

2013 COST ALLOCATION METHODOLOGY

1. The purpose of this evidence is to present the Company's Fully Allocated Cost Study ("the Study") found at Exhibit G2, Tabs 1 to 7. The Study allocates the test year revenue requirement to the customer rate classes acting as a guide to rate design. The Company is proposing to maintain its cost allocation methodology for the 2013 Test Year.

2. The Study is organized in Exhibit G2 in the following manner:
 - a) Tab 1 describes the underlying principles of the Board approved study;
 - b) Tab 2 is a summary of the key results of the Study. The proposed revenues are compared to the allocated costs per rate class, generating an over or under contribution, and revenue to cost ratios for each rate class;
 - c) Tab 3 shows the functionalization of rate base, net investments costs, and O&M expenses;
 - d) Tab 4 shows the classification of the functionalized rate base, net investments, and O&M costs;
 - e) Tab 5 shows the allocation of the classified rate base, return and taxes, and the cost of service;
 - f) Tab 6 contains the functionalization, classification and allocation factors used in the Study; and,
 - g) Tab 7 exhibits provide functionalization and classification of costs for Tecumseh storage. These results are used to charge back storage service costs to the Company's in-franchise customers and to derive ex-franchise storage rates.

3. Although the Study is based on Board approved principles and conventions, the Company would like to highlight the treatment of the Customer Care / CIS revenue

Witnesses: A. Kacicnik
M. Kirk

requirement within the Study. This is discussed in the paragraphs below.

Customer Care and CIS

4. As shown at Exhibit A2, Tab 4, Schedule 1, page 6, the 2013 Customer Care / CIS rate base equals \$70.5 million and the 2013 revenue requirement equals \$110.2 million after a \$4.6 million smoothing adjustment.
5. The derivation of this revenue requirement reflects the Customer Care / CIS Settlement Agreement (EB-2011-0226) dated September 2, 2011 and is independent from the derivation of the Company's other 2013 revenue requirement components. As such, the 2013 Customer Care / CIS revenue requirement is shown as a stand-alone item at Exhibit A2. The individual components of the Customer Care / CIS revenue requirement are reproduced in Table 1 below:

Table 1

<u>Customer Care / CIS Item</u>	<u>\$ Million</u>	<u>Reference</u>
O&M	89.4	A2/T4/S1/P6/L4/C3
Depreciation	12.7	A2/T4/S1/P6/L5/C3
Return	4.6	A2/T4/S1/P6/L2/C3
Tax	8.1	A2/T4/S1/P6/L14/C3
Smoothing Adjustment	(4.6)	A2/T4/S1/P6/L18/C3
Total	110.2	A2/T4/S1/P6/L19/C3

6. The reference for the location of each component of the Customer Care / CIS revenue requirement within the Study is provided in Table 2 below. Note that for the purpose of the cost allocation study the Company applied smoothing adjustment to the O&M component of the revenue requirement.

Witnesses: A. Kacicnik
M. Kirk

Table 2

<u>Customer Care / CIS Item</u>	<u>\$ Million</u>	<u>Reference</u>
O&M (less Smoothing Adjustment)	84.8	G2/T3/S4/P3/L5.1-5.7/C1
Depreciation	12.7	G2/T3/S3/P1/L1.1/C13
Return	4.6	G2/T5/S3/P1/L6.3/C1
Tax	8.1	G2/T5/S3/P1/L6.4/C1
Total	110.2	

7. The Customer Care / CIS O&M component, less smoothing adjustment, consists of the following functions:

Table 3

<u>Customer Care / CIS O&M</u>	<u>\$ Million</u>	<u>Reference</u>
Billing	39.4	G2/T3/S4/P3/L5.1/C1
Service & Billing Enquiry	9.0	G2/T3/S4/P3/L5.2/C1
Meter Reading	9.6	G2/T3/S4/P3/L5.3/C1
Credit & Collection	14.6	G2/T3/S4/P3/L5.4/C1
Supervision	9.7	G2/T3/S4/P3/L5.6/C1
LV Customer Care	2.5	G2/T3/S4/P3/L5.7/C1
Total O&M	84.8	

8. All components of the Customer Care / CIS revenue requirement are allocated to the customer classes based on the number of customers in each class. The only exception is the LV Customer Care function, which does not serve residential customers, and is consequently only allocated to commercial and industrial customer classes, again based on the number of customers in each class.

Witnesses: A. Kacicnik
 M. Kirk

**FULLY ALLOCATED COST STUDY
ENBRIDGE GAS DISTRIBUTION
2013 TEST YEAR**

Table of Contents

1 Summary	Page 3
2 Introduction	Page 4
3 Conventions and Accuracy	Page 4
3.1 Approach	Page 4
3.1.1 Average Embedded Costs	Page 5
3.1.2 Three-Step Process	Page 6
3.2 Class Homogeneity	Page 8
3.3 Classification and Allocation of Costs	Page 8
3.4 Degree of Unbundling	Page 9
4 Classification of Major Common Facilities	Page 10
4.1 Upstream Transportation Costs	Page 10
4.2 Union Gas Transmission Costs	Page 11
4.3 Distribution Mains	Page 12
5 The Study	Page 12
5.1 Functionalization	Page 13
5.2 Classification	Page 16
5.3 Allocation	Page 21
5.4 Storage and Transportation	Page 21
APPENDICES	Page 23

FULLY ALLOCATED COST STUDY

1. Summary

The 2013 Fully Allocated Cost Study is found in Exhibit G2, Tabs 2 to 7. The key results, including cost of service for each rate class, and revenue to cost ratios are summarized in Table 1, and are shown in further detail in Tab 2. Table 1 compares the allocated cost of service (Col. 2) to the proposed revenue (Col. 1), over / under contribution (Col. 3), and revenue to cost ratio (Col. 4) for all rate classes.

<i>Table 1</i>				
FULLY ALLOCATED COST STUDY RESULTS				
	Col. 1	Col. 2	Col. 3	Col. 4
	<u>Revenue</u>	<u>Cost of Service</u>	<u>Over/Under Contributions</u>	<u>Revenue to Cost</u>
	<i>\$Millions</i>	<i>\$Millions</i>	<i>\$Millions</i>	
Rate 1	1,466.58	1,461.16	5.41	1.00
Rate 6	856.29	857.09	(0.80)	1.00
Rate 9	0.52	1.32	(0.80)	0.40
Rate 100	0.00	0.00	0.00	0.00
Rate 110	26.30	29.21	(2.91)	0.90
Rate 115	7.78	7.50	0.28	1.04
Rate 125	11.42	11.51	(0.09)	0.99
Rate 135	1.74	1.93	(0.19)	0.90
Rate 145	7.79	9.46	(1.67)	0.82
Rate 170	7.84	7.84	0.00	1.00
Rate 200	23.85	22.94	0.91	1.04
Rate 300	0.21	0.40	(0.19)	0.54
Rate 325 & 330	1.81	1.81	0.00	1.00
Direct Purchase	2.15	2.15	0.00	1.00
Total	2,414.28	2,414.28	0.00	1.00

FULLY ALLOCATED COST STUDY

2. Introduction

The Study allocates test year rate base and revenue requirement to the various rate classes.

The Study's results represent the best estimate of the forecast costs to serve each rate class based on the conventions that underpin the study. An approach using different conventions would produce different results. However, it is the consistent year-to-year relationship between costs and revenues that is important for rate impacts, rather than the absolute level of allocated costs.

3. Conventions and Principles

The relative accuracy of any study can only be understood through the examination of the effects of the conventions employed. The major costs the Company incurs for providing service are associated with common facilities, such as gas distribution mains. To identify costs for each rate class for facilities that are shared by all customers, conventions that are based on principles and judgements are employed. These conventions have been reviewed and approved by the Ontario Energy Board, and together, they determine:

- the approach
- the degree of accuracy
- comparability and consistency over time

3.1 Approach

The Study first identifies two distinct cost entities: Enbridge Gas Distribution Inc ("EGDI") and Tecumseh Gas Storage Division ("Tecumseh Gas"). It is necessary to ensure the proper separation of costs between storage and distribution services so as to remove any potential for cross-subsidization between distinct services. Each entity is pro rated a share of corporate-related overhead costs: administrative and general, fringe benefits, and average return on rate base.

FULLY ALLOCATED COST STUDY

The Study next allocates the forecasted embedded costs for each entity that collectively form the revenue requirements in the test year. These costs are broken down, or unbundled, into cost components by rate class for each service provided to customers.

Due to the comprehensive nature of utility operations, a three-step process to *functionalize*, *classify*, and *allocate* costs, is necessary to facilitate costing of the variety of services required that are identifiable with each customer class. The consistent application of these steps results in an approach that allocates to each rate class the average costs associated with specific, shared, and common facilities used to provide services required by customers.

The rate classes themselves are set to reflect homogeneity of customer characteristics. Costs by class are more reflective of costs the customers in the class impose on the system if customers have similar characteristics of service. As a result of homogeneous classes, services provided to each class is costed at the customer class average and results in minimal distortions.

3.1.1 Average Embedded Costs

The Company operates an integrated system employing pipeline, storage, curtailment, and distribution facilities to deliver gas to customers in three geographical regions of Ontario. Due to this integration, the Board has directed the use of *postage stamp rates*. That is, customers on a given rate in St. Catharines are subject to the same charges as customers using the rate in Ottawa.

The use of postage stamp rates in such an integrated system is supported by the costing of each service at the customer class average. As an example, all customers share in the mix of investment vintages. The administration of an accounting system and setting of rates that are differentiated on the basis of specific investments would not be viable. Therefore, a rate class, such as Rate 1, which has a considerable number of older vintage services, has a delivery rate designed based on the average cost for service lines for all customers served under Rate 1.

FULLY ALLOCATED COST STUDY

3.1.2 Three-Step Process in the Assignment of Revenue Requirement

The three steps of functionalization, classification and allocation of costs are designed to apportion rate base, net investment costs and operating and maintenance (O&M) costs for each class of customers in a fair and equitable manner.

Functionalization

The first step, functionalization, groups costs into operating functions to facilitate identification of costs associated with a distinct functional aspect of the Company, and allows for similar treatment of like costs.

The O&M costs, net investment costs, and rate base are grouped by the major functional centres of the Company listed in Table 2. Further refinement into sub-functions occurs when needed. Such an extensive list is necessary to: a) be as accurate as possible, and b) identify differences in cost behaviour when viewed at the rate class level.

For example, costs associated with pressure regulators are broken down to identify costs for regulators used in the distribution system (costs all customers share), separately from costs for pressure regulators used in sales stations, which are specific to large volume customers. The last item in the table, Unidentifiable, collects miscellaneous items too small and numerous to be significant, and those which affect all functions, and cannot be broken out. These costs are spread back over the existing costs, pro rata.

<i>Table 2</i> FUNCTIONS
Gas Supply Storage Sales Pressure Regulators Distribution Pressure Regulators Services Mains Meters Rental Equipment Sales/Marketing Customer Accounting Unidentifiable

FULLY ALLOCATED COST STUDY

Separate from the distribution system are Tecumseh Gas' costs. These costs are simply functionalized to either transmission and compression or storage.

A review of cost centers is carried out with every cost-of-service application to ensure continuity in functionalizing budgeted O&M costs, net investments, and rate base.

Classification

In the second step of classification, functionalized costs are grouped into categories that vary between rate classes by an identifiable factor or classifier. The costs are classified into three general cost groups based on whether costs vary with commodity (i.e. – volumes), capacity, or other customer specific factors.

Commodity related costs are those that directly relate to the usage or consumption of natural gas. They are variable costs associated with each volume of gas sold or delivered in a given period. Capacity-related costs are those which are fixed over a given period and they include the costs of distribution mains, pipeline transportation capacity, and storage facilities. As the distribution system is sized to meet peak demand, capacity related costs are assigned on the basis of the rate class contribution to peak demand. Customer-related costs are investment and operating costs associated with customer meters, pressure regulators, and service lines, as well as customer accounting, billing, marketing and service operations costs.

In order to unbundle the Company's costing of services further, there are a number of sub-classifications within these three broad categories of classification. In total, there are 26 cost classifications and they are described in Appendix A (p. 24-25). New developments in providing customer service, operating practices, capital expansion, and gas supply, for example, are regularly monitored and cost classifications systematically reviewed each year. This ensures that cost classifications reflect cost incurrence and that similar costs are consistently treated.

FULLY ALLOCATED COST STUDY

The classification of costs for Tecumseh Gas is based on the demand and commodity rationale. Using the demand rationale, costs are borne in relationship to each class' demand on days colder than the average winter day. The commodity rationale assigns costs based on an annual volume. For Tecumseh Gas, costs are identified based on whether they are for peak day (i.e. – deliverability), annual space, or variable. These classifications are referred to as daily demand, annual demand, and commodity.

Allocation

The allocation of classified costs is the process of spreading similarly incurred costs to each rate class on a common factor that can be identified by each class. For example, the costs of issuing a monthly bill to each customer are allocated on the basis of the number of customers in each rate class. Since the activities for printing and mailing the bill are the same for all customers, the allocated unit costs for these activities are equal to all customers.

Appendix B (p. 26) lists the allocators used in the Study. A review of actual customer numbers, profiles, and planned consumption is performed each year to ensure that allocators are reflective of the incurrence of costs.

The classified costs of Tecumseh Gas are not allocated to different rate classes as in the gas distribution study. Rather, the results are used to charge storage service costs to the Company's in-franchise customers and to derive ex-franchise storage rates.

3.2 Accuracy

The overriding principle for proper classification and allocation of costs is to do so based on the causation of costs. Customers should pay the costs incurred by the company to provide service to them. However, for Enbridge Gas Distribution Inc., a large utility providing a multitude of services, sometimes such principles are not easily applied as causation is not easily identifiable.

FULLY ALLOCATED COST STUDY

In general, the further costs are incurred from the burner tip, the less they can be directly related to a specific customer or class of customers. Where required, methodology is rationalized to explain cost relationships so that costs are apportioned to reflect relative rather than absolute costs.

For commodity costs, since their classification and allocation can be easily determined, the accuracy of the cost and ultimately the rate is largely dependent upon the forecasted cost of gas supply. To mitigate this, the Purchase Gas Variance Account (PGVA) captures actual gas cost variances from the forecast to keep both the Company and customers whole.

Not directly identifiable with the three general classifications are the administration and general costs and return and taxes. Administration and general costs are functionalized on the basis of the proportion of operating and maintenance costs forecast for each operating function. Return and taxes are guided by the allocation of rate base to the different rate classes. These costs are not customer-specific, and considering their relative magnitude, different means for classification and allocation would result in significantly different rate class costs.

The accuracy of the Study is enhanced through cost unbundling, which facilitates specific identification of certain costs as greater detail is required. If sufficiently accurate, these costs can then be considered as cost-based rate components and used to eliminate cross subsidization. The Company treats the commodity component of gas supply in such a manner. This cost, through appropriate classification and allocation, is passed through directly into rates.

Cost unbundling can also better reflect avoided costs of service. Customers that do not need or want gas supply and transportation service can opt for a rate that is designed without gas supply and transportation costs. However, it must be noted that the rates that are cost-based are determined based on conventions that reflect cost causality, but are not in themselves directly measurable.

FULLY ALLOCATED COST STUDY

3.3 Consistency

In assessing the Study's accuracy, one must keep in mind that the calculated costs are dependent upon the principles and methodologies used in classifying and allocating them. The consistent application of these steps results in an approach that allocates to each rate class the average costs associated with specific, shared, and common facilities used to provide services required by customers. By applying common factors that are identifiable by class and that are related directly to incurrence, accuracy and consistency are optimized each test year.

Further, as cost relationships are maintained among revenues, costs, and net investments, and among customer classes through the consistent application of the methodology, fairness and rate stability are natural outcomes. Because the rate impact occurs relative to an underlying level of historical cost, rate changes can then be explained by drivers that are transparent. This approach provides for appropriate price signals to customers.

4. Classification of Major Common Facilities

The following explains the rationale behind principles affecting the classification and allocation of certain fixed costs, specifically, upstream transportation charges, Union Gas' transmission costs, and gas distribution mains.

4.1 Upstream Transportation Costs

Upstream transportation costs are driven by the need to meet average annual demand. As a result, the Company contracts for upstream capacity at 100% load factor. In RP-2003-0203, the Company proposed and received approval for the annual demand classification of pipeline transportation charges.

Consequently, upstream transportation charges are classified as annual demand in the Study and allocated to the rate classes volumetrically. This treatment ensures that all bundled

FULLY ALLOCATED COST STUDY

customers, regardless of their rate class, pay the same unit rate for fixed upstream transportation costs.

4.2 Union Gas Transmission Costs

The Company contracts for service with Union Gas to move gas in and out of storage and to move gas delivered at Dawn. Such costs include Union's transmission demand charges and transmission fuel.

A portion (approx. 5%) of this transmission capacity is required to move gas from Vector Tranche 3 to meet firm service supplies. These costs are classified to upstream transportation charges as annual demand and allocated volumetrically, consistent with the treatment of upstream transportation costs.

The remaining capacity on Union's transmission service is used to move gas from the Company's storage operations at Tecumseh, and from storage that the Company has contracted for with Union Gas. This capacity is further classified between storage space and storage deliverability. As storage space is used to meet average winter requirements in excess of annual average demand, this transmission capacity attributable to storage space equals average daily withdrawals from Tecumseh and Union storage (approx. 40%). The balance (approx. 60%) is attributed to storage deliverability which is used to meet demand on days colder than the average winter day. This is allocated based on the rate class contribution of the excess of peak day requirements over average winter demand.

FULLY ALLOCATED COST STUDY

4.3 Distribution Mains

The mains network is sized to meet peak demand capacity on the distribution system. It is divided into three systems based on operating pressure: transmission pressure, high pressure and low pressure.

The first two groups are facilities for moving gas from upstream transportation facilities to the low pressure distribution grid mains network. It is essentially the grid network that ultimately provides access to gas for the Company's customers. Since the transmission and high pressure systems feed the grid mains, they have a very limited customer component and are classified entirely as capacity-related.

The low pressure grid system (1) provides natural gas access to customers or potential customers on the system, and (2) meets the volumetric demands of various customers. As a result, the low pressure system has both a capacity-related and a customer-related component. These cost components are estimated by isolating the distribution infrastructure that is needed to exist to provide customers access to natural gas service. In this Study, about 43% of the low pressure mains are classified as customer related, resulting in about 32% of total mains classified as customer-related, these proportions have remained fairly consistent over the years since the Board's EBRO 487 Decision with Reasons.

5. The Study

The study can be found in the tabs following this report. They are:

- Tab 2 - Revenue to Cost Comparisons;
- Tab 3 – Functionalization;
- Tab 4 – Classification;
- Tab 5 – Allocation;

FULLY ALLOCATED COST STUDY

- Tab 6 - Classification and Allocation Factors; and,
- Tab 7 - Tecumseh Cost Study.

The costs can be followed as they flow through the study. For example, the input items in the total column in Tab 4, Classification, are the aggregated functionalized items from Tab 3, Functionalization. Similarly, Tab 5, Allocation, flows directly from Tab 4.

The costs from the Tecumseh Cost Study, Tab 7, flow to four schedules: Tab 3, Schedules 1, 3, and 4, representing functionalization of rate base, net investments and O&M respectively, and Tab 6, Schedule 2, Page 2, Classification of Storage and Transportation.

The following sections detail the significant aspects of the proposed Fully Allocated Cost Study.

5.1 Functionalization

Functionalization of costs is performed on the four schedules of Tab 3.

Schedule 1: Rate Base

The functionalization of rate base and net investments is aided by the Uniform System of Accounts for Gas Utilities (Ont. Reg. 245/66). For example, in Tab 3, Schedule 1, the net rate base for Item 2.3, Mains, is functionalized to Col. 7, Mains. Other direct costs are similarly functionalized. The following explains the functionalizations that are not immediately obvious.

- Item 2.1, Land, is functionalized based on an analysis of land use.
- Items 2.2 and 3.2, Structures and Improvements, are functionalized based on an analysis of space utilization.
- Item 3.3, Office Furniture and Equipment, is functionalized based on use of the office space.
- Items 3.4 and 3.5, Transportation Equipment and Heavy Work Equipment, are functionalized on the basis of records showing equipment utilization.

FULLY ALLOCATED COST STUDY

- Item 3.6, Tools and Work Equipment, is mostly utilized by the construction and service departments and is, consequently, functionalized 50% to each of the mains and services functions respectively.
- Item 3.8, Communication Equipment, is functionalized based on an analysis of communication equipment.
- Item 3.9, Compressors, is the cost of NGV equipment for Company use and is functionalized based on transportation equipment from above.
- Items 3.10 and 3.11, Computer Equipment and Software Acquired/Developed, are functionalized based on an analysis of computer equipment use.
- Item 3.12, CIS, is functionalized as a separate function because the Board determined the derivation of annual cost for this item over a certain time period through a prior Decision.
- Item 4, Plant Held for Future Use, represents inactive services and is functionalized to services.

Schedule 2: Working Capital Requirement

Working Capital Allowance, Schedule 1, Item 6.1, is functionalized in detail on Tab 3, Schedule 2. On this schedule, Prepaid Expenses, and Materials and Supplies are functionalized on the basis of accounting records. In addition to this:

- Item 3, Mortgages Receivable, arises from employee relocations, and is not a result of any specific function, and is, therefore, unidentifiable.
- Item 4, Rebillable Construction Work, is functionalized to mains, which is the key focus of this work.
- Item 5, Gas In Inventory, is functionalized as gas supply because the carrying cost of gas in inventory is a gas supply related cost.
- Item 6, Customer Security Deposits, is functionalized to Customer Accounting, offsetting the amounts associated with this function.

FULLY ALLOCATED COST STUDY

- Item 7.1, Working Cash Allowance, is functionalized based on the Company's test year working cash requirement
- Item 7.2, HST, is similarly functionalized based on the Company's test year working case requirement, with the HST associated with revenues functionalized to HST revenues

Schedules 3: Net Investment Costs + Depreciation

Functionalization of depreciation expense is based on functionalization of the corresponding rate base items. Municipal Taxes, Item 1.2, are functionalized based on an analysis of assessed property.

Rental Revenues are functionalized to Rental Equipment. Revenues associated with Transactional Services are functionalized to Gas Supply and Storage. The Miscellaneous Revenues are not readily identifiable and are functionalized as such. Late Payment Penalties and Open Bill revenues are functionalized to Customer Accounting, offsetting the costs associated with that function. The same approach is applied to Meter and Service Alteration Charges.

Schedule 4: Operating and Maintenance (O&M) Costs

O&M expenses are determined by operating account in the accounting system. As mentioned previously, the accounting system is sufficiently uniform and detailed that O&M costs for each function can be identified. Overheads are costs that cannot be directly assigned or functionalized, and are treated separately.

Fringe Benefits, Item 6, include the costs of employee benefits. In Col. 2, these costs are apportioned to the operating functions based on labour costs in each of the functions.

FULLY ALLOCATED COST STUDY

Supervision costs, Col. 4, are apportioned to the operating functions based on Sub-Totals in Col. 3. Such a treatment recognizes that supervision involves not only management of personnel resources but also integration of all other resources.

Administrative and General (A&G) Overheads, Item 7, are allocated to the operating functions based on Sub-Totals in Col. 5, except for Gas Supply. 3% of the gas supply function costs are used for allocation of A&G overhead costs. Completely functionalized O&M costs are shown in Col. 7.

5.2 Classification

Classification of functionalized costs is performed in the three schedules in Tab 4.

Schedule 1: Rate Base

The rate base functionalized to Item 1, Gas Supply at Tab 4, Schedule 2, represents gas in inventory, working cash requirement for gas purchases, nominal recognition of land and structures, office furniture and equipment, and computer and communications costs. Working cash, land, structures, office related costs, and computer and communications facilities are required for daily management of the gas supply function and are classified as annual commodity costs. The working capital investment in gas inventory is, as directed by the Board, a winter season cost and is classified as seasonal cost.

For Item 2, Gas Storage, the Company identifies two factors to determine rate class responsibilities for this function. Storage facilities, coupled with other Company contract arrangements, either perform or are capable of performing the following operations:

1. Accepting gas during the summer (surplus to system's summer gas requirements) enabling the Company to contract for its gas requirements at a very high load factor, and receive the most advantageous / cost effective rate from upstream transporters.
2. Delivering gas from storage to the Company's market areas at times when demand exceeds contracted deliveries from pipelines.

FULLY ALLOCATED COST STUDY

Classification of Tecumseh Gas' costs and costs based on contract arrangements between Union Gas and the Company identifies three distinct types of service:

1. an annual component for space (volume) reserved for storage of gas for the Company's account;
2. a variable component for each cubic metre either injected into or withdrawn from storage; and,
3. a peak component for the maximum daily rate (i.e. – deliverability) at which the gas may be withdrawn from storage facilities.

Charges for space, injection and withdrawal, appear under the "Space" heading in Col. 9.

Charges for peak day service, plus the costs of the Company's storage facilities appear under the "Deliverability" heading in Col. 8.

In addition to the storage costs described above, the Company uses Union Gas' transmission system to move gas to and from storage fields. These costs include Union's transmission demand charges and transmission fuel. The classification of these costs is described in Section 4.2 (Page 11) of the Study.

Item 3, Mains, is classified as approximately 32% customer-related and 69% capacity-related. Capacity-related costs are further sub-classified as transmission, high and low pressure capacity based on analysis of investments in each pressure category of mains.

Classification of Item 4, Distribution Regulation is based on the classification of mains as this function measures and regulates the flow of gas from upstream pipelines to the Company's gas distribution system and within the system.

Items 5 to 7, Sales Stations, Meters, and Services, respectively, represent customer related investments and are classified directly to sales stations, meters and services.

FULLY ALLOCATED COST STUDY

Item 8, Rental Equipment, is classified to Specific Classes and to Rentals. The NGV component of the rental equipment costs is classified as specific costs and is further analyzed to identify the rate classes for whom NGV-related costs were incurred. The remainder of the costs are classified to Rentals and subsequently allocated to the rate classes based on the Rental Equipment allocation factors.

Item 9, Sales and Marketing, is classified to Specific Classes, Distribution Costs and Number of Customers. NGV-related sales and marketing costs are classified as specific costs. The remainder is equally classified / split between Distribution Costs and Number of Customers.

Item 10, Customer Accounting, represents costs incurred for customer care, such as call centre, issuing bills to customers, etc. and is classified to Number of Customers.

Schedule 2: Net Investment Costs

Classification of net investment costs follows the classification of the corresponding rate base items on Schedule 1 discussed above.

Schedule 3: Operating and Maintenance (O&M) Costs

Classification of Item 1.1, Gas Purchased, is based on results of the detailed Classification of Gas Costs to Operations found at Exhibit G2, Tab 6, Schedule 2, Page 1, Line 10.2. The following paragraphs discuss the Classification of Gas Costs to Operations schedule.

The variable unit rate for commodity costs is based on a 12 month average of projected AECO/NIT prices inclusive of fuel plus NOVA/Empress transportation tolls and reflects commodity price at Empress. This unit rate is reflective of commodity price in the marketplace and is consistent with direct purchase requirements. The proposed Empress reference price for the test year is \$92.0194 per 10³ m³. All Purchases and Receipts are costed at this level as shown in Items 1.1 to 1.7, Col. 3.

FULLY ALLOCATED COST STUDY

Items 2 and 3 on the Classification of Gas Costs to Operations schedule are based on Classification of Transportation Costs found at Exhibit G2, Tab 6, Schedule 2, Page 3.

Item 4, Total Delivered Supply, is the sum of Items 1 to 3.

Item 5, Storage Fluctuation, represents the difference between purchases and sendout, or in other words, inter-year additions or depletions of gas inventory. Accordingly, Storage Fluctuation is classified in the same manner as total gas purchases. Item 6, Gas Costs to Operations, is the sum of Total Delivered Supply and Storage Fluctuation.

Item 7, Storage and Transportation, is classified based on Classification of Storage and Transportation, Exhibit G2, Tab 6, Schedule 2, Page 2.

Item 9.1, UUF Adjustment, recognizes that there are commodity losses on the gas distribution system that need to be replaced and is classified based on gas costs in Item 8.

Item 9.2, LUF Adjustment, represents gas losses for storage operations at Tecumseh Gas. This cost is removed from gas costs in Item 8 and placed in Tecumseh Gas Classification of Cost of Service, Exhibit G2, Tab 7, Schedule 3, Item 2.1.1 where it is classified to transmission and compression and storage space based on functional allocation of Tecumseh Gas costs.

Item 1.2, Stored Gas, is the next item, on Tab 4, Schedule 3, Classification of O&M Costs. It represents costs associated with storage and transmission activities at Tecumseh and Union Gas. These costs are classified based on forecasted costs for deliverability and space demand as discussed in the description for classification of rate base and are the costs identified in Item 7 of the Classification of Storage and Transmission above.

Item 1.3, A&G, represents apportioned administrative and general overhead costs to the Gas Supply function. These costs do not vary with annual or seasonal throughput, are essentially fixed, and are incurred for the benefit of all customers, irrespective of their type of supply arrangements. Consequently, they are classified to Distribution Costs, TP Capacity.

FULLY ALLOCATED COST STUDY

Items 1.4, System Gas Management, and 1.5, Direct Purchase Management, are classified to System Gas and Direct Purchase respectively.

Classification of Distribution related items, specifically Items 2.2, 2.3, and 2.5 to 2.9 follow classification of corresponding rate base items.

Item 2.1, Chart Processing, is classified to Readings Processed, Col. 26.

Item 2.4, Gas Dispatched, is classified to Distribution Costs, TP Capacity, reflecting costs associated with daily dispatch activities to optimize system operation.

Classification of some Customer Service related items can be directly attributed to specific classifiers. This is true for Item 3.7, Service Lines, which is classified to Customer Related Investments, Services. Cost responsibility for Items 3.2, Appliance Inspections, and 3.3, Locks/Unlocks/Exchanges, cannot be readily determined. Hence, these costs are classified to Total Number of Customers to be shared by all rate classes based on the number of customers in each class.

Classification of many Sales/Marketing related items can also be directly attributed to specific classifiers. Item 4.5, General Promotion, represents marketing and sales costs associated with general promotion of natural gas resulting in increased utilization of the gas distribution system. Accordingly, this expense is classified as capacity related.

Item 4.6, NGV Operation, represents the cost of the NGV program. An analysis based on investments in the various NGV assets is used to determine allocation of these costs to appropriate rate classes.

Classification of Customer Accounting related items is discussed below. Items 5.1, Billing, 5.2, Enquiry, and 5.4, Credit, are classified to Total Number of Customers to be shared by all rate

FULLY ALLOCATED COST STUDY

classes based on the number of customers in each class. Item 5.3, Readings, is classified to Readings Processed.

Uncollectibles in Item 5.5 represent bad debt expense. It is classified as Bad Debt Commodity and Bad Debt Distribution based on the proportion of commodity revenues relative to total revenues.

5.3 Allocation

Allocation of classified costs is performed in the three schedules in Tab 5.

Tab 5 exhibits allocate classified costs to each rate class based on allocation factors that are referenced on the exhibits. On the right hand side of Schedules 1 and 3 is a column titled "Allocation Factors Exhibit G2.6.3". The numbers in this column indicate the allocation factor used as identified by its item number in Exhibit G2, Tab 6, Schedule 3.

Allocation factors are explained in Appendix B. For example, Item 1.1, Annual Commodity, Exhibit G2, Tab 5, Schedule 1 is the Company's rate base investment classified as commodity-related. This amount is allocated to the rate classes based on the Annual Sales allocation factor found at Item 1.1, Exhibit G2, Tab 6, Schedule 3. Appendix B defines this allocation factor as annual volumes of gas sales customers. Therefore, only sales customers are allocated rate base costs of system supply, which mainly consists of working cash requirement for payment of gas purchases prior to receipt of revenues from customers.

Allocation of return and income taxes is pro-rated to rate base. Income earned attracts income tax. The requested return is set by reference to the rate base. Therefore, allocation of both return and income taxes is based on the Rate Base allocation factor found at Item 5, Exhibit G2, Tab 6, Schedule 3.

FULLY ALLOCATED COST STUDY

5.4 Storage and Transportation

Tab 7 is the Fully Allocated Cost Study for Tecumseh Gas.

Schedule 1 shows functionalization and classification of Tecumseh Gas rate base. The detail provided in the accounting system is sufficient to separate costs specific to transmission and compression from storage costs, facilitating functionalization. Classification is based on investment required to meet peak day demand relative to investment required to satisfy annual demand.

Functional Allocation of Tecumseh Gas Cost of Service, found on Schedule 2, is also facilitated by the accounting system. Functional allocation of Items 2.1 to 2.3, Operation, Maintenance and Administrative and General (A&G) costs, respectively, is determined based on consultations with Tecumseh Gas management.

Other items are functionalized as follows:

- Item 1.1, Utility Return, follows functionalization of rate base;
- Item 2.4.1, Depreciation, based on functionalization of depreciation expense;
- Item 2.4.2, Amortization, represents amortization of storage rights and is accordingly allocated to Pool Storage ;
- Item 2.5.1, Municipal Taxes, based on functionalized tax base.

Functionalized transmission and compression costs, Column 4, are classified on Tab 7, Schedule 3, starting in Column 1. Functionalized storage costs, Column 5, are classified beginning in Column 7 of Schedule 3. Classification of return on rate base follows classification of rate base. Classification of other costs is based on cost incurrence or management's judgement.

Column 8 of Schedule 3 represents transfer of costs to Union Gas based on the sharing

FULLY ALLOCATED COST STUDY

agreement between the Company and Union Gas for the Dow-Moore Pool. These costs do not form a part of the revenue requirement for Tecumseh Gas.

Classified costs from above are included in Item 1.2, Gas Storage, in Functionalization of Utility O&M, Exhibit G2, Tab 3, Schedule 4, Page 1. They are also reflected in development of Storage Classification Factors found at Exhibit G2, Tab 6, Schedule 2, Page 1, Item 11.1.

FULLY ALLOCATED COST STUDY

APPENDICES

FULLY ALLOCATED COST STUDY

<i>Appendix A</i> DEFINITIONS of CLASSIFICATIONS	
Classifier	Description
Gas Supply; Product Costs	
Annual Commodity	Costs of annual supply.
System Gas	Costs of system gas management.
Bad Debt Commodity	Costs of bad debt expense classified as commodity related.
Gas Supply; Load Balancing	
Peak Transportation	Costs of gas transportation to the Company on peak.
Seasonal Transportation	Costs for moving seasonal supplies.
Annual Transportation	Costs for transporting annual supply to the Company.
Storage Costs	
Deliverability	Costs of meeting demand on days colder than average winter demand.
Space	Costs of meeting average winter demand in excess of average annual demand.
Distribution Costs	
TP Capacity	Costs of transmission pressure distribution capacity.
HP Capacity	Costs of high pressure distribution capacity.
LP Capacity	Costs of low pressure distribution capacity.
Commodity	Cost of supply for UUF.
Bad Debt Distribution	Costs of bad debt expense classified as distribution related.
DSM	Costs associated with DSM program and general costs.

FULLY ALLOCATED COST STUDY

<i>Appendix A cont'd</i> DEFINITIONS of CLASSIFICATIONS	
Classifier	Description
Customer Related Investments	
Meters	Costs of customer meters.
Sales Stations	Costs of customer sales stations.
Services	Costs of service lines.
Customer Plant	Costs of customer component of gas distribution mains.
Rentals	Costs of rental equipment.
Number of Customers	
Commercial/Industrial	Costs of sales and marketing for commercial and industrial markets.
Contracts	Costs of contract administration.
Direct Purchase	Costs of direct purchase management.
Total	Costs of customer service and customer accounting that are shared by all customers.
Other	
Specific Classes	Customer class specific costs that are assigned to specific rate classes.
HST Revenue	Reduction in working cash requirement arising from collection of HST.
Readings Processed	Costs for meter reading and processing customer bills.

FULLY ALLOCATED COST STUDY

<i>Appendix B</i> ALLOCATION FACTORS		
Allocator	Col. 1 Units	Col. 2 Description
Volumetric Factors:		
Annual Sales	10 ⁶ m ³	Annual volumes of gas sales customers.
Bundled Annual Deliveries	10 ⁶ m ³	Annual throughput of bundled service customers.
Total Annual Deliveries	10 ⁶ m ³	Annual throughput of all customers.
Bundled Transportation Deliveries	10 ⁶ m ³	Annual transportation volume for bundled customers.
Distribution Factors		
TP Demand	10 ³ m ³ /d	Peak throughput on the transmission pressure system.
HP Demand	10 ³ m ³ /d	Peak throughput on the high pressure system.
LP Demand	10 ³ m ³ /d	Peak throughput on the low pressure system.
Customer Related	Customer count	Total number of customers.
Storage Factors		
Deliverability	10 ⁶ m ³ /d	Demand in excess of average winter demand.
Space	10 ⁶ m ³	Average winter requirement in excess of average annual demand.
Customer Factors		
Meters	\$millions	Investment in meters.
Sales Stations	\$millions	Investment in customer sales stations.
Services	\$millions	Investment in services.
Rental Equipment	\$millions	Rental equipment revenues.
Total Customer Count	Customer count	Average number of customers.
Comm/Ind Customer Count	Customer count	Average number of comm/industrial customers.
Contracts	Customer count	Number of contracts to be administered.
Chart Readings	Chart reads	Number of charts read each year.
Meter Readings	Meter reads	Number of meter readings per year.
Direct Purchase Customers	Unity	Direct purchase management costs.

**REVENUE TO COST/
 RATE OF RETURN COMPARISONS**
 DEC. 31, 2013
 (millions of dollars)

ITEM NO.	DESCRIPTION	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15
		TOTAL	RATE 1	RATE 6	RATE 9	RATE 100	RATE 110	RATE 115	RATE 125	RATE 135	RATE 145	RATE 170	RATE 200	RATE 300	RATE 325 & 330	DIRECT PURCHASE
1.	Sales and Trans. Revenue	2,409.00	1,462.84	854.81	0.52	0.00	26.26	7.78	11.42	1.74	7.77	7.84	23.85	0.21	1.81	2.15
2.	Unbilled Revenues	5.28	3.74	1.48	0.00	0.00	0.04	(0.01)	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00
3.	Total Revenues	2,414.28	1,466.58	856.29	0.52	0.00	26.30	7.78	11.42	1.74	7.79	7.84	23.85	0.21	1.81	2.15
4.	Cost of Service	2,414.28	1,461.16	857.09	1.32	0.00	29.21	7.50	11.51	1.93	9.46	7.84	22.94	0.40	1.81	2.15
5.	Over/Under Contribution	0.00	5.41	(0.80)	(0.80)	(0.00)	(2.91)	0.28	(0.09)	(0.19)	(1.67)	0.00	0.91	(0.19)	(0.00)	0.00
6.	Revenue to Cost Ratio	1.00	1.00	1.00	0.40	0.00	0.90	1.04	0.99	0.90	0.82	1.00	1.04	0.54	1.00	1.00
7.	Revenue to Cost Ratio 2012 Final Rate Order	1.00	1.00	1.00	0.76	0.00	0.98	1.10	0.98	0.90	0.95	0.96	1.00	0.83	1.00	1.00

REVENUE TO COST/
 RATE OF RETURN COMPARISONS
 EXCLUDING GAS SUPPLY COMMODITY
 DEC. 31, 2013

(millions of dollars)

ITEM NO.	DESCRIPTION	Col. 1 TOTAL	Col. 2 RATE 1	Col. 3 RATE 6	Col. 4 RATE 9	Col. 5 RATE 100	Col. 6 RATE 110	Col. 7 RATE 115	Col. 8 RATE 125	Col. 9 RATE 135	Col. 10 RATE 145	Col. 11 RATE 170	Col. 12 RATE 200	Col. 13 RATE 300	Col. 14 RATE 325 & 330	Col. 15 DIRECT PURCHASE
1.	Sales and Trans. Revenue	1,753.94	1,089.92	598.46	0.35	0.00	20.03	7.52	11.42	1.68	5.42	2.72	12.25	0.21	1.81	2.15
2.	Unbilled Revenues	5.28	3.74	1.48	0.00	0.00	0.04	(0.01)	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00
3.	Total Revenues	1,759.22	1,093.66	599.94	0.35	0.00	20.07	7.52	11.42	1.68	5.44	2.72	12.25	0.21	1.81	2.15
4.	Cost of Service	1,759.22	1,088.25	600.74	1.15	0.00	22.97	7.24	11.51	1.87	7.11	2.72	11.34	0.40	1.81	2.15
5.	Over/Under Contribution	(0.00)	5.41	(0.80)	(0.80)	(0.00)	(2.91)	0.28	(0.09)	(0.19)	(1.67)	0.00	0.91	(0.19)	(0.00)	0.00
6.	Revenue to Cost Ratio	1.00	1.00	1.00	0.31	0.00	0.87	1.04	0.99	0.90	0.76	1.00	1.08	0.54	1.00	1.00
7.	Revenue to Cost Ratio 2012 Final Rate Order	1.00	1.00	1.00	0.66	0.00	0.98	1.10	0.98	0.90	0.92	0.85	1.00	0.83	1.00	1.00

Functionalization of
 Ontario Utility Rate Base
 Year Ended Dec. 31, 2013
 (millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
	Net Rate Base	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales/Marketing	Customer Accounting	Unidentifiable	CIS	HST Revenue
1. Gas Supply	1.74	0.00	1.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Distribution Plant														
2.1 Land (incl offers to buy)	32.94	0.32	0.00	0.16	0.08	3.91	3.17	0.08	0.00	5.31	14.05	5.89	0.00	0.00
2.2 Structures & Improvements	103.36	1.01	0.00	0.49	0.24	12.26	9.94	0.24	0.00	16.65	44.07	18.47	0.00	0.00
2.3 Mains	1,656.10	0.00	0.00	0.00	0.00	1,656.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.4 Meas. Reg. & Telemetering	173.30	0.00	0.00	87.20	86.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.5 Services	1,224.70	0.00	0.00	0.00	0.00	1,224.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6 Meters	290.50	0.00	0.00	0.00	0.00	0.00	290.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Total Distribution Plant	3,480.90	1.33	0.00	87.85	86.41	1,240.87	1,669.20	290.81	0.00	21.96	58.12	24.35	0.00	0.00
General Plant														
3.1 Land (incl offers to buy)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2 Structures & Improvements	3.00	0.00	0.00	0.00	0.00	1.01	0.14	0.00	0.00	0.38	1.06	0.42	0.00	0.00
3.3 Office Furniture & Equip.	9.12	0.01	0.01	0.01	1.12	1.47	1.82	0.42	0.15	0.22	0.29	3.59	0.00	0.00
3.4 Transportation Equipment	35.30	0.00	0.00	0.00	0.08	10.47	23.60	0.00	0.00	1.15	0.00	0.00	0.00	0.00
3.5 Heavy Work Equipment	13.20	0.00	0.00	0.00	0.03	3.91	8.82	0.00	0.00	0.43	0.00	0.00	0.00	0.00
3.6 Tools & Work Equip.	22.60	0.00	0.00	0.00	0.00	11.30	11.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.7 Rental Equip.	5.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.30	0.00	0.00	0.00	0.00	0.00
3.8 Communication Equip.	2.60	0.04	0.00	0.02	0.74	0.22	0.33	0.00	0.00	0.24	0.44	0.57	0.00	0.00
3.9 Compressors	0.70	0.00	0.00	0.00	0.00	0.21	0.47	0.00	0.00	0.02	0.00	0.00	0.00	0.00
3.10 Computer Equipment	22.70	0.54	0.08	0.53	1.93	3.66	5.93	1.93	0.03	0.20	5.24	2.63	0.00	0.00
3.11 Software Acquired/Developed	69.10	1.66	0.23	1.61	5.87	11.15	18.04	5.87	0.10	0.61	15.96	7.99	0.00	0.00
3.12 CIS	70.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.50	0.00
3. Total General Plant	254.12	2.25	0.32	2.17	9.77	43.40	70.45	8.22	5.59	3.26	22.99	15.19	70.50	0.00
4. Plant Held for Future Use	0.60	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Items														
5.1 Working Capital Allowance	212.13	262.57	12.03	(0.51)	(0.56)	15.20	21.19	0.00	0.00	(0.99)	(75.78)	1.47	0.00	(22.50)
5. Total Other Items	212.13	262.57	12.03	(0.51)	(0.56)	15.20	21.19	0.00	0.00	(0.99)	(75.78)	1.47	0.00	(22.50)
6. Total Rate Base	3,949.49	266.15	14.09	89.51	95.62	1,300.07	1,760.84	299.03	5.59	24.23	5.33	41.01	70.50	(22.50)

**Functionalization of
 Ontario Utility Working Capital
 Year Ended Dec. 31, 2013**

 (millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
	Total Requirement	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Sales/Marketing	Customer Accounting	Unidentifiable	HST Revenue
Working Capital Allowance											
1. Prepaid Expenses	1.80	0.00	0.00	0.00	0.00	0.22	0.22	0.02	0.00	1.34	0.00
Materials & Supplies											
2.1 NGV Inventory	0.60	0.00	0.00	0.00	0.00	0.00	0.00	0.60	0.00	0.00	0.00
2.2 Pipe	4.87	0.00	0.00	0.00	0.00	1.11	3.76	0.00	0.00	0.00	0.00
2.3 Warehouse Inventory	3.44	0.00	0.00	0.00	0.00	1.72	1.72	0.00	0.00	0.00	0.00
2.4 Holding Account	20.53	0.00	0.00	0.00	0.00	10.27	10.27	0.00	0.00	0.00	0.00
3. Mortgages Receivable	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	0.00
4. Rebilled Construction Work	1.30	0.00	0.00	0.00	0.00	0.00	1.30	0.00	0.00	0.00	0.00
5. Gas in Inventory	249.30	249.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Customer Security Deposits	(68.70)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(68.70)	0.00	0.00
Working Cash Allowance											
7.1 Gas Costs/O&M	(3.03)	12.80	0.96	(0.63)	(0.70)	(1.46)	(3.03)	(2.00)	(8.87)	(0.10)	0.00
7.2 HST	1.82	0.46	11.07	0.13	0.14	3.35	6.95	0.41	1.80	0.02	(22.50)
8. Total Working Capital	212.13	262.57	12.03	(0.51)	(0.56)	15.20	21.19	(0.99)	(75.78)	1.47	(22.50)

**Functionalization of
 Ontario Utility Net Investments
 Year Ended Dec. 31, 2013**
 (millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
	Investment and Revenues	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales/ Marketing	Customer Accounting	Unidenti- fiable	CIS
Investment Costs													
1.1 Depreciation	294.65	1.00	0.13	4.81	7.43	88.00	117.51	40.66	1.49	1.88	12.35	6.69	12.70
1.2 Municipal Taxes	37.84	0.02	0.00	0.15	0.15	10.68	25.33	0.00	0.00	0.32	0.83	0.35	0.00
1.3 Capital Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1. Total Investments	332.49	1.02	0.13	4.96	7.59	98.68	142.85	40.66	1.49	2.19	13.19	7.03	12.70
Miscellaneous Revenues													
2.1 Rentals	(0.80)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.80)	0.00	0.00	0.00	0.00
2.2 Transactional Services	(3.00)	(3.12)	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.3 Miscellaneous Income	(0.70)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.70)	0.00
2.4 Late Payment Penalties	(12.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(12.90)	0.00	0.00
2.5 Open Bill Revenue	(5.40)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(5.40)	0.00	0.00
2.6 Customer Accounting Charge	(9.05)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(9.05)	0.00	0.00
2.7 Meter Charge	(0.81)	0.00	0.00	0.00	0.00	0.00	0.00	(0.81)	0.00	0.00	0.00	0.00	0.00
2.8 Service Alteration Charge	(0.94)	0.00	0.00	0.00	0.00	(0.94)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Total Revenues	(33.60)	(3.12)	0.12	0.00	0.00	(0.94)	0.00	(0.81)	(0.80)	0.00	(27.35)	(0.70)	0.00
3. Net Investments Total	296.89	(2.10)	0.25	4.96	7.59	97.74	142.85	39.85	0.69	2.19	(14.17)	6.33	12.70

Functionalization of
Ontario Utility O&M
Year Ended Dec. 31, 2013
(millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	Cost of Service	Fringe Benefits	Sub-Total	Supervision	Sub-Total	A&G Overhead	Total
Gas Supply							
1.1 Gas Purchased	1,189.56	0.00	1,189.56	0.00	1,189.56	0.00	1,189.56
1.2 Gas Storage	152.95	3.44	156.39	0.00	156.39	0.00	156.39
1.3 A&G	0.00	0.00	0.00	0.00	0.00	10.11	10.11
1.4 System Gas Management	0.98	0.88	1.86	0.00	1.86	0.00	1.86
1.5 Direct Purchase Management	1.39	0.76	2.15	0.00	2.15	0.00	2.15
1. Total Gas Supply	1,344.88	5.09	1,349.96	0.00	1,349.96	10.11	1,360.07
Distribution Costs							
Operating Costs							
2.1.1 Chart Processing	0.04	0.00	0.04	0.02	0.06	0.02	0.08
2.1.2 Distribution Sta.	1.18	0.99	2.17	1.36	3.53	0.88	4.41
2.1.3 Sub-total	1.22	0.99	2.21	1.38	3.60	0.90	4.50
2.1.4 Supervision M&R	0.43	0.35	0.78	(0.78)	0.00	0.00	0.00
2.1.5 System Operation	42.29	14.78	57.07	11.44	68.51	17.13	85.64
2.1.6 Sub-total	43.94	16.13	60.07	12.04	72.11	18.03	90.13
2.1.7 Supervision Dist Op	6.61	5.43	12.04	(12.04)	0.00	0.00	0.00
2.1.8 Gas Dispatched	4.46	2.88	7.34	0.00	7.34	1.83	9.17
2.1 Total Operating Costs	55.01	24.43	79.44	0.00	79.44	19.86	99.30
Maintenance Costs							
2.2.1 Distribution Sys Reg	1.08	0.10	1.18	3.88	5.06	1.26	6.32
2.2.2 Sales Meters	0.75	0.49	1.24	4.07	5.30	1.33	6.63
2.2.3 Other Meters	1.70	1.32	3.02	9.94	12.96	3.24	16.20
2.2.4 Instruments	0.79	0.53	1.32	4.35	5.67	1.42	7.08
2.2.5 Sub-total M&R	4.32	2.43	6.75	22.23	28.98	7.25	36.23
2.2.6 Supervision M&R	5.63	3.62	9.25	(9.25)	0.00	0.00	0.00
2.2.7 Mains	8.43	3.81	12.24	9.93	22.17	5.54	27.71
2.2.8 Structures	0.28	0.23	0.51	0.42	0.93	0.23	1.16
2.2.9 Sub-total Mntce	18.66	10.09	28.75	23.33	52.08	13.02	65.10
2.2.10 Supervision Dist Mntce	13.71	9.62	23.33	(23.33)	0.00	0.00	0.00
2.2 Total Maintenance Costs	32.37	19.71	52.08	0.00	52.08	13.02	65.10
2. Total Distribution Costs	87.38	44.15	131.53	0.00	131.53	32.88	164.40

Functionalization of
Ontario Utility O&M
Year Ended Dec. 31, 2013
(millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	Cost of Service	Fringe Benefits	Sub-Total	Supervision	Sub-Total	A&G Overhead	Total
Customer Service Costs							
Operating Costs							
3.1.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.2	2.08	0.75	2.83	1.21	4.04	1.01	5.05
3.1.3	2.08	0.75	2.83	1.21	4.04	1.01	5.05
3.1.4	8.97	1.19	10.16	4.35	14.51	3.63	18.14
3.1.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.6	11.05	1.94	12.99	5.56	18.55	4.64	23.19
3.1.7	4.79	3.65	8.44	(8.44)	0.00	0.00	0.00
3.1	15.84	5.58	21.42	(2.87)	18.55	4.64	23.19
Maintenance Costs							
3.2.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2.2	4.27	2.43	6.70	2.87	9.57	2.39	11.97
3.2	4.27	2.43	6.70	2.87	9.57	2.39	11.97
3.	20.11	8.02	28.13	0.00	28.13	7.03	35.16
Sales/Marketing Costs							
4.1	2.49	0.93	3.42	1.23	4.64	1.16	5.80
4.2	1.01	1.65	2.66	0.96	3.62	0.90	4.52
4.3	0.74	1.16	1.90	0.68	2.58	0.64	3.22
4.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.4	2.52	2.25	4.77	1.71	6.48	1.62	8.10
4.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6	0.70	0.54	1.24	0.44	1.68	0.42	2.10
4.7	1.78	1.79	3.57	1.28	4.85	1.21	6.06
4.8	9.24	8.31	17.55	6.30	23.85	5.96	29.81
4.9	3.60	2.70	6.30	(6.30)	0.00	0.00	0.00
4.10	25.60	0.00	25.60	0.00	25.60	6.40	32.00
4.11	5.84	4.83	10.67	0.00	10.67	2.67	13.33
4.	44.28	15.83	60.11	0.00	60.11	15.03	75.14

Functionalization of
 Ontario Utility O&M
 Year Ended Dec. 31, 2013

 (millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	Cost of Service	Fringe Benefits	Sub-Total	Supervision	Sub-Total	A&G Overhead	Total
Customer Accounting Costs							
5.1 Billing	39.39	1.61	41.00	5.58	46.59	11.65	58.23
5.2 Service & Billing Enquiry	9.04	0.00	9.04	1.23	10.27	2.57	12.84
5.3 Meter Reading	9.58	0.00	9.58	1.30	10.88	2.72	13.61
5.4 Credit & Collection	14.61	0.00	14.61	1.99	16.60	4.15	20.75
5.5 Sub-total	72.62	1.61	74.23	10.11	84.34	21.08	105.43
5.6 Supervision	9.74	0.37	10.11	(10.11)	0.00	0.00	0.00
5.7 Large Volume Customer Care	2.48	0.00	2.48	0.00	2.48	0.00	2.48
5.8 Uncollectible Accounts	17.04	0.00	17.04	0.00	17.04	4.26	21.30
5. Total Customer Accounting	101.88	1.98	103.86	0.00	103.86	25.34	129.21
6. Fringe Benefits	102.51	(102.51)	0.00	0.00	0.00	0.00	0.00
7. Admin & Gen Overhead	62.95	27.44	90.39	0.00	90.39	(90.39)	0.00
8. Sub-total A&G and F/B	165.46	(75.07)	90.39	0.00	90.39	(90.39)	0.00
9. Total Operating & Maintenance	1,763.98	0.00	1,763.98	(0.00)	1,763.98	0.00	1,763.98
10. Fixed Financing Costs	2.30	0.00	2.30	0.00	2.30	0.00	2.30
11. TOTAL O&M EXPENSE	1,766.28	0.00	1,766.28	(0.00)	1,766.28	0.00	1,766.28

CLASSIFICATION OF RATE BASE
 DEC. 31, 2013
 (millions of dollars)

Item No.	Description	Total	Specific Classes		Annual Commodity	Peak	Seasonal	Annual	STORAGE COSTS			DISTRIBUTION COSTS			
			Winter Commodity	Annual Commodity					Deliverability	Space	Winter	TP Capacity	HP Capacity	LP Capacity	Commodity
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14
GAS SUPPLY															
1.	Gas Supply	266.15	0.00	0.00	16.70	0.00	249.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15
2.	Storage	14.09	0.00	0.00	0.00	0.00	0.00	0.00	8.58	5.51	0.00	0.00	0.00	0.00	0.00
DISTRIBUTION															
3.	Mains	1,760.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	333.97	141.55	726.97	0.00
4.	Distribution Reg.	95.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26.56	11.26	57.81	0.00
CUSTOMER															
5.	Sales Station	89.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Meters	299.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Services	1,300.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.	Rental Equipment	5.59	2.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Sales/Marketing	24.23	0.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.24	1.37	7.06	0.00
10.	Customer Accounting	5.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	HST Revenue	(22.50)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.	Sub-total	3,837.96	3.14	0.00	16.70	0.00	249.30	0.00	8.58	5.51	0.00	363.77	154.18	791.84	0.15
13.	Unidentifiable	41.01	0.03	0.00	0.18	0.00	2.65	0.00	0.09	0.06	0.00	3.86	1.64	8.41	0.00
15.	CIS	70.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16.	Total Classified	3,949.48	3.17	0.00	16.87	0.00	251.95	0.00	8.67	5.57	0.00	367.64	155.82	800.25	0.16

CLASSIFICATION OF RATE BASE
 DEC. 31, 2013
 (millions of dollars)

Item No.	Description	CUSTOMER RELATED INVESTMENTS											NUMBER OF CUSTOMERS			
		Meters	Sales Stations	Services	Customer Plant	Rentals	Commercial/Industrial	Contracts	Direct Purchase	Total	Readings Processed	CIS	HST Revenue			
GAS SUPPLY																
1.	Gas Supply	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
2.	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
DISTRIBUTION																
3.	Mains	0.00	0.00	0.00	558.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
4.	Distribution Reg.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
CUSTOMER																
5.	Sales Station	0.00	89.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
6.	Meters	299.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
7.	Services	0.00	0.00	1,300.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
8.	Rental Equipment	0.00	0.00	0.00	0.00	3.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
9.	Sales/Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.67	0.00	0.00	0.00	0.00	0.00		
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.33	0.00	0.00	0.00	0.00	0.00		
11.	HST Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(22.50)			
12.	Sub-total	299.03	89.51	1,300.07	558.34	3.34	0.00	0.00	17.00	0.00	0.00	0.00	(22.50)			
13.	Unidentifiable	3.18	0.95	13.81	5.93	0.04	0.00	0.00	0.18	0.00	0.00	0.00	0.00			
15.	CIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70.50	0.00	0.00			
16.	Total Classified	302.21	90.46	1,313.88	564.27	3.37	0.00	0.00	17.19	0.00	70.50	0.00	(22.50)			

CLASSIFICATION OF NET INVESTMENT
DEC. 31, 2013

(millions of dollars)

Item No.	Description	Total	PRODUCT COSTS -----			GAS SUPPLY -----			LOAD BALANCING -----			STORAGE COSTS ----			DISTRIBUTION COSTS -----		
			Specific Classes	Winter Commodity	Annual Commodity	Peak	Seasonal	Annual	DSM Peak	DSM Annual	Deliverability	Space	Winter	TP Capacity	HP Capacity	LP Capacity	Commodity
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15	Col. 16		
GAS SUPPLY																	
1.	Gas Supply	(2.10)	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.97	(3.12)	0.00	0.00	0.00	0.00	0.00	
2.	Storage	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.00	0.10	0.00	0.00	0.00	0.00	0.00	
DISTRIBUTION																	
3.	Mains	142.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.48	58.97	0.00	
4.	Distribution Reg.	7.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.89	4.59	0.00	
CUSTOMER																	
5.	Sales Station	4.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6.	Meters	39.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7.	Services	97.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8.	Rental Equipment	0.69	0.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9.	Sales/Marketing	2.19	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.12	0.64	0.00	
10.	Customer Accounting	(14.17)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11.	Sub-total	279.85	0.41	0.00	0.07	0.00	0.00	0.00	0.15	0.97	(3.12)	0.00	0.00	12.50	64.20	(0.02)	
12.	Unidentifiable	6.33	0.01	0.00	0.03	0.00	0.41	0.00	0.01	0.00	0.01	0.00	0.60	0.25	1.30	0.00	
13.	CIS	12.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
14.	Total Classified	298.88	0.42	0.00	0.09	0.00	1.38	0.00	0.17	1.38	(3.12)	0.00	0.00	12.75	65.50	(0.02)	

Updated: 2012-06-08
EB-2011-0354
Exhibit G2
Tab 4
Schedule 2
Page 1 of 2

CLASSIFICATION OF NET INVESTMENT
 DEC. 31, 2013

(millions of dollars)

Item No.	Description	CUSTOMER RELATED INVESTMENTS										NUMBER OF CUSTOMERS					
		Col. 17	Col. 18	Col. 19	Col. 20	Col. 21	Col. 22	Col. 23	Col. 24	Col. 25	Col. 26	Col. 27	Commercial/ Industrial	Direct Purchase	Total	Readings Processed	CIS
		Meters	Sales Stations	Services	Customer Plant	Rentals						Contracts	Purchase				
GAS SUPPLY																	
1.	Gas Supply	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DISTRIBUTION																	
3.	Mains	0.00	0.00	0.00	45.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Distribution Reg.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER																	
5.	Sales Station	0.00	4.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Meters	39.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Services	0.00	0.00	97.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.	Rental Equipment	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Sales/Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.06	0.00	0.00
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(14.17)	0.00	0.00	0.00
11.	Sub-total	39.85	4.96	97.74	45.29	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13.11)	0.00	0.00	0.00
12.	Unidentifiable	0.49	0.15	2.13	0.92	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00
13	CIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.70
14.	Total Classified	40.34	5.11	99.88	46.21	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(13.08)	0.00	0.00	12.70

CLASSIFICATION OF O&M COSTS
 DEC. 31, 2013

(millions of dollars)

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	
	----- GAS SUPPLY -----												
	----- PRODUCT COSTS -----				----- LOAD BALANCING -----				----- STORAGE COSTS -----				
Item No.	Description	Total	Specific Classes	Winter Commodity	Annual Commodity	System Gas	Bad Debt Commodity	Peak	Seasonal	Transportation Annual	Deliverability	Space	Winter
GAS SUPPLY													
1.1	Gas Purchased	1,189.56	0.00	0.00	645.65	0.00	0.00	57.97	4.92	469.82	0.00	0.00	0.00
1.2	Stored Gas	156.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	95.27	61.13	0.00
1.3	A&G	10.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.4	System Gas Management	1.86	0.00	0.00	0.00	1.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Direct Purchase Management	2.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.	Total Gas Supply	1,360.07	0.00	0.00	645.65	1.86	0.00	57.97	4.92	469.82	95.27	61.13	0.00
DISTRIBUTION													
OPERATING COSTS													
2.1	Chart Processing	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2	District Stations	4.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.3	System Operations	85.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.4	Gas Dispatched	9.17	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS													
2.5	Dist. System Reg.	6.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6	Sales Meters	6.63	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.7	Other Meters	16.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.8	Instruments	7.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.9	Mains	27.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.10	Structures	1.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	Total Distribution Costs	164.40	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER SERVICE													
OPERATING COSTS													
3.1	Appliance Inspection	5.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	Locks/Unlocks/Exchanges	18.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS													
3.3	Service Lines	11.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Total Customer Service	35.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES/MARKETING													
4.1	Residential	5.80	5.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	Commercial	4.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.3	Industrial	3.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.4	Residential/Commercial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	General Promotion	8.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6	NGV Operation	2.10	2.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.7	Contract Administration	6.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.8	DSM - Program	32.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.9	DSM - General	13.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Total Promotions	75.14	7.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTING													
5.1	Billing	58.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2	Enquiry	12.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.3	Readings	13.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.4	Credit	20.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.5	Large Volume Customer Care	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.6	Uncollectibles	21.30	0.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Total Customer Accounting	126.72	0.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Total O&M	1,761.50	8.00	0.00	645.65	1.86	6.00	57.97	4.92	469.82	95.27	61.13	0.00
7.	Fixed Financing Costs	2.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.	Total O&M Expense	1,766.28	8.00	0.00	645.65	1.86	6.00	57.97	4.92	469.82	95.27	61.13	0.00

CLASSIFICATION OF O&M COSTS

DEC. 31, 2013

(millions of dollars)

	Col. 13	Col. 14	Col. 15	Col. 16	Col. 17	Col. 18	Col. 19	Col. 20	Col. 21	Col. 22	Col. 23	
	----- DISTRIBUTION COSTS -----						----- CUSTOMER RELATED INVESTMENTS -----					
Item No.	TP Capacity	HP Capacity	LP Capacity	Commodity	Bad Debt Distribution	DSM	Meters	Sales Stations	Services	Customer Plant	Rentals	
GAS SUPPLY												
1.1	0.00	0.00	0.00	11.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.3	10.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
1.	10.11	0.00	0.00	11.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
DISTRIBUTION												
OPERATING COSTS												
2.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2.3	1.23	0.52	2.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2.4	16.24	6.88	35.36	0.00	0.00	0.00	0.00	0.00	0.00	27.15	0.00	
2.4	9.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
MAINTENANCE COSTS												
2.5	1.76	0.74	3.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2.6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.63	0.00	0.00	0.00	
2.7	0.00	0.00	0.00	0.00	0.00	0.00	16.20	0.00	0.00	0.00	0.00	
2.8	7.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2.9	3.09	1.31	13.19	0.00	0.00	0.00	0.00	0.00	0.00	10.13	0.00	
2.10	0.26	0.01	0.06	0.01	0.00	0.00	0.01	0.00	0.17	0.04	0.00	
2.	38.72	9.47	55.09	0.01	0.00	0.00	16.21	6.63	0.17	37.33	0.00	
CUSTOMER SERVICE												
OPERATING COSTS												
3.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
MAINTENANCE COSTS												
3.3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.97	0.00	0.00	
3.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.97	0.00	0.00	
SALES/MARKETING												
4.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.5	8.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.8	0.00	0.00	0.00	0.00	0.00	32.00	0.00	0.00	0.00	0.00	0.00	
4.9	0.00	0.00	0.00	0.00	0.00	13.33	0.00	0.00	0.00	0.00	0.00	
4.	8.10	0.00	0.00	0.00	0.00	45.33	0.00	0.00	0.00	0.00	0.00	
CUSTOMER ACCOUNTING												
5.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.2	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.3	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.6	0.00	0.00	0.00	0.00	15.30	0.00	0.00	0.00	0.00	0.00	0.00	
5.	0.00	0.00	0.00	0.00	15.30	0.00	0.00	0.00	0.00	0.00	0.00	
6.	56.93	9.47	55.09	11.22	15.30	45.33	16.21	6.63	12.14	37.33	0.00	
7.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8.	56.93	9.47	55.09	11.22	15.30	45.33	16.21	6.63	12.14	37.33	0.00	

CLASSIFICATION OF O&M COSTS
DEC. 31, 2013

(millions of dollars)

		Col. 24	Col. 25	Col. 26	Col. 27	Col. 28	Col. 29	Col.30
		----- NUMBER OF CUSTOMERS -----						
Item No.	Description	Commercial/ Industrial	Contracts	Direct Purchase	Total	Readings Processed	LV CC	Fixed Financing
GAS SUPPLY								
1.1	Gas Purchased	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.2	Stored Gas	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.3	A&G	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.4	System Gas Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Direct Purchase Management	0.00	0.00	2.15	0.00	0.00	0.00	0.00
1.	Total Gas Supply	0.00	0.00	2.15	0.00	0.00	0.00	0.00
DISTRIBUTION								
OPERATING COSTS								
2.1	Chart Processing	0.00	0.00	0.00	0.00	0.08	0.00	0.00
2.2	District Stations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.3	System Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.4	Gas Dispatched	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS								
2.5	Dist. System Reg.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6	Sales Meters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.7	Other Meters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.8	Instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.9	Mains	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.10	Structures	0.00	0.00	0.00	0.61	0.00	0.00	0.00
2.	Total Distribution Costs	0.00	0.00	0.00	0.61	0.08	0.00	0.00
CUSTOMER SERVICE								
OPERATING COSTS								
3.1	Heating Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	Locks/Unlocks/Exchanges	0.00	0.00	0.00	18.14	0.00	0.00	0.00
MAINTENANCE COSTS								
3.3	Service Lines	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Total Customer Service	0.00	0.00	0.00	23.19	0.00	0.00	0.00
SALES/MARKETING								
4.1	Residential	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	Commercial	4.52	0.00	0.00	0.00	0.00	0.00	0.00
4.3	Industrial	3.22	0.00	0.00	0.00	0.00	0.00	0.00
4.4	Residential/Commercial	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	General Promotion	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6	NGV Operation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.7	Contract Administration	0.00	6.06	0.00	0.00	0.00	0.00	0.00
4.8	DSM - Program	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.9	DSM - General	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Total Promotions	7.75	6.06	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTING								
5.1	Billing	0.00	0.00	0.00	58.23	0.00	0.00	0.00
5.2	Enquiry	0.00	0.00	0.00	12.84	0.00	0.00	0.00
5.3	Readings	0.00	0.00	0.00	0.00	13.61	0.00	0.00
5.4	Credit	0.00	0.00	0.00	20.75	0.00	0.00	0.00
5.5	Large Volume Customer Care	0.00	0.00	0.00	0.00	0.00	2.48	0.00
5.6	Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Total Customer Accounting	0.00	0.00	0.00	91.82	13.61	0.00	0.00
6.	Total O&M	7.75	6.06	2.15	115.62	13.69	0.00	0.00
7.	Fixed Financing Costs	0.00	0.00	0.00	0.00	0.00	0.00	2.30
8.	Total O&M Expense	7.75	6.06	2.15	115.62	13.69	2.48	2.30

ALLOCATION OF RATE BASE

DEC. 31, 2013

(millions of dollars)

ITEM NO. DESCRIPTION	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15
	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	FACTORS EXHIBIT
	BASE	1	6	9	100	110	115	125	135	145	170	200	300	300 Int	G2,6.3 *
SUPPLY COST															
PRODUCT COSTS															
1.1 Annual Commodity	16.87	9.62	6.58	0.00	0.00	0.16	0.01	0.00	0.00	0.06	0.13	0.30	0.00	0.00	1.1
1 Total Gas Cost	16.87	9.62	6.58	0.00	0.00	0.16	0.01	0.00	0.00	0.06	0.13	0.30	0.00	0.00	
PIPELINE TRANS.															
2.1 Peak	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.1
2.2 Seasonal	251.95	117.40	120.22	0.00	0.00	2.96	0.89	0.00	0.00	2.39	4.51	3.57	0.00	0.00	3.2
2.3 Annual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.2
2 Total Pipeline Trans. Cost	251.95	117.40	120.22	0.00	0.00	2.96	0.89	0.00	0.00	2.39	4.51	3.57	0.00	0.00	
FACILITIES COSTS															
STORAGE FACILITIES															
3.1 Deliverability	8.67	4.79	3.70	0.00	0.00	0.07	0.03	0.00	0.00	0.00	0.00	0.08	0.00	0.00	3.1
3.2 Space	5.57	2.59	2.66	0.00	0.00	0.07	0.02	0.00	0.00	0.05	0.10	0.08	0.00	0.00	3.2
3 Total Storage	14.24	7.38	6.36	0.00	0.00	0.14	0.05	0.00	0.00	0.05	0.10	0.16	0.00	0.00	
DISTRIBUTION FACILITIES															
4.1 Capacity TP	367.64	168.35	147.10	0.01	0.00	6.70	5.74	33.47	0.02	1.32	0.81	4.03	0.08	0.00	2.1
4.2 Capacity HP	155.82	79.38	69.36	0.01	0.00	3.16	2.70	0.00	0.01	0.62	0.38	0.00	0.04	0.15	2.2
4.3 Capacity LP	800.25	411.23	359.32	0.03	0.00	16.36	7.05	0.00	0.06	3.23	1.99	0.00	0.21	0.77	2.3
4.4 Commodity	0.16	0.06	0.06	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	1.3
4.5 Customer Plant	564.27	519.90	44.25	0.00	0.00	0.06	0.01	0.00	0.01	0.03	0.01	0.00	0.00	0.00	2.4
4 Total Distribution	1,888.14	1,178.93	620.10	0.06	0.00	26.28	15.51	33.47	0.11	5.21	3.20	4.03	0.33	0.92	
CUSTOMER RELATED															
5.1 Meters	302.21	171.80	126.09	0.02	0.00	1.22	0.18	1.74	0.23	0.64	0.23	0.00	0.04	0.01	4.1
5.2 Sales Stations	90.46	6.80	77.29	0.03	0.00	2.66	0.54	0.00	1.29	0.72	1.02	0.00	0.06	0.06	4.2
5.3 Services	1,313.88	1,173.11	138.78	0.01	0.00	0.69	0.17	0.07	0.17	0.44	0.40	0.00	0.03	0.01	4.3
5.4 Rentals	3.37	0.67	2.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.4
5.5 Comm./Ind. Customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.6
5.6 Contracts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.7
5.7 Direct Purchase	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.11
5.8 Total Customers	17.19	15.83	1.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5
5.9 Specific Classes	3.17	1.11	0.65	1.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.10 Readings Processed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.11 HST Revenue	(22.50)	(12.83)	(8.78)	(0.01)	0.00	(0.22)	(0.01)	0.00	(0.00)	(0.08)	(0.18)	(0.40)	0.00	0.00	4.8 & 4.9
5 Total Customer Related	1,707.78	1,356.49	338.08	1.47	0.00	4.36	0.88	1.81	1.68	1.73	1.47	(0.40)	0.13	0.08	1.1
6 Total Rate Base	3,878.98	2,669.82	1,091.34	1.53	0.00	33.90	17.33	35.28	1.79	9.45	9.42	7.66	0.46	1.00	
7 CIS	70.50	64.96	5.53	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5
8 Total Rate Base + CIS	3,949.48	2,734.77	1,096.87	1.53	0.00	33.90	17.33	35.28	1.79	9.45	9.43	7.66	0.46	1.00	

* G2.6.3 refers to Exhibit G2, Tab 6, Schedule 3.

ALLOCATION OF RETURN & TAXES
 DEC. 31, 2013
 (millions of dollars)

ITEM NO.	DESCRIPTION	Col. 1 RATE BASE	Col. 2 RETURN & TAXES	Col. 3 RATE 1	Col. 4 RATE 6	Col. 5 RATE 9	Col. 6 RATE 100	Col. 7 RATE 110	Col. 8 RATE 115	Col. 9 RATE 125	Col. 10 RATE 135	Col. 11 RATE 145	Col. 12 RATE 170	Col. 13 RATE 200	Col. 14 RATE 300	Col. 15 RATE 300 Int.
SUPPLY COST																
PRODUCT COSTS																
1.1	Annual Commodity	16.87	1.46	0.83	0.57	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.03	0.00	0.00
1	Total Gas Cost	16.87	1.46	0.83	0.57	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.03	0.00	0.00
PIPELINE TRANS.																
2.1	Peak	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2	Seasonal	251.95	21.73	10.13	10.37	0.00	0.00	0.26	0.08	0.00	0.00	0.21	0.39	0.31	0.00	0.00
2.3	Annual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2	Total Pipeline Trans. Cost	251.95	21.73	10.13	10.37	0.00	0.00	0.26	0.08	0.00	0.00	0.21	0.39	0.31	0.00	0.00
FACILITIES COSTS																
STORAGE FACILITIES																
3.1	Deliverability	8.67	0.75	0.41	0.32	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
3.2	Space	5.57	0.48	0.22	0.23	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
3	Total Storage	14.24	1.23	0.64	0.55	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00
DISTRIBUTION FACILITIES																
4.1	Capacity TP	367.64	31.71	14.52	12.69	0.00	0.00	0.58	0.49	2.89	0.00	0.11	0.07	0.35	0.01	0.00
4.2	Capacity HP	155.82	13.44	6.85	5.98	0.00	0.00	0.27	0.23	0.00	0.00	0.05	0.03	0.00	0.00	0.01
4.3	Capacity LP	800.25	69.03	35.48	31.00	0.00	0.00	1.41	0.61	0.00	0.01	0.28	0.17	0.00	0.02	0.07
4.4	Commodity	0.16	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	Customer Plant	564.27	48.68	44.85	3.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Total Distribution	1,888.14	162.88	101.70	53.49	0.00	0.00	2.27	1.34	2.89	0.01	0.45	0.28	0.35	0.03	0.08
CUSTOMER RELATED																
5.1	Meters	302.21	26.07	14.82	10.88	0.00	0.00	0.11	0.02	0.15	0.02	0.06	0.02	0.00	0.00	0.00
5.2	Sales Stations	90.46	7.80	0.59	6.67	0.00	0.00	0.23	0.05	0.00	0.11	0.06	0.09	0.00	0.01	0.01
5.3	Services	1,313.88	113.34	101.20	11.97	0.00	0.00	0.06	0.01	0.01	0.01	0.04	0.03	0.00	0.00	0.00
5.4	Rentals	3.37	0.29	0.06	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.5	Comm./Ind. Customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.6	Contracts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.7	Direct Purchase	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.8	Total Customers	17.19	1.48	1.37	0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.9	Specific Classes	3.17	0.27	0.10	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.10	Readings Processed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.11	HST Revenue	(22.50)	(1.94)	(1.11)	(0.76)	(0.00)	(0.00)	(0.02)	(0.00)	0.00	(0.00)	(0.01)	(0.02)	(0.03)	0.00	0.00
5	Total Customer Related	1,707.78	147.32	117.02	29.16	0.13	0.00	0.38	0.08	0.16	0.15	0.15	0.13	(0.03)	0.01	0.01
6	CIS	70.50	12.70	11.70	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Total Facilities	3,949.48	347.32	242.02	95.14	0.13	0.00	2.93	1.50	3.04	0.15	0.82	0.81	0.66	0.04	0.09

ALLOCATION OF TOTAL COST OF SERVICE
 DEC. 31, 2013

(millions of dollars)

ITEM NO.	DESCRIPTION	O&M COSTS	Col. 2 NET INV. COSTS	Col. 3 TOTAL	Col. 4 RATE	Col. 5 RATE	Col. 6 RATE	Col. 7 RATE	Col. 8 RATE	Col. 9 RATE	Col. 10 RATE	Col. 11 RATE	Col. 12 RATE	Col. 13 RATE	Col. 14 RATE	Col. 15 RATE	Col. 16 RATE	Col. 17 RATE	ALLOCATION FACTORS	EXHIBIT	
																					1
SUPPLY COSTS																					
PRODUCT COSTS																					
1.1	Annual Commodity	645.65	0.09	645.74	368.12	251.99	0.17	0.00	6.20	0.26	0.00	0.06	2.31	5.09	11.54	0.00	0.00	0.00	0.00	1.1	
1.2	Bad Debt Commodity	6.00	0.00	6.00	2.90	3.07	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	1.5	
1.3	System Gas Fee	1.86	0.00	1.86	1.06	0.73	0.00	0.00	0.02	0.00	0.00	0.00	0.01	0.01	0.03	0.00	0.00	0.00	0.00		
1	Total Gas Cost	653.51	0.09	653.60	372.09	255.78	0.17	0.00	6.22	0.26	0.00	0.06	2.35	5.11	11.57	0.00	0.00	0.00	0.00		
PIPELINE TRANS.																					
2.1	Peak	57.97	0.00	57.97	36.01	27.85	0.00	0.00	0.55	0.20	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00	0.00	3.1	
2.2	Seasonal	4.92	1.38	6.30	2.94	3.01	0.00	0.00	0.07	0.02	0.00	0.00	0.06	0.11	0.09	0.00	0.00	0.00	0.00	3.2	
2.3	Annual - Transportation	469.82	0.00	469.82	247.07	199.12	0.11	0.00	7.64	0.76	0.00	1.21	2.49	4.11	7.31	0.00	0.00	0.00	0.00	1.2	
2.4	Interruptible Credit	0.00	0.00	(7.26)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.84)	(6.23)	(0.20)	0.00	0.00	0.00	0.00		
2.5	TS Revenue	0.00	(3.12)	(3.12)	(1.29)	(1.29)	(0.00)	0.00	(0.14)	(0.15)	0.00	(0.02)	(0.04)	(0.14)	(0.05)	0.00	0.00	0.00	0.00	1.2	
2	Total Pipeline Trans. Cost	532.71	(1.73)	530.98	284.72	228.68	0.11	0.00	8.13	0.84	0.00	1.19	1.67	(2.14)	7.78	0.00	0.00	0.00	0.00		
FACILITIES COSTS																					
STORAGE FACILITIES																					
3.1	Deliverability	95.27	0.17	95.90	52.94	40.94	0.00	0.00	0.81	0.30	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00	0.00	3.1	
3.2	Space	61.13	0.11	61.23	28.53	29.22	0.00	0.00	0.72	0.22	0.00	0.00	0.58	1.10	0.87	0.00	0.00	0.00	0.00	3.2	
3.3	Seasonal Credit	0.00	0.00	(0.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
3	Total Storage	156.39	0.27	156.67	81.48	70.16	0.00	0.00	1.53	0.51	0.00	(0.47)	0.58	1.10	1.77	0.00	0.00	0.00	0.00		
DISTRIBUTION FACILITIES																					
4.1	Capacity TP	56.93	30.09	87.02	39.85	34.82	0.00	0.00	1.59	1.36	7.92	0.01	0.31	0.19	0.95	0.02	0.00	0.00	0.00	2.1	
4.2	Capacity HP	9.47	12.75	22.22	11.32	9.89	0.00	0.00	0.45	0.39	0.00	0.00	0.09	0.05	0.00	0.01	0.02	0.00	0.00	2.2	
4.3	Capacity LP	55.09	65.50	120.59	61.97	54.15	0.00	0.00	2.47	1.06	0.00	0.01	0.49	0.30	0.00	0.03	0.12	0.00	0.00	2.3	
4.4	Commodity	11.22	(0.02)	11.20	4.64	4.65	0.00	0.00	0.49	0.54	0.00	0.06	0.15	0.52	0.16	0.00	0.00	0.00	0.00	1.2	
4.5	Bad Debt Distribution	15.30	0.00	15.30	7.43	7.80	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00		
4.6	Customer Plant	37.33	46.21	83.54	76.97	6.55	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.4	
4.7	DSM - Program	32.00	0.00	32.00	12.86	15.70	0.00	0.00	1.32	0.36	0.06	0.10	0.79	0.79	0.02	0.00	0.00	0.00	0.00		
4.8	DSM - General	13.33	0.00	13.33	5.02	6.80	0.00	0.00	0.59	0.16	0.02	0.04	0.35	0.35	0.01	0.00	0.00	0.00	0.00		
4	Total Distribution	230.67	154.53	385.20	220.06	140.35	0.01	0.00	6.90	3.86	8.00	0.22	2.25	2.21	1.14	0.06	0.14	0.00	0.00		
CUSTOMER RELATED																					
5.1	Meters	16.21	40.34	56.54	32.14	23.59	0.00	0.00	0.23	0.03	0.33	0.04	0.12	0.04	0.00	0.01	0.00	0.00	0.00	4.1	
5.2	Sales Stations	6.63	5.11	11.74	0.88	10.03	0.00	0.00	0.34	0.07	0.00	0.17	0.09	0.13	0.00	0.01	0.01	0.00	0.00	4.2	
5.3	Services	12.14	99.88	112.01	100.01	11.83	0.00	0.00	0.06	0.01	0.01	0.01	0.04	0.03	0.00	0.00	0.00	0.00	0.00	4.3	
5.4	Rentals	0.00	0.36	0.36	0.07	0.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.4	
5.5	Comm./Ind. Customers	7.75	0.00	7.75	0.00	7.72	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	4.6	
5.7	Direct Purchase	2.15	0.00	2.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5	
5.8	Total Customers	115.62	(13.08)	102.54	94.47	8.04	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	4.1	
5.9	Specific Classes	8.00	0.42	8.41	6.00	1.44	0.89	0.00	0.00	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5	
5.10	Readings Processed	13.69	0.00	13.69	12.54	1.13	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.8 & 4.9	
5.11	Large Volume Customer Care	2.48	0.00	2.48	0.00	2.48	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5	
5.12	Financing Costs	2.30	0.00	2.30	1.59	0.64	0.00	0.00	0.02	0.01	0.02	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	5	
5.13	CIS Depreciation	0.00	12.70	12.70	11.70	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
5	Total Customer Related	193.01	145.72	338.73	259.41	68.19	0.90	0.00	3.56	0.56	0.52	0.77	1.82	0.76	0.02	0.05	0.02	0.00	0.00	2.15	
6.1	Return	278.11	0.00	278.11	192.57	77.24	0.11	0.00	2.39	1.22	2.48	0.13	0.67	0.66	0.54	0.03	0.07	0.00	0.00	5	
6.2	Taxes	56.52	0.00	56.52	39.13	15.70	0.02	0.00	0.49	0.25	0.50	0.03	0.14	0.13	0.11	0.01	0.01	0.00	0.00	5	
6.3	CIS Return	4.60	0.00	4.60	4.24	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5	
6.4	CIS Tax	8.10	0.00	8.10	7.46	0.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5	
6	Return and Taxes	347.32	0.00	347.32	243.41	93.93	0.13	0.00	2.87	1.47	2.99	0.15	0.80	0.80	0.65	0.04	0.08	0.00	0.00		
7	Total Facilities	927.39	300.53	1,227.92	804.36	372.63	1.04	0.00	14.85	6.41	11.51	0.68	5.45	4.87	3.58	0.15	0.25	2.15	2.15		
8	Total Cost of Service	2,113.61	298.88	2,412.49	1,461.16	857.09	1.32	0.00	29.21	7.50	11.51	1.93	9.46	7.84	22.94	0.15	0.25	2.15	2.15		

**RATE BASE
FUNCTIONALIZATION FACTORS
DECEMBER 31, 2013**

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
	Total	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales Promotion	Customer Accounting	Unidentifiable	CIS
Gas Supply													
1.1	1.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Distribution Plant													
2.1	1.000	0.010	0.000	0.005	0.002	0.119	0.096	0.002	0.000	0.161	0.426	0.179	0.000
2.2	1.000	0.010	0.000	0.005	0.002	0.119	0.096	0.002	0.000	0.161	0.426	0.179	0.000
2.3	1.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000
2.4	1.000	0.000	0.000	0.503	0.497	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2.5	1.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2.6	1.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000
General Plant													
3.1	1.000	0.000	0.000	0.000	0.000	0.336	0.045	0.000	0.000	0.126	0.353	0.140	0.000
3.2	1.000	0.000	0.000	0.000	0.000	0.336	0.045	0.000	0.000	0.126	0.353	0.140	0.000
3.3	1.000	0.001	0.001	0.001	0.123	0.161	0.200	0.046	0.017	0.024	0.031	0.394	0.000
3.4	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.5	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.6	1.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000
3.7	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000
3.8	1.000	0.014	0.000	0.008	0.283	0.086	0.125	0.000	0.001	0.094	0.171	0.218	0.000
3.9	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.10	1.000	0.024	0.003	0.023	0.085	0.161	0.261	0.085	0.002	0.009	0.231	0.116	0.000
3.11	1.000	0.024	0.003	0.023	0.085	0.161	0.261	0.085	0.002	0.009	0.231	0.116	0.000
3.12	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
4.	1.000	0.000	0.000	0.000	0.000	0.436	0.564	0.000	0.000	0.000	0.000	0.000	0.000
5.	1.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

**WORKING CAPITAL AND
NET INVESTMENT
FUNCTIONALIZATION FACTORS
DECEMBER 31, 2013**

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
	Total	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales/Marketing	Customer Accounting	Unidentifiable	HST Revenue
1. Prepaid Expenses	1.000	0.000	0.000	0.000	0.000	0.123	0.123	0.000	0.000	0.009	0.000	0.746	0.000
Materials & Supplies													
2.1 Pipe	1.000	0.000	0.000	0.000	0.000	0.227	0.773	0.000	0.000	0.000	0.000	0.000	0.000
2.2 Tools	1.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000
2.3 Construction Supplies	1.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000
Net Investments													
3. Municipal Taxes	1.000	0.001	0.000	0.004	0.004	0.282	0.669	0.000	0.000	0.008	0.022	0.009	0.000
4. Capital Taxes	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

**CLASSIFICATION OF
 TRANSPORTATION COSTS**

(\$000)

Item No.	Description	Col. 1 <u>Total</u>	Col. 2 <u>Peak</u>	Col. 3 <u>Seasonal</u>	Col. 4 <u>Annual Delivery</u>	Col. 5 <u>Annual Commodity</u>
	FT TCPL					
1.1	Demand	295,650.6	47,732.9	0.0	247,917.8	0.0
1.2	Commodity	23,303.1	3,220.4	0.0	20,082.8	0.0
1.3	Unutilized Transport. Cost	2,833.8	2,833.8	0.0	0.0	0.0
	Alliance					
2.1	Demand	41,105.6	0.0	0.0	41,105.6	0.0
2.2	Commodity	0.0	0.0	0.0	0.0	0.0
3	Vector Demand	64,623.8	0.0	0.0	64,623.8	0.0
4	US Transportation	0.0	0.0	0.0	0.0	0.0
5	NOVA Demand	6,757.8	0.0	0.0	6,757.8	0.0
6	Michcon/ANR/Link	0.0	0.0	0.0	0.0	0.0
	OTHER					
7.1	Fuel	7,571.7	0.0	0.0	0.0	7,571.7
7.2	Delivery Pr. Diff	0.0	0.0	0.0	0.0	0.0
7.3	Upstream Diff.	0.0	0.0	0.0	0.0	0.0
8	Total	441,846.5	53,787.0	0.0	380,487.7	7,571.7

**CLASSIFICATION OF
STORAGE AND TRANSPORTATION**

(\$000)

Item No.	Description	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
		<u>Tecumseh O&M</u>	<u>Annual Cost</u>	<u>Deliver- ability</u>	<u>Seasonal Space</u>	<u>Winter</u>	<u>Annual Commodity</u>
TECUMSEH							
TRANSMISSION							
1.1	Annual Demand	6,446.5	6,446.5	0.0	6,446.5	0.0	0.0
1.2	Daily Demand	11,791.8	11,791.8	11,791.8	0.0	0.0	0.0
1.3	In/out	4,379.5	4,379.5	0.0	4,379.5	0.0	0.0
1.4	Fuel	3,606.0	3,606.0	0.0	3,606.0	0.0	0.0
1.5	Transactional Services Revenues	(1,684.2)	(1,684.2)	(1,010.5)	(673.7)	0.0	0.0
		-----	-----	-----	-----	-----	-----
1.	Total Transmission	24,539.6	24,539.6	10,781.3	13,758.3	0.0	0.0
STORAGE							
2.1	Annual Demand	6,228.4	6,228.4	0.0	6,228.4	0.0	0.0
2.2	Daily Demand	11,513.7	11,513.7	11,513.7	0.0	0.0	0.0
2.3	In/out	722.8	722.8	0.0	722.8	0.0	0.0
2.4	Transactional Services Revenues	(1,315.8)	(1,315.8)	(789.5)	(526.3)	0.0	0.0
		-----	-----	-----	-----	-----	-----
2.	Total Storage	17,149.1	17,149.1	10,724.2	6,424.9	0.0	0.0
3.	Total Tecumseh	41,688.7	41,688.7	21,505.5	20,183.2	0.0	0.0
UNION GAS							
STORAGE							
4.1	Space		9,119.3	0.0	9,119.3	0.0	0.0
4.2	Peak		11,145.8	11,145.8	0.0	0.0	0.0
4.3	Injection		125.4	0.0	125.4	0.0	0.0
4.4	Withdrawal		114.2	0.0	114.2	0.0	0.0
	Chatham D		131.9	0.0	131.9	0.0	0.0
			-----	-----	-----	-----	-----
4.	Total Storage		20,636.5	11,145.8	9,490.8	0.0	0.0
TRANSMISSION							
5.1	Demand with comp.		62,221.5	38,769.7	23,451.9	0.0	0.0
5.2	Company Production M13		0.0	0.0	0.0	0.0	0.0
5.3	US Trns. C1		0.0	0.0	0.0	0.0	0.0
5.4	Fuel		16,897.1	10,528.4	6,368.7	0.0	0.0
5.5	Interruptible Margin Rebate		0.0	0.0	0.0	0.0	0.0
			-----	-----	-----	-----	-----
5.	Total Transportation		79,118.6	49,298.1	29,820.5	0.0	0.0
6.	SNG Premium		0.0	0.0	0.0	0.0	0.0
DEHYDRATION							
7.1	Demand		997.6	997.6	0.0	0.0	0.0
7.2	Commodity		185.2	0.0	185.2	0.0	0.0
			-----	-----	-----	-----	-----
7.	Total Dehydration		1,182.8	997.6	185.2	0.0	0.0
8.	Total Union		100,937.9	61,441.5	39,496.5	0.0	0.0
TRANSCANADA							
9.1	STS and Other		10,061.3	10,061.3	0.0	0.0	0.0
			-----	-----	-----	-----	-----
9.	Total TransCanada		10,061.3	10,061.3	0.0	0.0	0.0
			-----	-----	-----	-----	-----
10.	TOTAL STORAGE & TRANSP.	41,688.7	152,688.0	93,008.3	59,679.7	0.0	0.0
11.	Less Union M13		0.0	0.0	0.0	0.0	0.0
12.	Less Union C1		0.0	0.0	0.0	0.0	0.0
			-----	-----	-----	-----	-----
13.	COST TO OPERATIONS	41,688.7	152,688.0	93,008.3	59,679.7	0.0	0.0

ALLOCATION FACTORS
 DEC. 31, 2013

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15
FACTOR	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	Direct
TOTAL	1	6	9	100	110	115	125	135	145	170	200	300 Firm	300 Int	Purchase	
COMMODITY RESPONSIBILITY															
1.1 Annual Sales	6,950.9	3,962.6	2,712.5	1.8	0.0	66.8	2.8	0.0	0.6	24.9	54.8	124.2	0.0	0.0	0.0
1.2 Bundled Annual Deliveries	11,199.6	4,637.5	4,645.7	2.0	0.0	487.6	539.4	0.0	55.2	152.8	516.4	163.1	0.0	0.0	0.0
1.3 Total Annual Deliveries	11,230.6	4,637.5	4,645.7	2.0	0.0	487.6	539.4	0.0	55.2	152.8	516.4	163.1	0.0	31.0	0.0
1.4 Bundled Peak Delivery	99,183.5	49,980.9	43,671.8	1.0	0.0	1,988.5	1,703.0	0.0	7.1	392.7	241.7	1,196.7	0.0	0.0	0.0
1.5 System Gas Sales	6,950.9	3,962.6	2,712.5	1.8	0.0	66.8	2.8	0.0	0.6	24.9	54.8	124.2	0.0	0.0	0.0
DISTRIBUTION CAPACITY RESPONSIBILITY															
2.1 Delivery Demand TP	109,147.1	49,980.9	43,671.8	4.0	0.0	1,988.5	1,703.0	9,935.4	7.1	392.7	241.7	1,196.7	25.2	0.0	0.0
2.2 Delivery Demand HP	98,108.5	49,980.9	43,671.8	4.0	0.0	1,988.5	1,703.0	0.0	7.1	392.7	241.7	0.0	25.2	93.5	0.0
2.3 Delivery Demand LP	97,262.2	49,980.9	43,671.8	4.0	0.0	1,988.5	856.7	0.0	7.1	392.7	241.7	0.0	25.2	93.5	0.0
2.4 Cust. Rel Plant	2,020,962	1,862,034	158,495	9	0	201	30	5	38	108	38	1	2	1	0.0
STORAGE RESPONSIBILITY															
3.1 Deliverability	52.2	28.8	22.3	0.0	0.0	0.4	0.2	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
3.2 Space	2,737.7	1,275.7	1,306.3	0.0	0.0	32.2	9.7	0.0	0.0	26.0	49.0	38.8	0.0	0.0	0.0
CUSTOMER RESPONSIBILITY															
4.1 Meters	404,900.0	230,175.0	168,938.8	27.5	0.0	1,633.0	244.5	2,335.8	309.8	860.8	309.8	0.0	56.9	8.2	0.0
4.2 Sales Stations	182,150.0	13,691.7	155,622.1	56.0	0.0	5,349.0	1,090.2	0.0	2,593.1	1,452.3	2,049.2	0.0	124.0	122.4	0.0
4.3 Services	2,246,400.0	2,005,708.3	237,283.0	20.5	0.0	1,187.1	284.0	121.8	283.6	760.3	688.4	0.0	44.9	18.1	0.0
4.4 Rental Equipment	0.3	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.5 Total Customer Count	2,020,962	1,862,034	158,495	9	0	201	30	5	38	108	38	1	2	1	0.0
4.6 Comm/Ind. Customer Count	158,928	0	158,495	9	0	201	30	5	38	108	38	1	2	1	0.0
4.7 Contracts	424	0	0	0	0	201	30	5	38	108	38	1	2	1	0.0
4.8 Chart Readings non AMR per Year	74,351	0	72,166	120	0	156	0	60	60	389	365	0	730	365	0.0
4.9 Chart Readings AMR per Year	2,613	0	2,150	7	0	199	35	5	37	134	46	0	0	0	0.0
4.10 Meter Readings per Year	12,123,162	11,172,204	950,958	0	0	0	0	0	0	0	0	0	0	0	0.0
4.11 Direct Purchase Customers	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1.0
5. Rate Base	3,949.5	2,734.8	1,096.9	1.5	0.0	33.9	17.3	35.3	1.8	9.5	9.4	7.7	0.5	1.0	0.0

ALLOCATION PERCENTAGES
 DEC. 31, 2013

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	Col. 15
FACTOR	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	Direct
TOTAL	1	6	9	100	110	115	125	135	145	170	200	300	300 Int	Purchase	
COMMODITY RESPONSIBILITY															
1.1 Annual Sales	1.0000	0.5701	0.3902	0.0003	0.0000	0.0096	0.0004	0.0000	0.0001	0.0036	0.0079	0.0179	0.0000	0.0000	0.0000
1.2 Bundled Annual Deliveries	1.0000	0.4141	0.4148	0.0002	0.0000	0.0435	0.0482	0.0000	0.0049	0.0136	0.0461	0.0146	0.0000	0.0000	0.0000
1.3 Total Annual Deliveries	1.0000	0.4129	0.4137	0.0002	0.0000	0.0434	0.0480	0.0000	0.0049	0.0136	0.0460	0.0145	0.0000	0.0028	0.0000
1.4 Bundled Peak Delivery	1.0000	0.5039	0.4403	0.0000	0.0000	0.0200	0.0172	0.0000	0.0001	0.0040	0.0024	0.0121	0.0000	0.0000	0.0000
1.5 System Gas Sales	1.0000	0.5701	0.3902	0.0003	0.0000	0.0096	0.0004	0.0000	0.0001	0.0036	0.0079	0.0179	0.0000	0.0000	0.0000
DISTRIBUTION CAPACITY RESPONSIBILITY															
2.1 Delivery Demand TP	1.0000	0.4579	0.4001	0.0000	0.0000	0.0182	0.0156	0.0910	0.0001	0.0036	0.0022	0.0110	0.0000	0.0000	0.0000
2.2 Delivery Demand HP	1.0000	0.5094	0.4451	0.0000	0.0000	0.0203	0.0174	0.0000	0.0001	0.0040	0.0025	0.0000	0.0003	0.0010	0.0000
2.3 Delivery Demand LP	1.0000	0.5139	0.4490	0.0000	0.0000	0.0204	0.0088	0.0000	0.0001	0.0040	0.0025	0.0000	0.0003	0.0010	0.0000
2.4 Cust. Rel Plant	1.0000	0.9214	0.0784	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
STORAGE RESPONSIBILITY															
3.1 Deliverability	1.0000	0.5521	0.4269	0.0000	0.0000	0.0084	0.0031	0.0000	0.0000	0.0000	0.0000	0.0094	0.0000	0.0000	0.0000
3.2 Space	1.0000	0.4660	0.4772	0.0000	0.0000	0.0117	0.0035	0.0000	0.0000	0.0095	0.0179	0.0142	0.0000	0.0000	0.0000
CUSTOMER RESPONSIBILITY															
4.1 Meters	1.0000	0.5685	0.4172	0.0001	0.0000	0.0040	0.0006	0.0058	0.0008	0.0021	0.0008	0.0000	0.0001	0.0000	0.0000
4.2 Sales Stations	1.0000	0.0752	0.8544	0.0003	0.0000	0.0294	0.0060	0.0000	0.0142	0.0080	0.0113	0.0000	0.0007	0.0000	0.0000
4.3 Services	1.0000	0.8929	0.1056	0.0000	0.0000	0.0005	0.0001	0.0001	0.0001	0.0003	0.0003	0.0000	0.0000	0.0000	0.0000
4.4 Rental Equipment	1.0000	0.2000	0.8000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4.5 Total Customer Count	1.0000	0.9214	0.0784	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
4.6 Comm/Ind. Customer Count	1.0000	0.0000	0.9973	0.0001	0.0000	0.0013	0.0002	0.0000	0.0002	0.0007	0.0002	0.0000	0.0000	0.0000	0.0000
4.7 Contracts	1.0000	0.0000	0.0000	0.0000	0.0000	0.4741	0.0708	0.0118	0.0896	0.2547	0.0896	0.0024	0.0047	0.0024	0.0000
4.8 Chart Readings non AMR per Year	1.0000	0.0000	0.9706	0.0016	0.0000	0.0021	0.0000	0.0000	0.0008	0.0052	0.0049	0.0000	0.0098	0.0049	0.0000
4.9 Chart Readings AMR per Year	1.0000	0.0000	0.8228	0.0027	0.0000	0.0762	0.0134	0.0019	0.0142	0.0513	0.0176	0.0000	0.0000	0.0000	0.0000
4.10 Meter Readings per Year	1.0000	0.9216	0.0784	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4.11 Separation Expense Allocator	1.0000	0.7750	0.2250	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4.12 Direct Purchase Customers	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	1.0000
5. Rate Base	1.0000	0.6924	0.2777	0.0004	0.0000	0.0086	0.0044	0.0089	0.0005	0.0024	0.0024	0.0019	0.0001	0.0003	0.0000

Allocation of DSM Program and General Costs Including Fringe Benefits and A&G

DEC. 31, 2013

(millions of dollars)

	<u>RATE 1</u>	<u>RATE 6</u>	<u>RATE 9</u>	<u>RATE 100</u>	<u>RATE 110</u>	<u>RATE 115</u>	<u>RATE 125</u>	<u>RATE 135</u>	<u>RATE 145</u>	<u>RATE 170</u>	<u>RATE 200</u>	<u>RATE 300</u>
Total												
DSM Program and General Costs	7.56	13.50	0.00	0.00	1.24	0.32	0.00	0.09	0.74	0.75	0.00	0.00
DSM Low Income Program and General Costs	4.93	2.04	0.00	0.00	0.07	0.04	0.05	0.01	0.05	0.04	0.00	0.00
Fringe Benefits	1.82	2.46	0.00	0.00	0.21	0.06	0.01	0.02	0.13	0.13	0.00	0.00
A&G	3.58	4.50	0.00	0.00	0.38	0.10	0.02	0.03	0.23	0.23	0.01	0.00
Total Fully-Allocated DSM Costs	17.89	22.50	0.00	0.00	1.90	0.52	0.08	0.14	1.13	1.15	0.03	0.01
Breakdown of DSM Program and General Costs:												
DSM Program Costs	6.06	10.81	0.00	0.00	0.99	0.25	0.00	0.08	0.59	0.60	0.00	0.00
DSM Low Income Program Costs	4.23	1.75	0.00	0.00	0.06	0.03	0.05	0.00	0.04	0.03	0.02	0.00
Program Costs Subtotal	10.29	12.56	0.00	0.00	1.05	0.29	0.05	0.08	0.63	0.63	0.02	0.00
A&G	2.57	3.14	0.00	0.00	0.26	0.07	0.01	0.02	0.16	0.16	0.00	0.00
Total	12.86	15.70	0.00	0.00	1.32	0.36	0.06	0.10	0.79	0.79	0.02	0.00
DSM General Costs	1.51	2.69	0.00	0.00	0.25	0.06	0.00	0.02	0.15	0.15	0.00	0.00
DSM Low Income General Costs	0.69	0.29	0.00	0.00	0.01	0.01	0.01	0.00	0.01	0.01	0.00	0.00
General Costs Subtotal	2.20	2.98	0.00	0.00	0.26	0.07	0.01	0.02	0.15	0.16	0.00	0.00
Fringe Benefits	1.82	2.46	0.00	0.00	0.21	0.06	0.01	0.02	0.13	0.13	0.00	0.00
A&G	1.00	1.36	0.00	0.00	0.12	0.03	0.00	0.01	0.07	0.07	0.00	0.00
Total	5.02	6.80	0.00	0.00	0.59	0.16	0.02	0.04	0.35	0.35	0.01	0.00
45.33	17.89	22.50	0.00	0.00	1.90	0.52	0.08	0.14	1.13	1.15	0.03	0.01

TECUMSEH GAS
FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE
2013 TEST YEAR

(\$000)

Item No.	Description	Functional Allocation T/C	FUNCTIONALIZATION			CLASSIFICATION			Pool Storage Space			
			Net Investment Avg. of Mnthly Avg.	Transmission & Compression	Pool Storage Space	Net Investment Avg. of Mnthly Avg.	Transmission & Compression	Pool Storage Space	Net Investment Avg. of Mnthly Avg.	Transmission & Compression	Pool Storage Space	
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
1.1	Transmission Lines	100%	6,907.7	6,907.7	6,907.7	40%	2,763.1	4,144.6	40%	60%	0.0	0.0
1.2	Compressor Equipment	100%	63,895.8	63,895.8	63,895.8	40%	25,558.3	38,337.5	40%	60%	0.0	0.0
1.3	Structures & Improvements	100%	10,563.4	10,563.4	10,563.4	40%	4,225.4	6,338.0	40%	60%	0.0	0.0
1.4	Office and Plant Equipment	100%	1,615.8	1,615.8	1,615.8	40%	646.3	969.5	40%	60%	0.0	0.0
1.5	Land	100%	2,982.4	2,982.4	2,982.4	40%	1,193.0	1,789.4	40%	60%	0.0	0.0
1.6.1	Allowance for - Mat'ls & Supplies	100%	2,460.3	2,460.3	2,460.3	40%	984.1	1,476.2	40%	60%	0.0	0.0
1.6.2	Working Capital - Working Cash Allow.	100%	1,400.0	1,400.0	1,400.0	40%	560.0	840.0	40%	60%	0.0	0.0
1.7	Provision for LUF	69%	0.0	0.0	0.0	40%	0.0	0.0	40%	60%	0.0	0.0
1.			89,825.4	89,825.4	89,825.4		35,930.2	53,895.2				
2.1	Field Lines	0%	32,400.2	32,400.2	32,400.2	40%	0.0	0.0	40%	60%	12,960.1	19,440.1
2.2	Wells	0%	30,989.3	30,989.3	30,989.3	40%	0.0	0.0	40%	60%	12,395.7	18,593.6
2.3	Well Equipment	0%	4,284.4	4,284.4	4,284.4	40%	0.0	0.0	40%	60%	1,713.8	2,570.6
2.4	Measuring & Regulating	0%	8,023.2	8,023.2	8,023.2	40%	0.0	0.0	40%	60%	3,209.3	4,813.9
2.5	Gas Storage Rights	0%	18,189.9	18,189.9	18,189.9	40%	0.0	0.0	40%	60%	7,276.0	10,913.9
2.6	Petroleum and Natural Gas Leases	0%	0.0	0.0	0.0	40%	0.0	0.0	40%	60%	0.0	0.0
2.7	Base Pressure Gas	0%	40,898.9	40,898.9	40,898.9	40%	0.0	0.0	40%	60%	16,359.6	24,539.3
2.8	Other	0%	0.0	0.0	0.0	40%	0.0	0.0	40%	60%	0.0	0.0
2.			134,785.9	134,785.9	134,785.9						53,914.4	80,871.5
3.	Total		224,611.3	89,825.4	134,785.9		35,930.2	53,895.2			53,914.4	80,871.5
4.	Percentage Allocation		1,742.1	39.991%	60.009%		40.000%	60.000%			40.000%	60.000%

TECUMSEH GAS
FUNCTIONAL ALLOCATION OF COST OF SERVICE
2013 TEST YEAR

		Col.1	Col.2	Col.3	Col.4	Col.5
Item	Functional			Utility	Transmission	Pool
<u>No.</u>	<u>T/C</u>	<u>Pool</u>		<u>Return &</u>	<u>&</u>	<u>Storage</u>
				<u>Expenses</u>	<u>Compression</u>	
RATE BASE RETURN AMOUNT				(\$000)	(\$000)	(\$000)
1.1	Utility Return	45%	55%	19,376.3	8,719.3	10,656.9
1.	Total Return	0%	0%	19,376.3	8,719.3	10,656.9
EXPENSES - OPERATION						
2.1.1	Labour	75%	25%	1,358.3	1,018.7	339.6
2.1.2	Supplies & Other		10%	565.5	509.0	56.6
2.1.3	Hydro	100%	0%	358.0	358.0	
2.1.4	Lease Rentals	0%	100%	1,576.0		1,576.0
2.1.5	Surface Rentals	0%	100%	338.0		338.0
2.1.6	Provision for LUF	87%	13%	3,751.8	3,264.1	487.7
2.1	Subtotal			7,947.7	5,149.8	2,797.9
MAINTENANCE						
2.2.1	Company	80%	20%	1,470.6	1,176.5	294.1
2.2.2	Contractor	55%	45%	1,515.5	833.5	682.0
2.2	Subtotal			2,986.2	2,010.0	976.1
ADMINISTRATIVE & GENERAL						
2.3.1	General Office	75%	25%	2,924.9	2,193.7	731.2
2.3.2	Service Fees	75%	25%	2,650.1	1,987.6	662.5
2.3.3	Overhead Capitalized	75%	25%	(908.9)	(681.7)	(227.2)
2.3	Subtotal			4,666.1	3,499.6	1,166.5
DEPRECIATION AND AMORTIZATION						
2.4.1	Depreciation	56%	44%	5,502.4	3,086.3	2,416.1
2.4.2	Amortization	0%	100%	497.9		497.9
2.4	Subtotal			6,000.3	3,086.3	2,914.0
TAXES - OTHER THAN INCOME						
2.5.1	Municipal	80%	20%	2,261.1	1,808.9	452.2
2.5.2	Capital	45%	55%			
2.5	Subtotal			2,261.1	1,808.9	452.2
2. TOTAL EXPENSES				23,861.4	15,554.6	8,306.7
3. REVENUE REQUIREMENT BEFORE TAXES				43,237.6	24,273.9	18,963.6

TECUMSEH GAS
 CLASSIFICATION OF COST OF SERVICE
 2013 TEST YEAR
 (\$000)

Item No.	Functional Allocation	Pool T/C	Utility Return & Expenses	Transmission & Compression	Storage Space	Transmission & Compression			Storage			Pool Storage		
						Alloc'tn Ann	Dly Demand	Annual Demand	Storage Total	Union Transfer	Net Recumseh	Alloc'tn Ann	Dly Demand	Annual Demand
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13	Col. 14	
RATE BASE RETURN AMOUNT														
1.1	45%	55%	19,376.3	8,719.3	10,656.9	8,719.3	3,051.8	5,667.6	10,656.9	0.0	10,656.9	3,729.9	6,927.0	
1.			19,376.3	8,719.3	10,656.9	8,719.3	3,051.8	5,667.6	10,656.9	0.0	10,656.9	3,729.9	6,927.0	
EXPENSES - OPERATION														
2.1.1	75%	25%	1,358.3	1,018.7	339.6	1,018.7	356.5	662.2	319.7	19.9	319.7	111.9	207.8	
2.1.2	90%	10%	565.5	509.0	56.6	509.0	101.8	152.7	53.3	3.3	53.3	16.0	24.0	13.3
2.1.3	100%	0%	358.0	358.0		358.0	71.6	107.4	179.0			0%		
2.1.4	0%	100%	1,576.0		1,576.0				1,576.0		1,576.0	551.6	1,024.4	
2.1.5	0%	100%	338.0		338.0				338.0	19.8	318.2	111.4	206.9	
2.1.6	87%	13%	3,751.8	3,264.1	487.7	3,264.1	529.9	922.3	487.7	0.0	487.7	790.9	1,463.1	487.7
2.1			7,947.7	5,149.8	2,797.9	5,149.8	2,797.9	2,797.9	2,755.0	42.9	2,755.0	790.9	1,463.1	501.0
MAINTENANCE														
2.2.1	80%	20%	1,470.6	1,176.5	294.1	1,176.5	353.3	353.0	276.9	17.2	276.9	83.1	124.6	69.2
2.2.2	55%	45%	1,515.5	833.5	682.0	833.5	166.7	250.1	416.7	39.9	642.1	192.6	289.0	160.5
2.2			2,986.2	2,010.0	976.1	2,010.0	402.0	603.1	1,004.9	57.1	919.0	275.7	413.6	229.7
ADMINISTRATIVE & GENERAL														
2.3.1	75%	25%	2,924.9	2,193.7	731.2	2,193.7	767.8	1,425.9	688.5	42.7	688.5	241.0	447.5	
2.3.2	75%	25%	2,650.1	1,987.6	662.5	1,987.6	695.7	1,291.9	623.8	38.7	623.8	218.3	405.5	
2.3.3	75%	25%	(908.9)	(681.7)	(227.2)	(681.7)	(238.6)	(443.1)	(227.2)	0.0	(227.2)	(79.5)	(147.7)	
2.3			4,666.1	3,499.6	1,166.5	3,499.6	1,224.9	2,274.7	1,166.5	81.5	1,085.0	379.8	705.3	0.0
DEPRECIATION AND AMORTIZATION														
2.4.1	56%	44%	5,502.4	3,086.3	2,416.1	3,086.3	1,080.2	2,006.1	2,416.1	138.4	2,277.7	797.2	1,480.5	0.0
2.4.2	0%	100%	497.9	497.9		497.9	1,080.2	2,006.1	497.9	0.0	497.9	174.3	323.6	0.0
2.4			6,000.3	3,086.3	2,914.0	3,086.3	1,080.2	2,006.1	2,914.0	138.4	2,775.6	971.5	1,804.1	
TAXES - OTHER THAN INCOME														
2.5.1	80%	20%	2,261.1	1,808.9	452.2	1,808.9	633.1	1,175.8	452.2	26.4	425.8	149.0	276.7	
2.5.2	45%	55%	0.0	0.0	0.0	0.0	633.1	1,175.8	0.0	26.4	425.8	149.0	276.7	
2.5			2,261.1	1,808.9	452.2	1,808.9	633.1	1,175.8	452.2	26.4	425.8	149.0	276.7	
TOTAL EXPENSES														
2.			23,861.4	15,554.6	8,306.7	15,554.6	3,870.1	6,982.0	8,306.7	346.3	7,960.4	2,566.9	4,662.8	730.7
3.			43,237.6	24,273.9	18,963.6	24,273.9	6,921.9	12,649.6	4,702.5	346.3	18,617.3	6,296.8	11,589.8	730.7
4.1			43,237.6	24,273.9	18,963.6	24,273.9	6,921.9	12,649.6	4,702.5	346.3	18,617.3	6,296.8	11,589.8	730.7
4.2			43,237.6	24,273.9	18,963.6	24,273.9	6,921.9	12,649.6	4,702.5	346.3	18,617.3	6,296.8	11,589.8	730.7
3.1.1							404.6	779.9	274.9			0.0	0.0	0.0
3.1.2							70.8	77.9	48.1			68.4	76.1	7.9
3.1.3							0.0	0.0	0.0			0.0	0.0	0.0
3.1							6,446.5	11,791.8	4,379.5			6,228.4	11,513.7	722.8

**TECUMSEH GAS
RATE DERIVATION
2013 TEST YEAR**

<u>Item No.</u>	<u>Transmission and Compression</u>	Col.1			Col.2			Col.3		
		<u>Annual Demand</u>	<u>Daily Demand</u>	<u>Commodity</u>	<u>Annual Demand</u>	<u>Daily Demand</u>	<u>Commodity</u>	<u>Annual Demand</u>	<u>Daily Demand</u>	<u>Commodity</u>
1.1	Cost of service	6,921.9	12,649.6	4,702.5						
1.2	Forecasted Gas Volumes	2,771,173.1	45,985.2	5,541,951.2						
1.3.1	Unit Cost - Annual (\$/10 ³ m ³)	2.498	275.080	0.849						
1.3.2	Unit Cost - Monthly (\$/10 ³ m ³ /month)	0.208	22.923	0.000						
1.3.3	Unit Cost - Rounded (\$/10 ³ m ³)	0.208	22.923	0.849						
1.4	Fuel Ratio (%)			0.35						
<u>Pool Storage</u>										
2.1	Cost of Service Analysis (\$000's)	6,296.8	11,589.8	730.7						
2.2	Forecasted Gas Volumes (10 ³ m ³)	2,609,173.1	43,150.2	5,217,951.2						
2.3.1	Unit Cost - Annual (\$/10 ³ m ³)	2.4133	268.5918	0.1400						
2.3.2	Unit Cost - Monthly (\$/10 ³ m ³ /month)	0.2011	22.3826	0.0000						
2.3.3	Unit Cost - Rounded (\$/10 ³ m ³)	0.2011	22.3826	0.1400						

TECUMSEH GAS
 ISOLATION OF TRANSMISSION RELATED RATE BASE
 2013 TEST YEAR

(\$000)

Item No.	Description	Functional Allocation T/C	Pool	Investment Avg. of Mnthly Avg.	Transmission & Compression	Pool Storage Space	ELIMINATION OF COMPRESSION COSTS			TRANSMISSION COSTS		
							Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
FUNCTIONALIZATION TOTAL COSTS										TRANSMISSION COSTS		
1.1	Transmission Lines	100%	0%	6,907.7	6,907.7	0.0	0.0	0.0	0.0	6,907.7	0.0	0.0
1.2	Compressor Equipment	100%	0%	63,895.8	63,895.8	0.0	0.0	(58,039.6)	0.0	5,856.2	0.0	0.0
1.3	Structures & Improvements	100%	0%	10,563.4	10,563.4	0.0	0.0	(10,399.2)	0.0	164.2	0.0	0.0
1.4	Office and Plant Equipment	100%	0%	1,615.8	1,615.8	0.0	0.0	(1,136.6)	0.0	479.2	0.0	0.0
1.5	Land	100%	0%	2,982.4	2,982.4	0.0	0.0	(188.7)	0.0	2,793.7	0.0	0.0
1.6.1	Allowance for - Mat'ls & Supplies	100%	0%	2,460.3	2,460.3	0.0	0.0	(2,465.0)	0.0	(4.7)	0.0	0.0
1.6.2	- Working Cash Allow.	100%	0%	1,400.0	1,400.0	0.0	0.0	(1,372.3)	0.0	27.7	0.0	0.0
1.7	Provision for LUF	69%	31%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.				89,825.4	89,825.4	0.0	0.0	(73,601.4)	0.0	16,224.0	0.0	0.0
2.1	Field Lines	0%	100%	32,400.2	0.0	32,400.2	0.0	(32,400.2)	0.0	0.0	0.0	0.0
2.2	Wells	0%	100%	30,989.3	0.0	30,989.3	0.0	(30,989.3)	0.0	0.0	0.0	0.0
2.3	Well Equipment	0%	100%	4,284.4	0.0	4,284.4	0.0	(4,284.4)	0.0	0.0	0.0	0.0
2.4	Measuring & Regulating	0%	100%	8,023.2	0.0	8,023.2	0.0	(8,023.2)	0.0	0.0	0.0	0.0
2.5	Gas Storage Rights	0%	100%	18,189.9	0.0	18,189.9	0.0	(18,189.9)	0.0	0.0	0.0	0.0
2.6	Petroleum and Natural Gas Leases	0%	100%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.7	Base Pressure Gas	0%	100%	40,898.9	0.0	40,898.9	0.0	(40,898.9)	0.0	0.0	0.0	0.0
2.8	Other	0%	100%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.				134,785.9	0.0	134,785.9	0.0	(134,785.9)	0.0	0.0	0.0	0.0
3.	Total			224,611.3	89,825.4	134,785.9	(73,601.4)	(134,785.9)	16,224.0	0.0	0.0	0.0

TECUMSEH GAS
ISOLATION OF TRANSMISSION RELATED COST OF SERVICE
2013 TEST YEAR

	Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7	Col.8	Col.9	
	TOTAL COST OF SERVICE					ELIMINATION OF COMPRESSION COSTS		TRANSMISSION COSTS		
Item No.	Functional Allocation T/C	Pool	Utility Return & Expenses	Transmission & Compression	Pool Storage	Compression	Pool Storage	Transmission	Pool Storage	
RATE BASE RETURN AMOUNT			(\$000)	(\$000)	(\$000)					
1.1	Utility Return (net of fuel)	40%	60%	19,376.3	7,750.5	11,625.8	(6,350.9)	(11,625.8)	1,399.6	0.0
1.	Total Return	0%	0%	19,376.3	7,750.5	11,625.8	(6,350.9)	(11,625.8)	1,399.6	0.0
EXPENSES - OPERATION										
2.1.1	Labour	80%	20%	1,358.3	1,086.6	271.7	(1,086.6)	(271.7)	0.0	0.0
2.1.2	Supplies & Other	90%	10%	565.5	509.0	56.6	(509.0)	(56.6)	0.0	0.0
2.1.3	Compressor Station Fuel	100%	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.4	Compressor Station Fuel	100%	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.5	Other Fuel	100%	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.6	Other Fuel	100%	0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.7	Hydro	100%	0%	358.0	358.0	0.0	(358.0)	0.0	0.0	0.0
2.1.8	Lease Rentals	0%	100%	1,576.0	0.0	1,576.0	0.0	(1,576.0)	0.0	0.0
2.1.9	Surface Rentals	0%	100%	338.0	0.0	338.0	0.0	(338.0)	0.0	0.0
2.1.10	Provision for LUF	69%	31%	3,751.8	2,588.8	1,163.1	(2,588.8)	(1,163.1)	0.0	0.0
2.1	Subtotal			7,947.7	4,542.4	3,405.3	(4,542.4)	(3,405.3)	0.0	0.0
MAINTENANCE										
2.2.1	Company	90%	10%	1,470.6	1,323.6	147.1	(1,307.8)	(147.1)	15.8	0.0
2.2.2	Contractor	80%	20%	1,515.5	1,212.4	303.1	(1,180.4)	(303.1)	32.0	0.0
2.2	Subtotal			2,986.2	2,536.0	450.2	(2,488.2)	(450.2)	47.8	0.0
ADMINISTRATIVE & GENERAL										
2.3.1	General Office	80%	20%	2,924.9	2,339.9	585.0	(2,316.5)	(585.0)	23.4	0.0
2.3.2	Service Fees	80%	20%	2,650.1	2,120.1	530.0	(2,116.4)	(530.0)	3.7	0.0
2.3.3	Overhead Capitalized	80%	20%	(908.9)	(727.1)	(181.8)		181.8	(65.7)	0.0
2.3	Subtotal			4,666.1	3,732.9	933.2	(4,432.9)	(933.2)	(38.5)	0.0
DEPRECIATION AND AMORTIZATION										
2.4.1	Depreciation	56%	44%	5,502.4	3,086.3	2,416.1	(2,901.8)	(2,416.1)	184.5	0.0
2.4.2	Amortization	0%	100%	497.9	0.0	497.9	0.0	(497.9)	0.0	0.0
2.4	Subtotal			6,000.3	3,086.3	2,914.0	(2,901.8)	(2,914.0)	184.5	0.0
TAXES - OTHER THAN INCOME										
2.5.1	Municipal	80%	20%	2,261.1	1,808.9	452.2	(1,508.9)	(452.2)	300.0	0.0
2.5.2	Capital	40%	60%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.5	Subtotal			2,261.1	1,808.9	452.2	(1,508.9)	(452.2)	300.0	0.0
2.	TOTAL EXPENSES			23,861.4	15,706.5	8,154.9	(15,874.2)	(8,154.9)	493.8	0.0
3.	REVENUE REQUIREMENT BEFORE TAXES			43,237.6	23,457.0	19,780.6	(22,225.1)	(19,780.6)	1,893.3	0.0

**FUNCTIONALIZATION OF SHORT CYCLE
NET REVENUES TO IN/EX FRANCHISE CUSTOMERS
2013 TEST YEAR
(\$'000)**

Item No.	Description	Col. 1 Net Revenues (\$'000)	Col. 2 Sharing	Col. 3 Net Revenues Shared (\$'000) (Col. 1*Col. 2)	Col. 4 T/C	Col. 5 Storage	Col. 6 T/C (\$'000) (Col. 3*Col. 4)	Col. 7 Storage (\$'000) (Col. 3*Col. 5)
1.	Short Cycle	3,000.0	100%	3,000.0	56%	44%	1,684.2	1,315.8

CLASSIFICATION AND ALLOCATION OF NET REVENUES TO IN/EX FRANCHISE CUSTOMERS

Item No.	Description	Col. 1 Total (\$'000)	Col. 2 Daily (\$'000) (Col. 1*60%)	Col. 3 Annual (\$'000) (Col. 1*40%)	Col. 4 Daily	Col. 5 Annual	Col. 6 Daily (\$'000) (Col. 4*Col. 2)	Col. 7 Annual (\$'000) (Col. 5*Col. 3)	Col. 8 Total (\$'000) (Col. 6+Col. 7)
	T/C				VOLUMES			ALLOCATION	
1.1	In Franchise				100%	100%	1,010.5	673.7	1,684.2
1.2	Rate 325		0%	0%	0%	0%	0.0	0.0	0.0
1.3	Rate 330		0%	0%	0%	0%	0.0	0.0	0.0
1.4	Rate 331		0%	0%	0%	0%	0.0	0.0	0.0
1.	TOTAL	1,684.2	1,010.5	673.7	100%	100%	1,010.5	673.7	1,684.2
	Storage								
2.1	In Franchise				100%	100%	789.5	526.3	1,315.8
2.2	Rate 325		0%	0%	0%	0%	0.0	0.0	0.0
2.3	Rate 330		0%	0%	0%	0%	0.0	0.0	0.0
2.4	Rate 331		0%	0%	0%	0%	0.0	0.0	0.0
2.	TOTAL	1,315.8	789.5	526.3	100%	100%	789.5	526.3	1,315.8
	Total T/C and Storage								
3.1	In Franchise						1,800.0	1,200.0	3,000.0
3.2	Rate 325		0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.3	Rate 330		0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.4	Rate 331		0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.	TOTAL	3,000.0	1,800.0	1,200.0			1,800.0	1,200.0	3,000.0