

Gazifère Inc.
Impact on Gazifère's Rates resulting from the Decision D-2019-163
Cause tarifaire 2020

2020 Final Distribution Rates

Following the Régie's decision D-2019-163, the Company has designed 2020 distribution rates to recover a distribution revenue requirement of \$26,856.4 thousand with a revenue sufficiency as compared to existing rates (D-2018-063 October 1, 2019) of \$1,057.7 thousand. The 2020 distribution rates are effective January 1, 2020. The rates are designed in accordance to the evidence filed at exhibits GI-79, documents 1 and 2 and incorporate the findings of the Régie's decision D-2019-163.

In the D-2019-163 decision, the Regie ordered Gazifere to make revenue adjustments to the amount of allocated distribution revenue sufficiency of \$1,057.7 to the rate classes through rate design. As directed by the Regie, the adjustments are consistent with the results/outcomes of Scenario 7 as presented in Exhibit B-0655, page 11. This has the effect of maintaining the 2020 distribution rates for Rate 2 and 9 at the D-2019-063 (2019 Final Rates) levels. The corresponding decrease in revenue was allocated to Rate 1. Table 1 below which is presented in evidence at G1-79, Document 1, Page 4 has been updated to reflect the outcome of the Regie's decision.

Table 1: 2020 Proposed Distribution 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	-733.6	726.1	-1.0	-10.0	0.0	18.5
Proposed 2020 R/C Ratio – Distribution Only	1.00	1.13	0.96	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%	-6.8%	0.0%	-4.7%	-3.8%	-1.3%	0%
% decrease on total bill of a sales customer	-1.7%	-4.5%	0.0%	-2.6%	-1.9%	-0.6%	0%

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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

The Regie's decision has no effect on the proposed rates for customers taking service under Rates 3, 4 and 5 as filed at Document G1-79, Document 1.1, pages 2 and 3. Please note that the unit rates for Rates 6, 7 and 8 have changed as a result of changing Rate 1 and 9. Currently there are no customers taking service under Rates 6, 7 and 8. The Company updates the rates for each of these rate classes by the same percentage as Rate 1 for Rate 7 and Rate 9 for Rates 6 and 8. (i.e. Rate 1 is used as a proxy for Rate 7 and Rate 9 is used as a proxy for Rates 6 and 8.)

January 1, 2020 Commodity, Load Balancing, Transportation and Distribution Rates

In addition to the 2020 final distribution rates, the Company has designed rates to reflect the impact of the gas cost consequences stemming from the approval of the 2020 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 (\$416.1) thousand for a total sufficiency inclusive of gas costs of (\$1,474.1) thousand effective January 1, 2020. The (\$416.1) thousand is based on October 1, 2019 Rate 200 gas costs. The derivation of the (\$416.1) thousand was presented in evidence at exhibit GI-70, document 1. The rates including the October gas costs resulting from the decision D-2019-163 can be found at exhibit GI-79, document 2.1. These rates are effective January 1, 2020.

Below is a summary of the proposed 2020 total rate impacts for all customer classes expressed on Sales service and T-service (excludes commodity) basis.

<u>Rate Class</u>	<u>Sales Service</u>	<u>T-Service</u>
Rate 1	-5.7%	-8.5%
Rate 2	-0.4%	-0.4%
Rate 3	-2.8%	-4.8%
Rate 4	-2.3%	-4.4%
Rate 5	-1.1%	-2.1%
Rate 9	-0.6%	-0.9%