

## WORKING PAPERS SUPPORTING THE DERIVATION OF RIDER E: REVENUE ADJUSTMENT RIDER FOR FINAL 2019 RATES D-2019-063

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 2019 rates (D-2019-063) are effective January 1, 2019. The Company is proposing to implement the Final 2019 rates in conjunction with the October 1, 2019 QRAM. Given that the Final 2019 rates will be implemented on October 1, 2019, the Rider E (Revenue Adjustment Rider) needs to capture the difference in total revenue (inclusive of gas costs) between the Base rates<sup>(1)</sup> at the October 1, 2018 QRAM (D-2018-060 October 1, 2018) and Final 2019 rates (D-2019-063) for the period between January 1, 2019 to September 30, 2019 applied to 2019 Board approved forecast volumes. In summary, Rider E captures the difference in total revenue at D-2018-060 October 1, 2018 Base rates and the total revenue at Final 2019 (Final D-2019-063) rates for the January 1 to September 30, 2019 period.

Appendix X, pages 1 to 8 outlines the derivation of Rider E. The total Rider E amount is a refund to customers of approximately (\$0.221) million. Given the amount of the refund and the associated impact on customers' bills is relatively small, the Company is proposing to apply the Rider E to customers on a one month prospective basis in October 2019.

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, 2019 divided by the forecast volume for October, 2019. Given the Company is proposing to apply the Rider E amount on a one month prospective basis in October 2019. 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 2019 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-2018-060 October 1, 2018 Base rates, the total revenue by rate class based on the 2019 D-2019-063 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 a decrease (i.e. sufficiency) of approximately (\$0.324) million as depicted at col. 13, line 3.7 The revenue sufficiency of (\$0.324) million

is the sum of the approved 2019 distribution deficiency of approximately \$0.437 and the 2019 gas cost sufficiency of (\$0.761) million. While the overall amount of the refund to customers is (\$0.221) million, depending on the rate class and type of service some customers will receive a refund and some customers will receive a charge, depending on whether the gas cost sufficiency for the customer class in question is larger than the distribution deficiency recovered from the customer class.

Note (1): The Regie approved October 1, 2018 QRAM base rates as interim rates in D-2018-083.

As shown at col. 9, line 3.0 of Appendix X, Page 4, the cumulative change in revenue from January to September 2019 is a refund to ratepayers of (\$0.221) million which Rider E is designed to remit to customers. A further break down of the total revenue by delivery revenue (includes load balancing), 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 m<sup>3</sup> annually under Sales Service is a charge of approximately \$0.21 for the month of October.