

**Gazifère Inc.**  
**Impact on Gazifère's Rates resulting from the Decision D-2017-028**  
**Cause tarifaire 2017**

2017 Final Distribution Rates

Following the Régie's decision D-2017-028, the Company has designed distribution rates to recover a distribution revenue requirement of \$25,002,000 with a revenue sufficiency as compared to existing rates of \$377,000. The distribution rates are effective January 1, 2017. The rates are designed in accordance with the evidence filed at exhibits GI-31, document 1 and GI-32, document 1 and incorporate the findings of the Régie's decision D-2017-028 of a:

- Reduction in the O&M budget (as presented at the hearing)
- Change in the amount of the Weather Stabilization Deferral Account
- Impacts of removing Deferral Accounts from rate base
- Change in interest expense
- Impacts from adjustments to rate base (mains account)

The exhibits supporting the 2017 distribution rates and the resulting revenue to cost ratios can be found at exhibits GI-31, document 2.1, revised on March 29, 2017 following the decision D-2017-028.

The following table shows in Col. 1 the proposed allocation (from Dec. 22/2016 evidence) of the \$377,000 to the rate classes. Column 2 shows the adjustment necessary to maintain Rate 2 and 9 with no reductions to the sum of the distribution and load balancing revenue for Rate 2 and 9 as directed by the Regie in D-2017-028. Col. 3 shows the residual sufficiency allocated to Rate 1, 3 and 5 based on the proportionate share of their October 1, 2016 Pass-On distribution revenues and Col. 4 depicts the D-2017-028 final allocation of distribution sufficiency after the adjustments in columns 2 and 3.

<u>Rate Class</u>	<u>Proposed Sufficiency per December 22, 2016</u> \$'000 (Col. 1)	<u>Adjustment to maintain Rate 2 and 9</u> \$'000 (Col. 2)	<u>Residual Reduction to Rates 1, 3 and 5</u> \$'000 (Col. 3)	<u>Total Sufficiency D-2017-028</u> \$'000 (Col. 4) (Col. 1 +2+3)
1	-220	0	-101	-321
2	-22	90	0	68
3	-1	0	-1	-2
5	-6	0	-5	-11
9	<u>-127</u>	<u>17</u>	<u>0</u>	<u>-110</u>
Total	-377	107	-107	-377

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As ordered by the Regie in D-2017-028, the Company has updated the table on page 4 of Exhibit GI-32, document 1, revised on December 22, 2016 which is displayed below. The distribution revenue sufficiency of \$377,000 results in the following:

Table 1: Final Adjustments and Rate Impacts for 2017

	<u>Total</u>	<u>Rate 1</u>	<u>Rate 2</u>	<u>Rate 3</u>	<u>Rate 4</u>	<u>Rate 5</u>	<u>Rate 9</u>
Adjustments (\$'000)	0.0	(225.2)	335.2	(2.0)	0.0	(5.0)	(103.0)
Final 2017 R/C Ratio – Distribution Only	1.00	1.35	0.92	1.58	n/a	1.17	0.58
Fiscal 2016 R/C Ratio – Distribution Only	1.00	1.34	0.90	1.68	n/a	1.47	1.09
% increase on total bill of a T-service customer	-0.9%	-2.3%	0.3%	-4.6%	n/a	-0.7%	-7.6%
% increase on total bill of a sales customer	-0.6%	-1.5%	0.2%	-2.6%	n/a	-0.3%	-3.2%
2017 Delivery Volumes (10 <sup>6</sup> m <sup>3</sup> )	169.9	67.7	67.1	.3	n/a	17.3	17.5
2016 Delivery Volumes (10 <sup>6</sup> m <sup>3</sup> )	169.9	67.8	67.7	.4	n/a	17.3	16.7

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January 1, 2017 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2017 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2017 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 \$117,000 for a total sufficiency inclusive of gas costs of \$260,000 effective January 1, 2017. The \$117,000 is based on October 1, 2016 Rate 200 gas costs. The derivation of the \$117,000 was presented in evidence at exhibit GI-21, document 1, revised on November 4, 2016. The rates including the October gas costs resulting from the decision D-2017-028 can be found at exhibit GI-32, document 2.2. These rates are effective January 1, 2017.

Below is a summary of the customer rate impacts expressed on a Sales service and T-service (excludes commodity) basis from the 2017 overall sufficiency of \$260,000 inclusive of the 2017 gas costs.

<u>Rate Class</u>	<u>Sales Service</u>	<u>T-Service</u>
Rate 1	-1.0%	-1.4%
Rate 2	0.0%	0.0%
Rate 3	-1.6%	-2.7%
Rate 5	-1.0%	-2.0%
Rate 9	-0.1%	0.1%

Gazifere is proposing to implement final 2017 rates in conjunction with its July 1, 2017 Pass-On. As a result of not having the final January 1, 2017 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, 2016 Pass-on rates) and the final January 1, 2017 rates D-2017-028 for the period January 1, 2017 to June 30, 2017.