

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2018-060
Cause tarifaire 2018

2018 Final Distribution Rates

Following the Régie's decision D-2018-060, the Company has designed distribution rates to recover a distribution revenue requirement of \$25,859,000 with a revenue deficiency as compared to existing rates of \$641,000. The distribution rates are effective January 1, 2018. The rates are designed in accordance to the evidence filed at exhibits GI-40, document 1 and GI-41, document 1 and incorporate the findings of the Régie's decision D-2018-060 of a:

- Reduction in rate base and associated return and taxes forecast;
- Continuance of the existing cost allocation methodology for the allocation of capacity-related mains costs.

The exhibits supporting the 2018 distribution rates and the resulting revenue to cost ratios can be found at exhibits GI-41, Document 1.1, revised on June 22, 2018 following the decision D-2018-060. The revenue sufficiency of \$641,000 results in the following average rate increase for each rate class:

<u>Rate Class</u>	<u>Sales Service</u>	<u>T-Service</u>
Rate 1	0.8%	1.2%
Rate 2	1.4%	1.8%
Rate 3	0.4%	0.7%
Rate 4	0.4%	0.6%
Rate 5	0.3%	0.6%
Rate 9	0.1%	0.3%

The following table shows the allocation of the 2018 proposed (as filed) revenue deficiency allocation of \$746,000 to the rate classes, the allocation of the \$641,000 deficiency resulting from the Régie's decision and the change in allocation of the revenue deficiency between the 2018 proposed and 2018 final decision.

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Cause tarifaire 2018

<u>Rate Class</u>	<u>Proposed Deficiency</u> R-4003-2017 (000\$)	<u>Decision Deficiency</u> D-2018-060 (000\$)	<u>Difference</u> (000\$)
Rate 1	185	158	27
Rate 2	541	467	74
Rate 3	0	0	0
Rate 4	3	3	0
Rate 5	11	9	2
Rate 9	<u>5</u>	<u>3</u>	<u>2</u>
Total	746	641	105

The following table depicts the revenue to cost ratios resulting from the impacts from the D-2018-060 decision. The Company has maintained the same revenue adjustments as outlined in Exhibit G1-41, document 1 to achieve the revenue to cost ratios.

<u>Rate Class</u>	<u>Revenue to Cost Ratio</u>
Rate 1	1.21
Rate 2	0.94
Rate 3	1.49
Rate 4	1.89
Rate 5	1.24
Rate 9	0.65

January 1, 2018 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2018 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2018 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 \$178,700 for a total deficiency

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inclusive of gas costs of \$462,000 effective January 1, 2018. The \$462,000 is based on October 1, 2017 Rate 200 gas costs. The derivation of the \$178,700 was presented in evidence at exhibit GI-32, document 1. The rates including the October gas costs resulting from the decision D-2018-060 can be found at exhibit GI-41, Document 1.3. These rates are effective January 1, 2018.

Gazifere is proposing to implement final 2018 rates in conjunction with its October 1, 2018 Pass-On. As a result of not having the final January 1, 2018 rates in place by their effective date of January 1, 2018, the Company has filed a Revenue Adjustment Rider E. The Rider E captures the difference in forecast revenues between the base rates (October 1, 2017 Pass-on rates) and the final January 1, 2018 rates D-2018-060 for the period January 1, 2018 to September 30, 2018.