

ATCO Gas (South)
SUMMARY OF RETURN ON RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross Ref.	Mid-Year Capital	Ratio	Prorated Rate Base	Cost Rate %	Return \$
1	Debt (Deemed)		719,712	59.61%	719,712	5.10%	36,721
2	Preferred Shares		40,985	3.39%	40,985	3.77%	1,546
3	Common Equity		446,760	37.00%	446,760	11.66%	52,097
4	Mid-Year Invested Capital		<u>1,207,457</u>	<u>100.00%</u>	<u>1,207,457</u>		
5	Return on Rate Base	Sch. 10				<u>7.484%</u>	<u>90,364</u>
6	No Cost Capital		<u>701</u>				
7	Total Mid-Year Rate Base	Sch. 2.1	<u>1,208,158</u>				
8	Return on Common Equity	Line 3				11.66%	52,097
9	Less ECM Earnings					<u>(0.46%)</u>	<u>(2,070)</u>
10	Adjusted ROE ¹					<u>11.20%</u>	<u>50,027</u>

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
- (2) Provide the breakdown of the items making up the difference (including disallowed items etc.).
- (3) Common equity is based on the approved equity ratio.
- (4) Please complete these schedules using the approved deemed capital structure.
- (5) The cost rate for the common equity should be inferred from the return and prorated rate base of common equity.

Note

¹ In accordance with Decision 20414-D01-2016, paragraph 278.

ATCO Gas (South)
SUMMARY OF MID-YEAR RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2017 Actual	2018 Actual	Variance 2018 vs. 2017 #	%
<u>Property, Plant and Equipment</u>						
1	Opening Balance		2,089,436	2,261,207	171,771	8.22%
2	Additions	Sch. 4.1 / 4.2	191,843	140,197	(51,646)	(26.92%)
3	Retirements	Sch. 4.1	(19,020)	(12,711)	6,309	(33.17%)
4	Transfers and Adjustments		2,318	-	(2,318)	(100.00%)
5	Closing Balance	Sch. 4.1	2,264,577	2,388,693	124,116	5.48%
6	Mid-Year Property, Plant and Equipment		2,177,007	2,324,950	147,944	6.80%
<u>Accumulated Depreciation - Utility</u>						
7	Opening Balance		760,300	813,082	52,782	6.94%
8	Depreciation Expense	Sch. 4	76,018	80,676	4,658	6.13%
9	Retirements	Sch. 4.1	(19,020)	(12,662)	6,358	(33.43%)
10	Proceeds from Disposals of Capitalized Assets		821	835	14	1.71%
11	Removal, Depreciation Capitalized and Other Transfers		(5,037)	(5,366)	(329)	6.53%
12	Closing Balance	Sch. 4.1	813,082	876,565	63,483	7.81%
13	Mid-Year Accumulated Depreciation		786,691	844,824	58,133	7.39%
14	Construction Work in Progress (CWIP) - Mid-Year		(37,632)	(40,281)	(2,650)	7.04%
15	Assets Not In Rate Base - Mid-Year		(2,218)	(2,281)	(63)	2.84%
16	Transfers and Other Adjustments - Mid-Year		(287)	(144)	143	(49.83%)
<u>Contributions in Aid of Construction</u>						
17	Opening Balance		(315,292)	(331,636)	(16,344)	5.18%
18	Closing Balance	Sch. 4.1	(331,636)	(344,402)	(12,766)	3.85%
19	Mid-Year Contributions in Aid of Construction		(323,464)	(338,019)	(14,555)	4.50%
<u>Amortization of Contributions</u>						
20	Opening Balance		98,766	104,654	5,888	5.96%
21	Closing Balance	Sch. 4.1	104,654	110,789	6,135	5.86%
22	Mid-Year Amortization of Contributions		101,710	107,722	6,012	5.91%
23	Mid-Year Utility Plant in Service		1,128,425	1,207,123	78,698	6.97%
<u>Necessary Working Capital</u>						
24	Cash Expenses		(4,286)	3,440	7,726	(180.26%)
25	Materials and Supplies		1,344	1,470	126	9.38%
26	Prepayments and Deferrals		(4,502)	(6,452)	(1,950)	43.31%
27	Financial Items		3,499	2,965	(534)	(15.26%)
28	Goods and Services Tax (GST)		(399)	(388)	11	(2.76%)
			(4,344)	1,035	5,379	(123.83%)
29	Mid-Year Rate Base	Sch. 2	1,124,081	1,208,158	84,077	7.48%

ATCO Gas (South)
SUMMARY OF MID-YEAR RATE BASE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
- (2) If there was a negotiated settlement in place for the reporting year please state the approved negotiated settlement numbers in the decision column.
- (3) Please note the source of the numbers in the decision or negotiated settlement as applicable.

Variance Explanations

Cross-
Ref

- 2 **Additions** refer to Schedule 4.2.
- 3/9 **Retirements** are lower than prior year mainly due to a decrease in retirements from the Plastic Mains Replacement Program, Steel Mains Replacement Program, and Meter Relocation and Replacement Program.
- 4 **Adjustments and Transfers** are lower than prior year mainly due to decreased transfers from ATCO Pipelines for the Urban Pipelines Replacement Program from 2017.
- 8 **Depreciation Expense** refer to Schedule 4.0 for deviations from prior year.
- 14 **Construction Work in Progress (CWIP)** is higher than prior year primarily due to higher construction work in progress in Software Projects in 2017.
- 24 **Cash expenses** are higher mainly due to income tax installments.
- 26 **Prepayments and deferrals** are lower than the prior year mainly due to activity in the transmission deferral account.
- 27 **Financial items** are lower than prior year mainly due to lower retained earnings component, offset by depreciation expense.

ATCO Gas (South)
SUMMARY OF DEGREE DAYS & YEAR END CUSTOMERS AND THROUGHPUT
FOR THE YEAR ENDED DECEMBER 31, 2018

Line No.	Description	2017 Actual	2018 Actual	2018 Forecast	Variance 2018 Actual vs. Forecast		Variance 2018 vs. 2017	
					#	%	#	%
1	10 Year Average Normal Degree Days	4,056	4,016	4,016	-	0.00%	(40)	(0.99%)
<u>Number of Year-End Customers</u>								
2	Residential	550,715	558,591	558,514	77	0.01%	7,876	1.43%
3	Commercial	42,377	42,998	42,953	45	0.10%	621	1.47%
4	Industrial	189	189	189	0	0.00%	0	0.00%
5	Irrigation	3	3	3	0	0.00%	0	0.00%
6	Total Customers	593,284	601,781	601,659	122	0.02%	8,497	1.43%
<u>Normalized Throughput - TJs</u>								
7	Residential	62,638	60,874	62,732	(1,858)	(2.96%)	(1,764)	(2.82%)
8	Commercial	57,303	58,408	57,682	726	1.26%	1,105	1.93%
9	Industrial	8,008	8,533	7,839	694	8.85%	525	6.56%
10	Irrigation	338	289	274	15	5.47%	(49)	(14.50%)
11	Total Normalized Throughput	128,287	128,104	128,527	(423)	(0.33%)	(183)	(0.14%)

Note:

The 2017 throughput is normalized based on the ten year average temperatures ending 2015.

The 2018 throughput is normalized based on the ten year average temperatures ending 2017.

The 2018 customers and throughput forecasts are based on AUC Decision 23355-D01-2018 (Errata).

In Decision 20820-D01-2015, the Commission directed in subsequent PBR annual rate adjustment filings to provide information on the variance from forecast to actual billing determinants in each completed prior year of the PBR term, as well as identify drivers behind a variance larger than ± 5 per cent on an annual basis.

ATCO Gas (South)
SUMMARY OF OPERATING AND MAINTENANCE EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2017 Actual	2018 Actual	Variance 2018 vs. 2017	
					#	%
Operating & Maintenance Expense						
1	Gas Management		302	351	49	16.23%
2	Transmission		99,137	85,747	(13,390)	(13.51%)
3	Distribution		34,488	40,846	6,358	18.43%
4	General		4,059	4,556	497	12.24%
5	Sales and Transportation Promotion		1,798	2,828	1,030	57.29%
6	Customer Accounting		10,269	11,220	951	9.26%
7	Administration and General		46,732	39,776	(6,956)	(14.88%)
8	Total Operating & Maintenance Expense		196,785	185,324	(11,462)	(5.82%)
9	Less: Non-Utility O&M		3,556	5,139	1,583	44.52%
10	Operating & Maintenance Expense - Net	Sch. 10	193,229	180,185	(13,045)	(6.75%)

Guidelines:

- (1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.
- (2) Global reductions refers to the reduction of fees chargeable as deemed in the rate application decision.
- (3) Please add line items as needed to more clearly identify major O&M expenses.

Variance Explanations

Cross -
Ref

- 2 **Transmission** costs are lower than prior year mainly due to a decrease in rates and volume.
- 3 **Distribution** costs are higher than prior year mainly due to the inclusion of fringe benefits as fringe benefits has been distributed across all functions in 2018. Distribution costs are also higher due to increased costs in line repairs, secondary services, maintenance on mains & services and customer service calls partially offset by a decrease in line locate costs.
- 5 **Sales and Transportation Promotion** costs are higher than prior year mainly due to an increase in non-utility sales.
- 7 **Administration and General** costs are lower than prior year mainly due to the distribution of fringe benefits across all functions in 2018.
- 9 **Non-Utility O&M** costs are higher than prior year mainly due to an increase in non-utility sales.

ATCO Gas (South)
SUMMARY OF DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2017 Actual	2018 Actual	Variance 2018 vs. 2017	
					#	%
Depreciation Expense						
1	Distribution Plant		64,697	69,370	4,673	7.22%
2	General Plant		13,201	18,709	5,508	41.72%
3	AFUDC		257	259	2	0.78%
4	Sub-total	Sch. 4.1	78,155	88,338	10,183	13.03%
5	Less: Capitalized Depreciation		(2,137)	(2,288)	(151)	7.07%
6	Sub-total	Sch. 2.1	76,018	86,050	10,032	13.20%
7	Amortization of Contributions	Sch. 4.1	(7,190)	(7,518)	(328)	4.56%
Other						
8	Production Abandonments		600	700	100	16.67%
9	Non-Utility Items		(102)	(978)	(876)	858.33%
10	Total Utility Depreciation Expenses	Sch. 10	69,326	78,255	8,929	12.88%

Guidelines:

(1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.

Variance Explanations

Cross-
Ref

1 **Distribution Plant** is higher than the prior year due to higher opening depreciable base as well as an increase in depreciation resulted from current year additions in 2018.

ATCO Gas (South)
CAPITAL ASSETS CONTINUITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

CAPITAL ASSETS

Line No.	Property Group	Cross-Reference	Balance at '12/31/2017	2018 Additions	2018 Retirements	2018 Transfers	2018 Adjustments	Balance at '12/31/2018
	Distribution							
1	Land		3,692	317	2	-	-	4,007
2	Land Rights		2,845	1,853	-	-	-	4,698
3	Structures & Improvements		19,034	3,037	165	-	-	21,906
4	Services & Alterations		583,878	28,837	735	-	-	611,980
5	Regulators & Meters		200,769	7,253	415	-	-	207,607
6	Mains		938,881	62,693	3,361	-	-	998,213
7	Measurement & Regulating Equipment		81,456	11,646	604	-	-	92,498
8	Meters		104,866	5,837	2,473	-	-	108,230
9	Renewable Energy		2,799	-	-	-	-	2,799
10	Distribution		<u>1,938,220</u>	<u>121,473</u>	<u>7,755</u>	<u>-</u>	<u>-</u>	<u>2,051,938</u>
	General Plant & Equipment							
11	Franchises		678	-	-	-	-	678
12	Land		10,011	-	46	-	-	9,965
13	Structures & Improvements		58,656	1,135	1,123	-	-	58,668
14	General Plant & Equipment		<u>69,345</u>	<u>1,135</u>	<u>1,169</u>	<u>-</u>	<u>-</u>	<u>69,311</u>
	Moveable Equipment							
15	Office Furniture & Equipment		7,878	73	119	-	-	7,832
16	Transportation Equipment		36,816	2,589	1,906	-	-	37,499
17	Heavy Work Equipment		10,333	930	213	-	-	11,050
18	Tools & Work Equipment		12,066	330	1,147	-	-	11,249
19	Cogeneration Equipment		1,101	-	-	-	-	1,101
20	Communication Equipment		15,940	568	336	-	-	16,172
21	Stores, Shop Equipment & Lab Equipment		8,400	209	79	-	-	8,530
22	Leasehold Improvements		11,132	921	23	-	-	12,030
23	Electronic Data Processing Equipment		3,515	182	-	-	-	3,697
24	Base Maps		671	-	48	-	-	623
25	Software Development		96,530	9,459	-	-	-	105,989
26	Moveable Equipment		<u>204,382</u>	<u>15,261</u>	<u>3,871</u>	<u>-</u>	<u>-</u>	<u>215,772</u>
27	AFUDC		9,039	1,246	(84)	-	-	10,369
28	Inventory Spares		288	(288)	-	-	-	-
29	Capital Work in Progress (CWIP)		39,933	1,370	-	-	-	41,303
30	Total Capital Assets	Sch. 2.1 / 4.2	<u>2,261,207</u>	<u>140,197</u>	<u>12,711</u>	<u>-</u>	<u>-</u>	<u>2,388,693</u>
31	Non-Utility Assets		5,152	342	(56)	19	-	5,569
32	Less: Inventory Spares		288	(288)	-	-	-	-
33	Total Utility Capital Assets		<u>2,255,767</u>	<u>140,143</u>	<u>12,767</u>	<u>(19)</u>	<u>-</u>	<u>2,383,124</u>
	Contributions							
34	Utility		330,387	14,458	1,383	-	-	343,462
35	Non-Utility		757	-	-	-	-	757
36	Contributions Work in Progress (KWIP)		492	(309)	-	-	-	183
37	Total Contributions	Sch 2.1	<u>331,636</u>	<u>14,149</u>	<u>1,383</u>	<u>-</u>	<u>-</u>	<u>344,402</u>

ATCO Gas (South)
CAPITAL ASSETS CONTINUITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

ACCUMULATED DEPRECIATION

Line No.	Property Group	Cross-Reference	Balance at '12/31/2017	Depreciation Provision	2018 Retirements	2018 Removals	2018 Salvage	2018 Adjustments	Balance at '12/31/2018
Distribution									
1	Land		-	-	-	-	-	-	-
2	Land Rights		149	71	-	-	-	-	220
3	Structures & Improvements		5,336	554	165	114	-	(1)	5,610
4	Services & Alterations		236,384	24,291	735	3,744	-	-	256,196
5	Regulators & Meters		63,564	6,242	415	156	-	-	69,235
6	Mains		292,609	26,983	3,361	1,571	20	-	314,680
7	Measurement & Regulating Equipment		33,546	3,295	604	572	-	-	35,665
8	Meters		24,371	7,812	2,472	-	255	-	29,966
9	Renewable Energy		552	122	-	-	-	-	674
10	Distribution		<u>656,511</u>	<u>69,370</u>	<u>7,752</u>	<u>6,157</u>	<u>275</u>	<u>(1)</u>	<u>712,246</u>
General Plant & Equipment									
11	Franchises		353	68	-	-	-	-	421
12	Land		-	-	-	-	-	-	-
13	Structures & Improvements		24,449	2,072	1,123	45	236	-	25,589
14	General Plant & Equipment		<u>24,802</u>	<u>2,140</u>	<u>1,123</u>	<u>45</u>	<u>236</u>	<u>-</u>	<u>26,010</u>
Moveable Equipment									
15	Office Furniture & Equipment		2,910	403	119	-	-	-	3,194
16	Transportation Equipment		17,883	2,468	1,906	5	277	-	18,717
17	Heavy Work Equipment		5,379	873	213	-	45	-	6,084
18	Tools & Work Equipment		3,302	745	1,147	-	1	-	2,901
19	Cogeneration Equipment		1,083	20	-	-	-	-	1,103
20	Communication Equipment		10,045	851	336	23	-	-	10,537
21	Stores, Shop & Lab Equipment		4,060	574	79	-	1	-	4,556
22	Electronic Data Processing Equipment		1,145	293	-	-	-	-	1,438
23	Base Maps		601	31	48	-	-	-	584
24	Leaseholds & Improvements		9,919	207	23	-	-	-	10,103
25	Software Development		74,942	4,730	-	-	-	-	79,672
26	Moveable Equipment		<u>131,269</u>	<u>11,195</u>	<u>3,871</u>	<u>28</u>	<u>324</u>	<u>-</u>	<u>138,889</u>
29	Regulatory (IDC+RGT)		904	259	(84)	-	-	-	1,247
30	Retirements Work in Progress (RWIP)		(403)	-	-	1,423	-	-	(1,826)
31	Total Accumulated Depreciation	Sch. 2.1 / 4	<u>813,083</u>	<u>82,964</u>	<u>12,662</u>	<u>7,653</u>	<u>835</u>	<u>(1)</u>	<u>876,566</u>
32	Non-Utility Assets		<u>2,556</u>	<u>137</u>	<u>(78)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,771</u>
33	Total Utility Accumulated Depreciation		<u>810,527</u>	<u>82,827</u>	<u>12,740</u>	<u>7,653</u>	<u>835</u>	<u>(1)</u>	<u>873,795</u>
Contributions									
34	Utility		104,324	7,496	1,383	-	-	-	110,437
35	Non-Utility	Sch. 4	330	22	-	-	-	-	352
36	Total Contributions	Sch 2.1 / 4	<u>104,654</u>	<u>7,518</u>	<u>1,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,789</u>
37	Net Property, Plant, and Equipment		<u>1,220,854</u>						<u>1,278,514</u>
38	Net Property, Plant and Equipment (Non-Utility)		<u>(2,169)</u>						<u>(2,393)</u>
39	Net Property, Plant, and Equipment (Utility)		<u>1,218,685</u>						<u>1,276,121</u>

Guidelines:

- (1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
- (2) Provide a detailed breakdown of items included in "Other", in a supporting sub-schedule.
- (3) Year-end balances for each category must be reconciled on Schedule 11 to the audited Balance Sheet.

ATCO Gas (South)
SUMMARY OF CAPITAL EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross- Reference	2017 Year End	2018 Year End	Variance 2018 vs. 2017	
Distribution						
1	Extensions		15,731	18,042	2,311	14.69%
2	Services		13,695	17,156	3,461	25.27%
3	Meters, Regulators and Installations		12,839	13,500	661	5.15%
4	Improvements and MRRP		128,173	76,539	(51,634)	(40.28%)
5	Sub-Total		170,438	125,237	(45,201)	(26.52%)
Land and Structures						
6	General		2,259	2,526	267	11.82%
Moveable Equipment						
7	General		6,720	3,120	(3,600)	(53.57%)
8	Communication and Lab Equipment		1,295	572	(723)	(55.83%)
9	Software Development		12,175	10,369	(1,806)	(14.83%)
10	Renewable Energy		4	-	(4)	(100.00%)
11	Sub-Total		20,194	14,061	(2,533)	(12.54%)
12	Change in Inventory Spares		3	(288)	(291)	(9700.00%)
13	Capital Expenditures (IFRS)		192,894	141,536		
14	IDC / AFUDC and Other IFRS Adjustments		(1,051)	(1,339)		
15	Capital Expenditures	Sch. 2.1 / 4.1	191,843	140,197	(51,646)	(26.92%)

Guidelines:

- (1) Asset categories need to be identified by the individual utilities. However, they should show sufficient breakdown to allow for reasonable understanding of operations.
(2) Please add line items as needed to give sufficient understanding of the main capital additions in the reporting year.

Variance Explanations

Cross-
Ref

- 1 **Extensions** expenditures were higher than prior year due to higher demand for urban residential extensions and urban feeder mains.
2 **Services** expenditures were higher than prior year mainly due to the increased demand for service installs.
4 **Improvements and MRRP** expenditures were lower than prior year mainly due to lower expenditures in the Meter Relocation & Replacement Program, the Plastic Mains Replacement Program and the Steel Mains Replacement Program, and the Urban Pipeline Relocation Program.
7 **Moveable Equipment - General** expenditures were lower than prior year due to lower replacement of trailers, heavy equipment and vehicles.
8 **Communication and Lab Equipment** expenditures were lower than prior year due to lower replacement of communication equipment.
9 **Software Development** expenditures were lower than prior year mainly due to software development occurring in 2017.

ATCO Gas (South)
SUMMARY OF UTILITY REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2017 Actual	2018 Actual	2018 Forecast	Variance 2018 Act vs. Forecast		Variance 2018 vs. 2017	
						#	%	#	%
REVENUE CLASSIFICATIONS									
<u>Residential</u>									
1	Average Number of Customers		546,185	554,083	554,248	(165)	(0.03%)	7,898	1.45%
2	Revenue		269,743	247,435	248,914	(1,479)	(0.59%)	(22,308)	(8.27%)
<u>Commercial (Apartment)</u>									
3	Average Number of Customers		3,552	3,570	3,594	(24)	(0.67%)	18	0.51%
4	Revenue		13,262	10,539	10,619	(80)	(0.75%)	(2,723)	(20.53%)
<u>Commercial (Non-Apartment)</u>									
5	Average Number of Customers		38,438	39,012	38,978	34	0.09%	574	1.49%
6	Revenue		85,249	71,205	71,600	(395)	(0.55%)	(14,044)	(16.47%)
<u>Industrial</u>									
7	Average Number of Customers		188	190	189	1	0.53%	2	1.06%
8	Revenue		7,808	5,301	5,179	122	2.36%	(2,507)	(32.11%)
<u>Irrigation</u>									
9	Average Number of Customers		391	409	391	18	4.60%	18	4.60%
10	Revenue		587	436	434	2	0.46%	(151)	(25.72%)
11	Total Average Number of Customers		<u>588,754</u>	<u>597,264</u>	<u>597,400</u>	<u>(136)</u>	<u>(0.02%)</u>	<u>8,510</u>	<u>1.45%</u>
12	Sub-Total Rate Revenue		<u>376,649</u>	<u>334,916</u>	<u>336,746</u>	<u>(1,830)</u>	<u>(0.54%)</u>	<u>(41,733)</u>	<u>(11.08%)</u>
RATE ACCRUALS REVENUE									
13	Rate Accruals Revenue		(3,632)	12,778				16,410	(451.82%)
FRANCHISE REVENUE									
14	Franchise Fee Revenue		75,203	66,566				(8,637)	(11.48%)
OTHER REVENUE									
15	Other Revenue (Please See Below)		6,401	9,586				3,185	49.75%
16	TOTAL UTILITY REVENUE	Sch 10	<u>454,621</u>	<u>423,846</u>				<u>(30,776)</u>	<u>(6.77%)</u>

ATCO Gas (South)
SUMMARY OF UTILITY REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(\$000s)

Line No.	Description	Cross-Ref.	2017 Actual	2018 Actual	2018 Forecast	Variance 2018 Act vs. Forecast		Variance 2018 vs. 2017	
						#	%	#	%
OTHER REVENUE									
17	ATCO Pipelines		1,435	3,222			1,787	124.53%	
18	Other Affiliates		600	413			(187)	(31.17%)	
19	Facility Repairs		802	709			(93)	(11.60%)	
20	Reinstatement Fees		2,258	2,016			(242)	(10.72%)	
21	Miscellaneous		1,306	3,226			1,920	146.98%	
22	Total Other Revenue		<u>6,401</u>	<u>9,586</u>			<u>3,185</u>	<u>49.75%</u>	

Guidelines:

(1) Variance explanations required for \$2 million, or 10% or greater and any difference equal to or greater than \$500K.

Note: The 2018 rate revenue forecast is based on the 2018 delivery rates applied to the PBR approved billing determinant forecast.

Revenue Variance Explanations

Cross-
Ref

- 2 **Residential Revenue** is lower than prior year primarily due to lower delivery rates and sales per customer in 2018.
- 4 **Commercial (Apt) Revenue** is lower than prior year primarily due to lower delivery rates and sales per customer in 2018.
- 6 **Commercial (Non-Apt) Revenue** is lower than prior year primarily due to lower delivery rates and sales per customer in 2018.
- 8 **Industrial Revenue** is lower than prior year primarily due to lower delivery rates in 2018.
- 14 **Franchise Fee Revenue** is lower than prior year primarily due to lower delivery rates and cost of gas partially offset by higher billed throughput as a result of colder weather in 2018.
- 17 **ATCO Pipelines Revenue** is higher than prior year primarily due to more services provided to ATCO Pipelines in 2018.
- 21 **Other Misc Revenue** is higher than prior year primarily due to innovation initiatives and higher maintenance services.

ATCO Gas (South)
UTILITY INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
INCOME STATEMENT ITEMS
(\$000s)

Line No.	Description	Cross-Reference	2018 Utility Total	2017 Utility Total	Variance 2018 vs. 2017	
Revenues						
1	Total Operating Revenue		423,846	454,621	(30,776)	(6.77%)
2		Sch. 6	<u>423,846</u>	<u>454,621</u>	<u>(30,776)</u>	<u>(6.77%)</u>
Operating Expenses						
3	Operation and Maintenance (including property tax)		180,361	193,399	(13,039)	(6.74%)
4	Depreciation and Amortization	Sch. 4	78,255	69,326	8,929	12.88%
5	Franchise Fees	Sch. 6	66,566	75,203	(8,637)	(11.48%)
6			<u>325,181</u>	<u>337,928</u>	<u>(12,747)</u>	<u>(5.35%)</u>
7	Income Tax		<u>8,301</u>	<u>16,769</u>	<u>(8,468)</u>	<u>(50.50%)</u>
8	Return	Sch. 2	<u>90,364</u>	<u>99,924</u>	<u>(9,561)</u>	<u>(9.57%)</u>