

GAZIFÈRE INC.
PRE-FILED EVIDENCE OF JACKIE COLLIER AND ANTON KACICNIK
2020 RATE CASE

- Q.1 Please state your full name, and your current position.
- A.1 My name is Jackie Collier, I am Rate Design Specialist, at Enbridge Gas Inc. (“EGI”). I am Anton Kacicnik. I am Manager Rates at EGI.
- Q.2 What are your professional qualifications, experience, and previous appearances before this or other regulatory tribunals?
- A.2 Please refer to our Curriculum Vitae filed at Exhibit GI-48, documents 4 and 5.
- Q.3 What is the purpose of this testimony?
- A.3 This testimony addresses Gazifère’s (the “Company”) proposed allocation of the 2020 forecast distribution revenue requirement and distribution revenue sufficiency to the various customer rate classes and the development of the 2020 distribution rates. These 2020 distribution rates are derived using the results of the 2019 Régie approved methodologies of the fully allocated cost study as a guide. This evidence does not address the derivation of the gas supply, load balancing, and transportation charges. These charges will continue to be determined within Gazifère’s quarterly rate change mechanism.
- Q.4 What is the distribution revenue sufficiency and how much is it for the test year?
- A.4 The distribution revenue sufficiency is the difference between the distribution revenue requirement for the test year determined by the 2020 cost of service budget and the revenues derived by applying the approved distribution rates from the Régie’s Decision D-2019-063 (2019 rates) to the 2020 test year number of customers and volumes. It is \$(1,058) thousand for 2020. In other words, revenues at current rates are \$1,058 thousand higher than the 2020 revenue requirement.
- Q.5 Please provide an overview of the organization of the documents contained under Tab GI-79, document 1.1, pages 1 to 4. In addition, please provide a

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summary of the content of these documents.

- A.6 Certainly. Document 1.1, page 1 (Revenue Comparison – Current Distribution Revenue vs. Proposed Distribution Revenue), contains by rate class a summary of test year 2020 volumes (Col. 2), associated distribution revenues under the approved 2019 distribution rates (Col.3), associated revenues under the proposed 2020 rates (Col. 5), and the corresponding 2020 revenue sufficiency of \$(1,058) thousand (Col. 4).

Document 1.1, page 2 and 3 provides a summary of the proposed unit rate changes by rate class. The 2019 unit rates currently approved, the unit rate changes, and the proposed unit rates are provided in this document on a rate class basis.

Document 1.1, page 4, provides the current and proposed average unit rates for the commodity, load balancing, transportation, Dawn transportation and distribution for each rate class in Columns 1 and 3 respectively. The commodity, load balancing, transportation and Dawn transportation revenues are based on the October 1, 2019 Pass-on rates inclusive of the impacts from D-2019-063. The gas cost related revenues at existing rates and proposed rates in Document 1.1, page 3 do not include the forecast change in gas costs for 2020 as outlined at Exhibit GI-70. The impact from the change in 2020 gas costs are discussed and filed in Exhibit G1-79, Document 2. The associated revenues are in Columns 2 and 4 respectively. The forecast distribution revenue sufficiency is in Column 5. The percentage change in the unit rates is shown in Column 6.

- Q.7 Please explain how the sufficiency is allocated to the rate classes and how the proposed rates are derived.
- A.7 The proposed rates are determined in two stages. In stage 1, the distribution sufficiency is allocated to the rate classes pro rata to their rate base allocations on a preliminary basis.

In the stage 2, the distribution sufficiency allocation is reviewed and further adjustments may be performed to the distribution revenue component of the

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various rate classes. The final distribution sufficiency by rate class and proposed revenues are shown in Columns 4 and 5 of GI-79, document 1.1, page 1.

- Q.8 Please describe the adjustments made to the distribution sufficiency at the rate class level in stage 2.
- A.8 Adjustments are made to the revenue responsibilities of each rate class if the initial allocation of sufficiency in stage 1 does not achieve important rate design objectives. These objectives include avoidance of rate shock, market acceptance, competitive position, appropriate relationships between rates, and acceptable revenue to cost “(R/C)” ratios. Table 1 below depicts the proposed 2020 distribution revenue to costs ratios for each rate class as well as the 2019 distribution revenue to cost ratios. Typically, the Company quotes a revenue to cost ratio including commodity and load balancing costs and revenues. As this filing only isolates the distribution revenue requirement, the revenue to cost ratios have been stated on a distribution only basis.

The Company has made adjustments to the 2020 revenues derived in Stage 1 by making an upward adjustment to revenues for Rate 2 of \$200.0 thousand and Rate 9 of \$18.0 thousand. A downward adjustment was made to Rate 1 of \$207.0 thousand, \$1.0 thousand for Rate 3 and \$10.0 thousand for Rate 4. These adjustments improve the revenue to cost ratios for 2020 or maintain them at similar levels to the revenue to cost ratios from last year and achieve rate impacts (decreases) that are directionally aligned for all rate classes as can be seen in Table 1 below.

Table 1 below depicts the revenue adjustments to each of the rate classes as well as the 2020 and 2019 revenue to cost ratios. Also shown below is a summary of the proposed rate impacts for all rate classes for customers under Sales service and T-service (excludes commodity). Finally, the table below shows the change in volumes by rate class for 2020 and 2019.

The rate impacts depicted in the chart below are relative to the October 1, 2019 rates which are based on the 2019 final distribution rates and October

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1, 2019 gas costs.

Table 1: 2020 Proposed Revenue Adjustments and Bill Impacts

	<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	-207.0	200.0	-1.0	-10.0	0.0	18.0
Proposed 2020 R/C Ratio – Distribution Only	1.00	1.22	0.94	1.33	1.97	1.10	0.58
Fiscal 2019 R/C Ratio – Distribution Only	1.00	1.23	0.93	1.25	2.29	1.22	0.62
% decrease on total bill of a T-service customer	-2.4%	-3.3%	-2.0%	-4.7%	-3.8%	-1.3%	0%
% decrease on total bill of a sales customer	-1.7%	-2.2%	-1.6%	-2.6%	-1.9%	-0.6%	0%
2020 Delivery Volumes (10 ⁶ m ³)	185.9	79.1	69.3	0.2	3.6	17.3	16.3
2019 Delivery Volumes (10 ⁶ m ³)	177.8	72.9	67.4	0.2	3.6	17.3	16.3

Q.9 Are you proposing any changes to the monthly fixed charges?

A.9 No, the Company is proposing to maintain the level of monthly fixed charges for 2020. The overall level of the 2020 fixed cost recovery from the monthly fixed charges is approximately the same as in the prior years.

Q.10 Does this conclude your evidence?

A.10 Yes, it does.