

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2019-063
Cause tarifaire 2019

2019 Final Distribution Rates

Following the Régie's decision D-2019-063, the Company has designed distribution rates to recover a distribution revenue requirement of \$26,995.0 thousand with a revenue deficiency as compared to existing rates (D-2018-060 October 1, 2018) of \$437.0 thousand. The distribution rates are effective January 1, 2019. The rates are designed in accordance to the evidence filed at exhibits GI-47 and GI-48, documents 1 and incorporate the findings of the Régie's decision D-2019-063.

Please note that the cost allocation exhibits found at GI-47 and rate design exhibits found at GI-48 in the pre-filed evidence filed on 2018-10-31 reflect a proposed distribution deficiency of \$340.0 thousand. Gazifere filed an update to its proposed distribution deficiency on 2019-02-01 to \$448.0 thousand, however, the Company did not update its cost allocation and rate design at that time. Therefore, the Company designed rates for Final 2019 rate order to recover the impact from the 2019-02-01 update and the D-2019-063 decision reflecting a final distribution revenue deficiency of \$437.0 thousand.

The following adjustments totaling \$97.0 thousand were made versus the cost allocation and rate design evidence filed on 2018-10-03:

- Increase in return and taxes of \$112 thousand
- Decrease in O&M (DSM) of \$12 thousand
- Decrease in Depreciation of \$3 thousand

The exhibits supporting the 2019 distribution rates and the resulting revenue to cost ratios can be found at Exhibit G1-47, Document 2, Page 3, Table 1, and Exhibits GI-48, Document 1.1 revised on June 20, 2019 following the decision D-2019-063. The distribution revenue deficiency of \$437.0 thousand 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	0.5%	0.8%
Rate 2	0.9%	1.2%
Rate 3	0.2%	0.5%
Rate 4	0.2%	0.4%
Rate 5	0.2%	0.5%
Rate 9	0.3%	0.6%

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The following table shows the 2019 proposed (as filed) revenue deficiency of \$340.0 thousand by rate class, the \$437.0 thousand deficiency resulting from the Regie's decision (and the 2019-02-01 evidence update) and the change in revenue deficiency between the 2019 proposed and 2019 final decision.

<u>Rate Class</u>	<u>Proposed Deficiency</u> R-4032-2018 (000\$)	<u>Decision Deficiency</u> D-2019-063 (000\$)	<u>Difference</u> (000\$)
Rate 1	89.2	114.5	25.3
Rate 2	238.6	306.9	68.3
Rate 3	0.1	0.1	0
Rate 4	1.0	1.4	0.4
Rate 5	5.5	7.0	1.5
Rate 9	<u>5.8</u>	<u>7.4</u>	<u>1.6</u>
Total	340.3	437.3	97

The following table depicts the revenue to cost ratios ("R/C") resulting from the impacts from the D-2019-063 decision compared to the pre-filed evidence. The Company has maintained the same revenue adjustments of zero as outlined in Exhibit G1-48, document 1 to achieve the revenue to cost ratios.

<u>Rate Class</u>	<u>Proposed R/C</u> R-4032-2018	<u>Decision R/C</u> D-2019-063
Rate 1	1.24	1.23
Rate 2	0.93	0.93
Rate 3	1.25	1.25
Rate 4	2.30	2.29
Rate 5	1.22	1.22
Rate 9	0.62	0.62

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January 1, 2019 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2019 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2019 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 (\$761.0) thousand for a total sufficiency inclusive of gas costs of (\$324.0) thousand effective January 1, 2019. The (\$761.0) thousand is based on October 1, 2018 Rate 200 gas costs. The derivation of the (\$761.0) thousand was presented in evidence at exhibit GI-39, document 1. The rates including the October gas costs resulting from the decision D-2019-063 can be found at exhibit GI-48, document 2.2. These rates are effective January 1, 2019.

Gazifere is proposing to implement final 2019 rates in conjunction with its October 1, 2019 Pass-On. As a result of not having the final January 1, 2019 rates in place by their effective date of January 1, 2019, the Company has filed Rider E: Revenue Adjustment Rider. The Rider E captures the difference in forecast revenues between the base rates (October 1, 2018 Pass-on rates) and the final January 1, 2019 rates D-2019-063 for the period January 1, 2019 to September 30, 2019.