

GAZIFÈRE INC.
WORKING PAPERS SUPPORTING THE DERIVATION OF RIDER E:
REVENUE ADJUSTMENT RIDER FOR FINAL 2018 RATES D-2018-060

The attached working papers provide support for the derivation of Rider E: Revenue Adjustment Rider which is filed as Appendix X to the draft rate order.

The Final 2018 rates (D-2018-060) are effective January 1, 2018. The Company is proposing to implement the Final 2018 rates in conjunction with the October 1, 2018 QRAM. Given that the Final 2018 rates will be implemented on October 1, 2018, the Rider E (Revenue Adjustment Rider) needs to capture the difference in total revenue (inclusive of gas costs) between the Base rates⁽¹⁾ at the October 1, 2017 QRAM (D-2017-028 October 1, 2017) and Final 2018 rates (D-2018-060) for the period between January 1, 2018 to September 30, 2018 applied to 2018 Board approved forecast volumes. In summary, Rider E captures the difference in total revenue at D-2017-028 October 1, 2017 Base rates and the total revenue at Final 2018 (Final D-2018-060) rates for the January 1 to September 30, 2018 period.

Appendix X, pages 1 to 8 outlines the derivation of Rider E. The total Rider E amount is a debit to customers of approximately \$0.317 million. The Company is proposing to charge the Rider E to customers on a one month prospective basis in October 2018.

Schedule 1, page 1 provides the Rider E unit rates by rate class and by Sales, Western, Dawn and Ontario transportation service as seen at Appendix X, page 1, columns 2 to 5.

Page 2 of Appendix X derives the unit rates by component based on the change in total revenues for the period of January 1 to September 30, 2018 divided by the forecast volume for October, 2018, given the Company is proposing to charge the Rider E amount on a one month prospective basis in October 2018. Appendix X, Page 2 of the Rider E derivation is the determination of the unit rates based on the type of service.

Page 3 of Appendix X depicts the 2018 approved volumetric forecast by rate class and type of service.

Appendix X, Page 4 depicts the total revenue by rate class based on the D-2017-028 October 1, 2017 Base rates, the total revenue by rate class based on the 2018 D-2018-060 Final rates and the change in total revenue by rate class between Base and Final rates. The annual change in total revenue between the Base and Final rates is approximately \$0.462 million as depicted at col. 13, line 3.7. This \$0.462 million reflects the total 2018 revenue deficiency inclusive of

Note (1): The Regie approved October 1, 2017 QRAM base rates as interim rates in D-2017-103.

gas costs from the D-2017-028 decision. As shown at col. 9, line 3.0 of Appendix X, Page 4, the cumulative change in revenue from January to September 2018 is a charge to ratepayers of \$0.317 million which Rider E is designed to recover from customers. A further break down of the total revenue by distribution revenue, transportation, Dawn transportation and gas supply commodity revenue is depicted in pages 5 to 8 of Appendix X.

The forecast impact of Rider E on a typical residential customer bill consuming 2,000 m³ annually under Sales Service is a charge of approximately \$9.60 for the month of October.