delivery revenues relative to total delivery revenues. The November 23, 2015 proposed delivery revenues were used as the allocator.

The following table shows the approved allocation of the \$1,772,000 to the rate classes, the allocation of the \$738,000 resulting from the Regie's decision and the Total Allocation of the Revenue sufficiency of \$2,510,000.

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<u>Rate Class</u>	<u>Proposed Sufficiency</u> Per November 23, 2015 (000\$)	<u>Additional Sufficiency</u> D-2016-014 (000\$)	<u>Total Sufficiency</u> D-2016-014 (000\$)
Rate 1	1,428	201	1,629
Rate 2	0	516	516
Rate 3	4	1	5
Rate 5	189	11	200
Rate 9	<u>151</u>	<u>9</u>	<u>160</u>
Total	1,772	738	2,510

The following table depicts the revenue to cost ratios resulting from the impacts from the D-2016-014 decision.

<u>Rate Class</u>	<u>Revenue to Cost Ratio</u>
Rate 1	1.34
Rate 2	0.90
Rate 3	1.68
Rate 5	1.47
Rate 9	1.09

January 1, 2016 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2016 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2016 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 sufficiency of \$641,900 for a total sufficiency inclusive of gas costs of \$3,151,900 effective January 1, 2016. The \$641,900 is based on October 1, 2015 Rate 200 gas costs. The derivation of the \$641,900 was presented in evidence at exhibit GI-27, document 1, revised on October 21, 2015. The rates including the October gas costs resulting from the decision D-2016-014 can be found at exhibit GI-37, document 1.2, revised on February 17, 2016. These rates are effective January 1, 2016.

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Gazifère is proposing to implement final 2016 rates in conjunction with its April 1, 2016 Pass-On. As a result of not having the final January 1, 2016 rates in place by their effective date, the Company will be filing a Revenue Adjustment Rider E at a later date. The Rider E will capture the difference in revenues between the base rates embedded in its filing (October 1, 2015 Pass-on rates) and the final January 1, 2016 rates D-2016-014 for the period January 1, 2016 to March 31, 2016.