

REVENUE (DEFICIENCY) / SUFFICIENCY SUMMARY

1. This evidence presents a summary of EGD's delivery related (deficiency) / sufficiency for the 2013 Test Year. The 2013 forecast of revenues, gas cost, gas in storage was completed using the gas commodity price, transportation tolls and rates approved by the Board in EGD's October 1, 2011 Quarterly Rate Adjustment Mechanism (EB-2011-0296 QRAM). This achieves the Board's minimum filing requirement objective of isolating or producing a delivery related deficiency within a rate application.
2. The 2013 Test Year, as shown at Exhibit F3, Tab 1, Schedule 1, page 2, has a required overall return of 7.34% on a projected rate base of \$4,190.8 million. This overall return has two different returns for rate base amounts exclusive of CIS assets and for CIS related rate base. As shown on page 2, the overall required return for the rate base of \$4,120.3 million amount excluding CIS is 7.35% shown in Column 2 while the previously agreed to and Board approved overall return on the \$70.5 million CIS related rate base of 6.44% is shown in Column 3. The 7.35% overall return for the rate base amount excluding CIS has embedded within it a forecast 2013 Board Approved return on equity ("ROE") of 9.42% based on the EB-2009-0084 Board Report concerning a Fair Return Standard. The 6.44% overall return for the CIS related rate base amount has a previously agreed to and Board approved ROE of 8.39% and an equity level of 36%. Evidence in relation to the forecast 2013 ROE of 9.42% is shown at Exhibit E2, Tab 2, Schedule 1.
3. EGD's revenue deficiency for the 2013 test year is \$91.3 million as shown at Exhibit F3, Tab 1, Schedule 1, pages 1 and 2. Details of the drivers or make up of the deficiency are found at Exhibit A2, Tab 4, Schedule 1.

4. The table below shows a summary of the major components of the revenue deficiency for each of the 2007 Board Approved, 2011 Estimate, 2012 Bridge Year, and the 2013 Test Year.

Table 1
 Utility Revenue (Deficiency) / Sufficiency

Line No.	(\$millions)	Board Approved 2007 (1)	Estimate 2011 (1)	Bridge Year 2012	Test Year 2013
		(a)	(b)	(c)	(d)
1.	Revenue at existing rates	3,119.8	2,383.7	2,522.0	2,559.1
2.	Other operating revenue	34.5	41.2	40.1	39.0
3.	Total operating revenue (2)	3,154.3	2,424.9	2,562.1	2,598.1
4.	Revenue requirement:				
5.	Operating costs (3)	2,784.5	2,082.1	2,276.2	2,319.4
6.	Cost of capital (4)	283.9	272.3	270.6	307.4
7.	Income taxes (5)	85.9	54.7	34.0	46.7
8.	Taxes on (deficiency)	-	(6.2)	6.7	20.5
9.	Customer Care smoothing (6)	-	-	-	(4.6)
10.	Revenue requirement	3,154.3	2,402.9	2,587.5	2,689.4
11.	Revenue (deficiency) / sufficiency (7)	-	22.0	(25.4)	(91.3)

- Notes: (1) 2007 Board Approved revenue includes \$42.7 million gross deficiency.
 (2) Provided at Ex. C1.T1.S1.pg.1, line no. 6.
 (3) Provided at Ex. D1.T1.S1.pg.1, line no. 8.
 (4) Provided at Ex. E1.T1.S1.pgs.1-2, line no. 5, tables 1, 2, 3 & 4.
 (5) Provided at Ex. D1.T1.S1.pg.1, line no. 9.
 (6) Provided at Ex. D1.T12.S1.pages 22 & 23.
 (7) Reference at Ex's. F3.T1.S1, F4.T1.S1, & F5.T1.S1. (all at pg.1, line no. 12)

Witness: K. Culbert

COST OF CAPITAL
2013 TEST YEAR

Line No.		Col. 1	Col. 2	Col. 3	Col. 4
		Principal Excl. CC/CIS (\$Millions)	Component %	Cost Rate %	Return Component %
1.	Long and Medium-Term Debt	2,311.9	56.11	5.90	3.310
2.	Short-Term Debt	<u>(22.1)</u>	<u>(0.54)</u>	3.70	<u>(0.020)</u>
3.		2,289.8	55.57		3.290
4.	Preference Shares	100.0	2.43	4.16	0.101
5.	Common Equity	<u>1,730.5</u>	<u>42.00</u>	9.42	<u>3.956</u>
6.		<u>4,120.3</u>	<u>100.00</u>		<u>7.347</u>
7.	Rate Base	(\$Millions)			4,120.3
8.	Utility Income	(\$Millions)			242.9
9.	Indicated Rate of Return				5.895
10.	Deficiency in Rate of Return				(1.452)
11.	Net Deficiency	(\$Millions)			(59.8)
12.	Gross Deficiency	(\$Millions)	(other than CC - CIS)		(80.3)
13.	Customer Care/CIS Deficiency	(\$Millions)	(\$110.2 vs \$99.2)		(11.0)
14.	Total Gross Revenue Deficiency	(\$Millions)			(91.3)
15.	Revenue at Existing Rates	(\$Millions)			2,559.1
16.	Revenue Requirement	(\$Millions)			2,650.4
17.	Gross Revenue Deficiency	(\$Millions)			(91.3)
	<u>Common Equity</u>				
18.	Allowed Rate of Return				9.420
19.	Earnings on Common Equity				5.962
20.	Deficiency in Common Equity Return				(3.458)

Witness: K. Culbert

REVENUE REQUIREMENT
AND SUFFICIENCY
2013 TEST YEAR

Line No.	Reference	Col. 1 Exclusive of CC-CIS (\$Millions)	Col. 2 CC-CIS (\$Millions)	Col. 3 EGD Total (\$Millions)
Cost of Capital				
1.	B3.T1.S1.P2	4,120.3	70.5	4,190.8
2.	E3.T1.S1.P1	7.35%	6.44%	7.34%
		302.8	4.6	307.4
Cost of Service				
3.	D3.T1.S1.P1	1,548.6		1,548.6
4.	D3.T1.S1.P1	336.7	89.4	426.1
5.	D3.T1.S1.P1	289.6	12.7	302.3
6.	D3.T1.S1.P1	2.3	-	2.3
7.	D3.T1.S1.P1	-	-	-
8.	D3.T1.S1.P1	-	-	-
9.	D3.T1.S1.P1	40.1	-	40.1
		2,217.3	102.1	2,319.4
Miscellaneous operating and non operating revenue				
10.	C3.T1.S1.P1	(38.3)	-	(38.3)
11.	C3.T1.S1.P1	0.0	-	-
12.	C3.T1.S1.P1	(0.7)	-	(0.7)
		(39.0)	-	(39.0)
Income taxes on earnings				
13.	D3.T1.S1.P3	73.2	9.0	82.2
14.	D3.T1.S1.P3	(34.6)	(0.9)	(35.5)
		38.6	8.1	46.7
Taxes on deficiency				
15.	E3.T1.S1.P1	(80.3)	-	(80.3)
16.	E3.T1.S1.P1	(59.8)	-	(59.8)
		20.5	-	20.5
17.		2,540.2	114.8	2,655.0
18.		-	(4.6)	(4.6)
19.	Revenue Requirement	<u>2,540.2</u>	<u>110.2</u>	<u>2,650.4</u>
Revenue at existing Rates				
20.	C3.T1.S1.P1	2,137.5	80.2	2,217.7
21.	C3.T1.S1.P1	320.6	19.0	339.6
22.	C3.T1.S1.P1	1.7		1.7
23.		0.1		0.1
24.	Total	2,459.9	99.2	2,559.1
25.	Gross revenue deficiency	<u>(80.3)</u>	<u>(11.0)</u>	<u>(91.3)</u>

Note 1: The \$25.4 M CIS approved revenue requirement is (\$4.6M cost of capital, \$12.7M depr., & \$8.1M taxes)

Witness: K. Culbert

UTILITY INCOME
2013 TEST YEAR

Line No.	Col. 1	Col. 2	Col. 3
	Utility Income Excl. CIS & Customer Care (\$Millions)	CIS & Customer Care (\$Millions)	Total Utility Income (\$Millions)
1. Gas sales	2,137.5	80.2	2,217.7
2. Transportation of gas	320.6	19.0	339.6
3. Transmission, compression and storage revenue	1.7	-	1.7
4. Other operating revenue	38.3	-	38.3
5. Interest and property rental	-	-	-
6. Other income	0.7	-	0.7
7. Total operating revenue (Ex. C3-1-1-pg.1)	2,498.8	99.2	2,598.0
8. Gas costs	1,548.6	-	1,548.6
9. Operation and maintenance	336.7	89.4	426.1
10. Depreciation and amortization expense	289.6	12.7	302.3
11. Fixed financing costs	2.3	-	2.3
12. Debt redemption premium amortization	-	-	-
13. Company share of IR agreement tax savings	-	-	-
14. Municipal and other taxes	40.1	-	40.1
15. Interest and financing amortization expense	-	-	-
16. Other interest expense	-	-	-
17. Cost of service (Ex. D3-1-1-pg.1)	2,217.3	102.1	2,319.4
18. Utility income before income taxes	281.5	(2.9)	278.6
19. Income tax expense (Ex. D3-1-1-pg.3)	38.6	8.1	46.7
20. Utility income	242.9	(11.0)	231.9

Witness: K. Culbert

UTILITY RATE BASE
2013 TEST YEAR

Line No.	Col. 1	Col. 2	Col. 3	
	2013 Test Year Excl. CIS & Customer Care	2013 Test Year CIS & Customer Care	Total 2013 Test Year	
	(\$Millions)	(\$Millions)	(\$Millions)	
<u>Property, Plant, and Equipment</u>				
1.	Cost or redetermined value	6,631.9	127.1	6,759.0
2.	Accumulated depreciation	<u>(2,767.1)</u>	<u>(56.6)</u>	<u>(2,823.7)</u>
3.	Net property, plant, and equipment	<u>3,864.8</u>	<u>70.5</u>	<u>3,935.3</u>
<u>Allowance for Working Capital</u>				
4.	Accounts receivable merchandise finance plan	-	-	-
5.	Accounts receivable rebillable projects	1.3	-	1.3
6.	Materials and supplies	31.9	-	31.9
7.	Mortgages receivable	0.2	-	0.2
8.	Customer security deposits	(68.7)	-	(68.7)
9.	Prepaid expenses	1.8	-	1.8
10.	Gas in storage	288.6	-	288.6
11.	Working cash allowance	<u>0.4</u>	<u>-</u>	<u>0.4</u>
12.	Total Working Capital	<u>255.5</u>	<u>-</u>	<u>255.5</u>
13.	<u>Utility Rate Base</u>	<u>4,120.3</u>	<u>70.5</u>	<u>4,190.8</u>

Witness: K. Culbert

REVENUE SUFFICIENCY CALCULATION
 AND REQUIRED RATE OF RETURN
2012 BRIDGE YEAR

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	
	Principal (\$Millions)	Component %	Cost Rate %	Return Component %	
1.	Long and Medium-Term Debt	2,353.2	57.84	5.89	3.407
2.	Short-Term Debt	150.8	3.70	2.50	0.093
3.		2,504.0	61.54		3.500
4.	Preference Shares	100.0	2.46	3.28	0.081
5.	Common Equity	1,464.7	36.00	8.52	3.067
6.		4,068.7	100.00		6.648
7.	Rate Base	(\$Millions)			4,068.7
8.	Utility Income	(\$Millions)			251.8
9.	Indicated Rate of Return				6.189
10.	Deficiency in Rate of Return				(0.459)
11.	Net Deficiency	(\$Millions)			(18.7)
12.	Gross Deficiency	(\$Millions)			(25.4)
13.	Revenue at Existing Rates	(\$Millions)			2,522.0
14.	Revenue Requirement	(\$Millions)			2,547.4
15.	Gross Revenue Deficiency	(\$Millions)			(25.4)
	<u>Common Equity</u>				
16.	Allowed Rate of Return				8.520
17.	Earnings on Common Equity				7.244
18.	Deficiency in Common Equity Return				(1.276)

Witness: K. Culbert

UTILITY INCOME
2012 BRIDGE YEAR

Line No.	Col. 1 Utility Income (\$Millions)
1. Gas sales	2,158.8
2. Transportation of gas	361.4
3. Transmission, compression and storage revenue	1.7
4. Other operating revenue	40.0
5. Interest and property rental	-
6. Other income	0.1
<u>7. Total operating revenue (Ex. C4-1-1-pg.1)</u>	<u>2,562.0</u>
8. Gas costs	1,515.5
9. Operation and maintenance	402.2
10. Depreciation and amortization expense	291.6
11. Fixed financing costs	2.3
12. Debt redemption premium amortization	0.2
13. Company share of IR agreement tax savings	25.6
14. Municipal and other taxes	38.8
15. Interest and financing amortization expense	-
16. Other interest expense	-
<u>17. Cost of service (Ex. D4-1-1-pg.1)</u>	<u>2,276.2</u>
<u>18. Utility income before income taxes</u>	<u>285.8</u>
<u>19. Income tax expense (Ex. D4-1-1-pg.2)</u>	<u>34.0</u>
<u>20. Utility income</u>	<u>251.8</u>

Witness: K. Culbert

UTILITY RATE BASE
2012 BRIDGE YEAR

Line No.	Col. 1 2012 Bridge Year
	(\$Millions)
<u>Property, Plant, and Equipment</u>	
1. Cost or redetermined value	6,406.3
2. Accumulated depreciation	<u>(2,594.2)</u>
3. Net property, plant, and equipment	<u>3,812.1</u>
<u>Allowance for Working Capital</u>	
4. Accounts receivable merchandise finance plan	-
5. Accounts receivable rebillable projects	0.3
6. Materials and supplies	31.2
7. Mortgages receivable	0.3
8. Customer security deposits	(70.5)
9. Prepaid expenses	1.8
10. Gas in storage	302.0
11. Working cash allowance	<u>(8.5)</u>
12. Total Working Capital	<u>256.6</u>
13. <u>Utility Rate Base</u>	<u><u>4,068.7</u></u>

REVENUE SUFFICIENCY CALCULATION
 AND REQUIRED RATE OF RETURN
2011 HISTORICAL YEAR

Line No.		Col. 1	Col. 2	Col. 3	Col. 4
		Principal (\$Millions)	Component %	Cost Rate %	Return Component %
1.	Long and Medium-Term Debt	2,319.6	58.62	6.02	3.529
2.	Short-Term Debt	<u>112.9</u>	<u>2.85</u>	1.61	<u>0.046</u>
3.		2,432.5	61.47		3.575
4.	Preference Shares	100.0	2.53	2.40	0.061
5.	Common Equity	<u>1,424.5</u>	<u>36.00</u>	8.94	<u>3.218</u>
6.		<u>3,957.0</u>	<u>100.00</u>		<u>6.854</u>
7.	Rate Base (Ex. B-2-1)	(\$Millions)			3,957.00
8.	Utility Income (Ex. B-5-2)	(\$Millions)			291.70
9.	Indicated Rate of Return				7.372
10.	Sufficiency in Rate of Return				0.518
11.	Net Sufficiency	(\$Millions)			20.50
12.	Gross Sufficiency	(\$Millions)			28.57
13.	Revenue at Existing Rates	(\$Millions)			2,391.02
14.	Revenue Requirement	(\$Millions)			2,362.45
15.	Gross Revenue Sufficiency	(\$Millions)			28.57
	<u>Common Equity</u>				
16.	Allowed Rate of Return				8.940
17.	Earnings on Common Equity				10.38
18.	Sufficiency in Common Equity Return				1.44

Witness: K. Culbert

UTILITY INCOME
2011 HISTORICAL YEAR

Line No.	Col. 1 Utility Income (\$Millions)
1. Gas sales	1,978.4
2. Transportation of gas	411.2
3. Transmission, compression and storage revenue	1.5
4. Other operating revenue	40.6
5. Interest and property rental	-
6. Other income	0.8
<u>7. Total operating revenue (Ex. C5-1-1-pg.1)</u>	<u>2,432.5</u>
8. Gas costs	1,383.7
9. Operation and maintenance	360.5
10. Depreciation and amortization expense	276.6
11. Fixed financing costs	2.8
12. Debt redemption premium amortization	0.3
13. Company share of IR agreement tax savings	22.3
14. Municipal and other taxes	37.6
15. Interest and financing amortization expense	-
16. Other interest expense	-
<u>17. Cost of service (Ex. D5-1-1-pg.1)</u>	<u>2,083.8</u>
<u>18. Utility income before income taxes</u>	<u>348.7</u>
<u>19. Income tax expense (Ex. D5-1-1-pg.3)</u>	<u>57.0</u>
<u>20. Utility income</u>	<u>291.7</u>

Witness: K. Culbert

UTILITY RATE BASE
2011 HISTORICAL YEAR

Line No.	Col. 1 2011 Historical Year
	(\$Millions)
	<u>Property, Plant, and Equipment</u>
1. Cost or redetermined value	6,064.1
2. Accumulated depreciation	<u>(2,398.4)</u>
3. Net property, plant, and equipment	<u>3,665.7</u>
	<u>Allowance for Working Capital</u>
4. Accounts receivable merchandise finance plan	-
5. Accounts receivable rebillable projects	1.6
6. Materials and supplies	30.1
7. Mortgages receivable	0.4
8. Customer security deposits	(75.6)
9. Prepaid expenses	1.5
10. Gas in storage	337.6
11. Working cash allowance	<u>(4.3)</u>
12. Total Working Capital	<u>291.3</u>
13. <u>Utility Rate Base</u>	<u><u>3,957.0</u></u>

Witness: K. Culbert