

2015 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 approved by the Board in EB-2012-0459 (2014-2018 Custom IR Plan) for the 2015 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 to serve;
  - 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.

Witnesses: A. Kacicnik  
M. Kirk

Although the Study is based on Board approved principles and conventions, the Company would like to highlight two items within the study: the first is the treatment of the Customer Care / CIS revenue requirement, which follows the methodology approved by the Board in EB-2011-0354 (2013 Rate Case), and repeated in the paragraphs below for completeness; the second area to highlight is the treatment of the revenue requirement for the shared portion of Segment A of the GTA Project.

Customer Care and CIS

3. As shown at Exhibit F1, Tab 1, Schedule 2, page 1, the 2015 Customer Care / CIS rate base equals \$45.1 million and the 2015 revenue requirement equals \$118.0 million after a \$1.1 million smoothing adjustment.
  
4. 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 2015 revenue requirement components. As such, the 2015 Customer Care / CIS revenue requirement is shown as a stand-alone item at Exhibit F1. The individual components of the Customer Care / CIS revenue requirement are reproduced in the table below:

Customer Care / CIS Item	\$ Million	Reference
O&M	95.8	F1/T1/S2/P1/L5/C3
Depreciation	12.7	F1/T1/S2/P1/L6/C3
Return	2.9	F1/T1/S2/P1/L3/C3
Tax	7.7	F1/T1/S2/P1/L18/C3
Smoothing Adjustment	(1.1)	F1/T1/S2/P1/L23/C3
Total	118.0	F1/T1/S2/P1/L24/C3

Witnesses: A. Kacicnik  
 M. Kirk

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

Customer Care / CIS Item	\$ Million	Reference
O&M (less Smoothing Adjustment)	94.7	G2/T3/S4/P3/L5.1-5.7/C1
Depreciation	12.7	G2/T3/S3/P1/L1.1/C13
Return	2.9	G2/T5/S3/P1/L6.3/C1
Tax	7.7	G2/T5/S3/P1/L6.4/C1
Total	118.0	

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

Customer Care / CIS O&M	\$ Million	Reference
Billing	42.2	G2/T3/S4/P3/L5.1/C1
Service & Billing Enquiry	9.7	G2/T3/S4/P3/L5.2/C1
Meter Reading	10.3	G2/T3/S4/P3/L5.3/C1
Credit & Collection	15.6	G2/T3/S4/P3/L5.4/C1
Supervision	14.3	G2/T3/S4/P3/L5.6/C1
LV Customer Care	2.6	G2/T3/S4/P3/L5.7/C1
<b>Total O&amp;M</b>	94.7	

7. 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

Rate 332

8. In conjunction with the GTA project going into service in November 2015, the Company will begin to offer transportation service to shippers under Rate 332. As approved by the Board in EB-2012-0451, the Rate will be designed to recover 60% of the revenue requirement for the shared portion of Segment A of the GTA project from shippers. 40% of the shared portion of Segment A will be recovered from Enbridge ratepayers through Transportation and Load Balancing charges.
  
9. Line 3 of Exhibit G2, Tab 5, Schedule 3, page 2, shows the 2015 revenue requirement for the shared portion of Segment A, equal to \$3.54 million. At Line 2 of the exhibit, 60% of the revenue requirement is allocated to Rate 332 (equal to \$2.13 million), and 40% is allocated to Enbridge ratepayers at Line 1 (equal to \$1.42 million).

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**FULLY ALLOCATED COST STUDY  
ENBRIDGE GAS DISTRIBUTION  
2015 TEST YEAR**

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## FULLY ALLOCATED COST STUDY

### 1. Summary

The 2015 Fully Allocated Cost Study is found in Exhibit G2, Tabs 2 to 7. The key results, including the cost to serve 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 to serve (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>				
<b>FULLY ALLOCATED COST STUDY RESULTS</b>				
	Col. 1	Col. 2	Col. 3	Col. 4
	<u>Revenue</u>	<u>Cost to</u>	<u>Over/Under</u>	<u>Revenue</u>
	<i>\$Millions</i>	<u>Serve</u>	<u>Contributions</u>	<u>to Cost</u>
		<i>\$Millions</i>	<i>\$Millions</i>	
Rate 1	1,644.25	1,634.78	9.47	1.01
Rate 6	976.67	976.88	(0.21)	1.00
Rate 9	0.16	1.00	(0.84)	0.16
Rate 100	0.00	0.00	0.00	0.00
Rate 110	30.74	33.77	(3.03)	0.91
Rate 115	8.80	9.40	(0.60)	0.94
Rate 125	9.88	9.83	0.04	1.00
Rate 135	2.22	2.82	(0.60)	0.79
Rate 145	7.23	9.88	(2.65)	0.73
Rate 170	10.01	12.06	(2.05)	0.83
Rate 200	29.73	29.12	0.61	1.02
Rate 300	0.16	0.32	(0.16)	0.49
Rate 325 & 330	1.92	1.91	0.00	1.00
Direct Purchase	1.49	1.49	0.00	1.00
Total	2,725.39	2,725.39	0.00	1.00

# **FULLY ALLOCATED COST STUDY**

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## **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**

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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 are costed at the customer class average and result 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.

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### 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**

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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 centres is carried out with every 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 27 cost classifications and they are described in Appendix A (p. 25-26). 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.

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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. 27) 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.

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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.

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### **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

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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.

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### **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 47% of the low pressure mains are classified as customer related, resulting in about 33% 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;
- Tab 6 - Classification and Allocation Factors; and,



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- 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.

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- 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 5.1, 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.

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- Item 7.1, Gas Costs / O&M, 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.

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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.

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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 33% customer-related and 67% 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. In the Decision to EB-2012-0459, the Board found that Rate 125 customers should not be allocated the costs of transmission pressure pipelines less than 6" in diameter. Accordingly, the transmission capacity classification is further split into TP Capacity for mains less than or equal to 4 inch in diameter (TP Capacity  $\leq 4$ " ) and TP Capacity for mains greater than 4 inches (TP Capacity  $> 4$ " ).

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.

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

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

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the test year is \$143.85 per  $10^3 \text{ m}^3$ . All Purchases and Receipts are costed at this level as shown in Items 1.1 to 1.8, Col. 3.

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 to serve, 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

## **FULLY ALLOCATED COST STUDY**

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supply arrangements. Consequently, they are classified to Distribution Costs, TP Capacity <=4” and TP Capacity >4”.

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 <=4”, and TP Capacity >4”, 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 3.4, Service Lines, which is classified to Customer Related Investments, Services. Cost responsibility for Items 3.1, Appliance Inspections, and 3.2, 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 4.4, 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.



## **FULLY ALLOCATED COST STUDY**

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

Uncollectibles in Item 5.6 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**

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### **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 costs, 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.

## **FULLY ALLOCATED COST STUDY**

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

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### ***APPENDICES***

## FULLY ALLOCATED COST STUDY

<i>Appendix A</i> <b>DEFINITIONS of CLASSIFICATIONS</b>	
<b>Classifier</b>	<b>Description</b>
<b>Gas Supply; Product Costs</b>	
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.
<b>Gas Supply; Load Balancing</b>	
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.
<b>Storage Costs</b>	
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.
<b>Distribution Costs</b>	
TP Capacity <=4"	Costs of transmission pressure distribution capacity for mains less than or equal to 4 inches in diameter.
TP Capacity >4"	Costs of transmission pressure distribution capacity for mains greater than 4 inches in diameter.
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

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<i>Appendix A cont'd</i> <b>DEFINITIONS of CLASSIFICATIONS</b>	
<b>Classifier</b>	<b>Description</b>
<b>Customer Related Investments</b>	
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.
<b>Number of Customers</b>	
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.
<b>Other</b>	
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> <b>ALLOCATION FACTORS</b>		
<b>Allocator</b>	<b>Col. 1 Units</b>	<b>Col. 2 Description</b>
<b>Volumetric Factors:</b>		
Annual Sales	10 <sup>6</sup> m <sup>3</sup>	Annual volumes of gas sales customers.
Bundled Annual Deliveries	10 <sup>6</sup> m <sup>3</sup>	Annual throughput of bundled service customers.
Total Annual Deliveries	10 <sup>6</sup> m <sup>3</sup>	Annual throughput of all customers.
Bundled Transportation Deliveries	10 <sup>6</sup> m <sup>3</sup>	Annual transportation volume for bundled customers.
<b>Distribution Factors</b>		
TP Demand	10 <sup>3</sup> m <sup>3</sup> /d	Peak throughput on the transmission pressure system.
HP Demand	10 <sup>3</sup> m <sup>3</sup> /d	Peak throughput on the high pressure system.
LP Demand	10 <sup>3</sup> m <sup>3</sup> /d	Peak throughput on the low pressure system.
Customer Related	Customer count	Total number of customers.
<b>Storage Factors</b>		
Deliverability	10 <sup>6</sup> m <sup>3</sup> /d	Demand in excess of average winter demand.
Space	10 <sup>6</sup> m <sup>3</sup>	Average winter requirement in excess of average annual demand.
<b>Customer Factors</b>		
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**  
Year Ended December 31, 2015  
 (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. 15 Rate 325 & 330	Col. 16 Direct Purchase	Col. 17 Rate 332
1.	Sales and Transportation Revenue	2,719.51	1,641.94	975.21	0.16	0.00	30.73	8.78	9.88	2.22	7.31	10.00	29.73	0.16	1.92	1.49	0.00
2.	Unbilled Revenues	3.75	2.31	1.47	0.00	0.00	0.01	0.02	0.00	0.00	(0.08)	0.02	0.00	0.00	0.00	0.00	0.00
3.	Total Revenues	2,725.39	1,644.25	976.67	0.16	0.00	30.74	8.80	9.88	2.22	7.23	10.01	29.73	0.16	1.92	1.49	2.13
4.	Cost of Service	2,725.39	1,634.78	976.88	1.00	0.00	33.77	9.40	9.83	2.82	9.88	12.06	29.12	0.32	1.91	1.49	2.13
5.	Over / Under Contribution	0.00	9.47	(0.21)	(0.84)	(0.00)	(3.03)	(0.60)	0.04	(0.60)	(2.65)	(2.05)	0.61	(0.16)	0.00	0.00	0.00
6.	Revenue to Cost Ratio	1.00	1.01	1.00	0.16	0.00	0.91	0.94	1.00	0.79	0.73	0.83	1.02	0.49	1.00	1.00	1.00
7.	Revenue to Cost Ratio (2014 Final Rate Order)	1.00	1.01	1.00	0.24	0.00	0.93	0.91	1.02	0.78	0.73	0.75	1.04	0.50	1.00	1.00	0.00



REVENUE TO COST/  
 RATE OF RETURN COMPARISONS  
 EXCLUDING GAS SUPPLY COMMODITY  
Year Ended December 31, 2015  
 (millions of dollars)

ITEM	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. 15	Col. 16	Col. 17
NO.	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	Rate 332
1. Sales and Transportation Revenue	1,634.98	1,021.74	551.56	0.10	0.00	20.10	8.61	9.88	1.68	4.35	4.16	11.16	0.16	0.00	1.49	0.00
2. Unbilled Revenues	3.75	2.31	1.47	0.00	0.00	0.01	0.02	0.00	0.00	(0.08)	0.02	0.00	0.00	0.00	0.00	0.00
3. Total Revenues	1,640.86	1,024.05	553.03	0.10	0.00	20.11	8.63	9.88	1.68	4.27	4.17	11.16	0.16	0.00	1.49	2.13
4. Cost of Service	1,640.86	1,014.58	553.24	0.93	0.00	23.14	9.23	9.83	2.28	6.92	6.22	10.55	0.32	0.00	1.49	2.13
5. Over / Under Contribution	0.00	9.47	(0.22)	(0.84)	(0.00)	(3.03)	(0.60)	0.04	(0.60)	(2.65)	(2.05)	0.61	(0.16)	0.00	0.00	0.00
6. Revenue to Cost Ratio	1.00	1.01	1.00	0.10	0.00	0.87	0.94	1.00	0.74	0.62	0.67	1.06	0.49	0.00	1.00	1.00
7. Revenue to Cost Ratio (2014 Final Rate Order)	1.00	1.01	1.00	0.17	0.00	0.90	0.91	1.02	0.76	0.63	0.35	1.12	0.50	1.00	1.00	0.00

**Functionalization of  
 Ontario Utility Rate Base  
 Year Ended December 31, 2015**  
 (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
<b>1. Gas Supply</b>	1.56	0.00	1.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Distribution Plant</b>														
2.1 Land (incl offers to buy)	53.42	0.52	0.00	0.25	0.12	6.34	5.13	0.12	0.00	8.61	22.78	9.54	0.00	0.00
2.2 Structures & Improvements	102.23	1.00	0.00	0.48	0.24	12.13	9.83	0.24	0.00	16.47	43.59	18.26	0.00	0.00
2.3 Mains	2,005.00	0.00	0.00	0.00	0.00	0.00	2,005.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.4 Meas. Reg. & Telemetering	230.93	0.00	0.00	112.72	118.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.5 Services	1,381.96	0.00	0.00	0.00	0.00	1,381.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6 Meters	259.96	0.00	0.00	0.00	0.00	0.00	259.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Total Distribution Plant	4,033.49	1.52	0.00	113.45	118.57	1,400.42	2,019.96	260.32	0.00	25.07	66.37	27.81	0.00	0.00
<b>General Plant</b>														
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	9.38	0.00	0.00	0.00	0.00	3.15	0.42	0.00	0.00	1.18	3.32	1.31	0.00	0.00
3.3 Office Furniture & Equip.	14.35	0.02	0.02	0.02	1.76	2.31	2.87	0.66	0.24	0.34	0.45	5.65	0.00	0.00
3.4 Transportation Equipment	30.54	0.00	0.00	0.00	0.07	9.06	20.42	0.00	0.00	0.99	0.00	0.00	0.00	0.00
3.5 Heavy Work Equipment	13.74	0.00	0.00	0.00	0.03	4.07	9.19	0.00	0.00	0.45	0.00	0.00	0.00	0.00
3.6 Tools & Work Equip.	22.38	0.00	0.00	0.00	0.00	11.19	11.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.7 Rental Equip.	7.74	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.74	0.00	0.00	0.00	0.00	0.00
3.8 Communication Equip.	2.24	0.03	0.00	0.02	0.63	0.19	0.28	0.00	0.00	0.21	0.38	0.49	0.00	0.00
3.9 Compressors	0.62	0.00	0.00	0.00	0.00	0.18	0.41	0.00	0.00	0.02	0.00	0.00	0.00	0.00
3.10 Computer Equipment	7.78	0.19	0.03	0.18	0.66	1.25	2.03	0.66	0.01	0.07	1.80	0.90	0.00	0.00
3.11 Software Acquired/Developed	63.86	1.54	0.22	1.49	5.42	10.30	16.67	5.42	0.10	0.57	14.75	7.39	0.00	0.00
3.12 WAMS	2.44	0.06	0.01	0.06	0.21	0.39	0.64	0.21	0.00	0.02	0.56	0.28	0.00	0.00
3.13 CIS	45.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.10	0.00
3. Total General Plant	220.17	1.84	0.27	1.76	8.79	42.11	64.13	6.95	8.09	3.85	21.25	16.02	45.10	0.00
<b>4. Plant Held for Future Use</b>	0.44	0.00	0.00	0.00	0.00	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Other Items</b>														
5.1 Working Capital Allowance	378.17	425.69	1.51	(0.13)	(0.39)	16.84	29.52	0.00	0.00	(0.57)	(67.11)	0.75	0.00	(27.95)
5. Total Other Items	378.17	425.69	1.51	(0.13)	(0.39)	16.84	29.52	0.00	0.00	(0.57)	(67.11)	0.75	0.00	(27.95)
<b>6. Total Rate Base</b>	4,633.83	429.04	3.34	115.09	126.98	1,459.81	2,113.61	267.27	8.09	28.36	20.51	44.58	45.10	(27.95)

**Functionalization of  
 Ontario Utility Working Capital  
 Year Ended December 31, 2015**  
 (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
<b>Working Capital Allowance</b>											
1. Prepaid Expenses	0.90	0.00	0.00	0.00	0.00	0.11	0.11	0.01	0.00	0.67	0.00
<b>Materials &amp; Supplies</b>											
2.1 NGV Inventory	0.62	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.00	0.00	0.00
2.2 Pipe	6.09	0.00	0.00	0.00	0.00	1.39	4.70	0.00	0.00	0.00	0.00
2.3 Warehouse Inventory	5.61	0.00	0.00	0.00	0.00	2.80	2.80	0.00	0.00	0.00	0.00
2.4 Holding Account	18.30	0.00	0.00	0.00	0.00	9.15	9.15	0.00	0.00	0.00	0.00
3. Mortgages Receivable	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	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	403.60	403.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Customer Security Deposits	(65.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(65.10)	0.00	0.00
<b>Working Cash Allowance</b>											
7.1 Gas Costs/O&M	(0.22)	8.87	0.61	(0.20)	(0.62)	(0.85)	(2.89)	(1.92)	(3.20)	(0.03)	0.00
7.2 HST	6.98	13.21	0.91	0.08	0.23	4.24	14.34	0.71	1.19	0.01	(27.95)
<b>Total Working Capital</b>	<b>378.17</b>	<b>425.69</b>	<b>1.51</b>	<b>(0.13)</b>	<b>(0.39)</b>	<b>16.84</b>	<b>29.52</b>	<b>(0.57)</b>	<b>(67.11)</b>	<b>0.75</b>	<b>(27.95)</b>

**Functionalization of  
 Ontario Utility Net Investments  
 Year Ended December 31, 2015**

(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
<b>Investment Costs</b>													
1.1 Depreciation	252.71	1.11	0.15	5.41	8.63	65.83	90.81	43.10	1.70	2.10	13.69	7.53	12.66
1.2 Municipal Taxes	41.48	0.02	0.00	0.20	0.19	11.42	28.09	0.00	0.00	0.33	0.86	0.36	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	294.19	1.13	0.15	5.61	8.82	77.25	118.90	43.10	1.70	2.42	14.55	7.90	12.66
<b>Miscellaneous Revenues</b>													
2.1 Rentals	(0.90)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.90)	0.00	0.00	0.00	0.00
2.2 Transactional Services	(6.00)	(6.12)	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	(1.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.00)	0.00
2.4 Late Payment Penalties	(10.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(10.10)	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	(8.92)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(8.92)	0.00	0.00
2.7 Meter Charge	(1.03)	0.00	0.00	0.00	0.00	0.00	0.00	(1.03)	0.00	0.00	0.00	0.00	0.00
2.8 Service Alteration Charge	(1.36)	0.00	0.00	0.00	0.00	(1.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Total Revenues	(34.71)	(6.12)	0.12	0.00	0.00	(1.36)	0.00	(1.03)	(0.90)	0.00	(24.42)	(1.00)	0.00
3. <b>Net Investments Total</b>	259.48	(4.99)	0.26	5.61	8.82	75.89	118.90	42.07	0.80	2.42	(9.87)	6.90	12.66

Functionalization of  
 Ontario Utility O&M  
 Year Ended December 31, 2015  
 (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
<b>Gas Supply</b>							
1.1	1,558.57	0.00	1,558.57	0.00	1,558.57	0.00	1,558.57
1.2	157.43	2.97	160.40	0.00	160.40	0.00	160.40
1.3	0.00	0.00	0.00	0.00	0.00	11.57	11.57
1.4	0.97	0.71	1.68	0.00	1.68	0.00	1.68
1.5	1.05	0.44	1.49	0.00	1.49	0.00	1.49
1.	1,718.01	4.13	1,722.13	0.00	1,722.13	11.57	1,733.70
<b>Distribution Costs</b>							
<b>Operating Costs</b>							
2.1.1	0.04	0.00	0.04	0.02	0.07	0.01	0.08
2.1.2	1.25	0.86	2.10	1.21	3.32	0.74	4.06
2.1.3	1.29	0.86	2.15	1.24	3.38	0.76	4.14
2.1.4	0.46	0.37	0.82	(0.82)	0.00	0.00	0.00
2.1.5	44.93	12.75	57.68	11.21	68.89	15.43	84.32
2.1.6	46.67	13.98	60.65	11.63	72.27	16.19	88.46
2.1.7	7.01	4.62	11.63	(11.63)	0.00	0.00	0.00
2.1.8	4.79	2.53	7.32	0.00	7.32	1.64	8.96
2.1	58.47	21.12	79.59	0.00	79.59	17.83	97.42
<b>Maintenance Costs</b>							
2.2.1	1.15	0.09	1.24	3.14	4.37	0.98	5.35
2.2.2	0.80	0.42	1.22	3.09	4.31	0.97	5.28
2.2.3	1.80	1.14	2.94	7.46	10.40	2.33	12.73
2.2.4	0.84	0.46	1.30	3.29	4.59	1.03	5.62
2.2.5	4.59	2.10	6.69	16.98	23.68	5.30	28.98
2.2.6	5.98	3.12	9.10	(9.10)	0.00	0.00	0.00
2.2.7	8.94	3.29	12.22	14.39	26.61	5.96	32.57
2.2.8	0.30	0.20	0.50	0.59	1.09	0.24	1.33
2.2.9	19.80	8.71	28.51	22.86	51.37	11.51	62.88
2.2.10	14.56	8.30	22.86	(22.86)	0.00	0.00	0.00
2.2	34.37	17.01	51.37	0.00	51.37	11.51	62.88
2.	92.84	38.13	130.97	0.00	130.97	29.34	160.30

Functionalization of  
 Ontario Utility O&M  
 Year Ended December 31, 2015  
 (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
<b>Customer Service Costs</b>							
<b>Operating Costs</b>							
3.1.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.2	2.21	0.65	2.85	1.17	4.02	0.90	4.92
3.1.3	2.21	0.65	2.85	1.17	4.02	0.90	4.92
3.1.4	9.53	1.03	10.56	4.33	14.89	3.33	18.22
3.1.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.6	11.74	1.67	13.41	5.50	18.91	4.24	23.14
3.1.7	5.08	3.15	8.22	(8.22)	0.00	0.00	0.00
3.1	16.81	4.82	21.63	(2.72)	18.91	4.24	23.14
<b>Maintenance Costs</b>							
3.2.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2.2	4.54	2.10	6.63	2.72	9.36	2.10	11.45
3.2	4.54	2.10	6.63	2.72	9.36	2.10	11.45
3.	21.35	6.92	28.27	0.00	28.27	6.33	34.60
<b>Sales/Marketing Costs</b>							
4.1	2.64	0.80	3.44	1.20	4.64	1.04	5.68
4.2	1.07	1.42	2.50	0.87	3.37	0.75	4.12
4.3	0.78	1.00	1.78	0.62	2.40	0.54	2.94
4.4	2.68	1.94	4.62	1.61	6.23	1.40	7.62
4.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6	0.74	0.46	1.20	0.42	1.62	0.36	1.98
4.7	2.30	1.75	4.05	1.41	5.46	1.22	6.68
4.8	10.20	7.37	17.58	6.14	23.72	5.31	29.03
4.9	3.81	2.33	6.14	(6.14)	0.00	0.00	0.00
4.10	28.35	0.00	28.35	0.00	28.35	6.35	34.70
4.11	6.60	4.75	11.35	0.00	11.35	2.54	13.89
4.	48.97	14.45	63.42	0.00	63.42	14.21	77.63

**Functionalization of  
 Ontario Utility O&M  
 Year Ended December 31, 2015**  
 (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
<b>Customer Accounting Costs</b>							
5.1	42.18	1.40	43.58	8.04	51.62	11.56	63.18
5.2	9.68	0.00	9.68	1.79	11.47	2.57	14.04
5.3	10.26	0.00	10.26	1.89	12.16	2.72	14.88
5.4	15.64	0.00	15.64	2.89	18.53	4.15	22.68
5.5	77.77	1.40	79.17	14.61	93.78	21.01	114.78
5.6	14.33	0.28	14.61	(14.61)	0.00	0.00	0.00
5.7	2.58	0.05	2.63	0.00	2.63	0.59	3.22
5.8	9.50	0.00	9.50	0.00	9.50	2.13	11.63
5.	104.18	1.72	105.91	0.00	105.91	23.72	129.63
6.	89.03	(89.03)	0.00	0.00	0.00	0.00	0.00
7.	61.48	23.69	85.17	0.00	85.17	(85.17)	0.00
8.	150.51	(65.34)	85.17	0.00	85.17	(85.17)	0.00
9.	2,135.86	0.00	2,135.86	0.00	2,135.86	(0.00)	2,135.86
10.	1.90	0.00	1.90	0.00	1.90	0.00	1.90
11.	2,137.76	0.00	2,137.76	0.00	2,137.76	(0.00)	2,137.76
<b>TOTAL O&amp;M EXPENSE</b>							

**CLASSIFICATION OF RATE BASE**  
**Year Ended December 31, 2015**

(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 Col. 15

----- GAS SUPPLY -----  
 ----- PRODUCT COSTS -----  
 ----- STORAGE COSTS -----  
 ----- DISTRIBUTION COSTS -----

Item No.	Description	Total	Specific Classes	Winter Commodity	Annual Commodity	Peak	Seasonal	Annual	Deliverability	Space	Winter	TP		HP Capacity	LP Capacity	Commodity
												Capacity <=4"	Capacity >4"			
<b>GAS SUPPLY</b>																
1.	Gas Supply	429.04	0.00	0.00	25.16	0.00	403.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29
2.	Storage	3.34	0.00	0.00	0.00	0.00	0.00	0.00	2.13	1.21	0.00	0.00	0.00	0.00	0.00	0.00
<b>DISTRIBUTION</b>																
3.	Mains	2,113.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54.58	389.79	159.11	807.68	0.00
4.	Distribution Reg.	126.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.91	35.07	14.32	72.68	0.00
<b>CUSTOMER</b>																
5.	Sales Station	115.09	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	267.27	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	1,459.81	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	8.09	4.63	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	28.36	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55	3.92	1.60	8.11	0.00
10.	Customer Accounting	20.51	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	0.00
11.	HST Revenue	(27.95)	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.	<b>Sub-total</b>	4,544.15	4.98	0.00	25.16	0.00	403.60	0.00	2.13	1.21	0.00	60.04	428.78	175.03	888.47	0.29
13.	Unidentifiable	44.58	0.05	0.00	0.25	0.00	3.93	0.00	0.02	0.01	0.00	0.59	4.18	1.71	8.66	0.00
14	CIS	45.10	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
16.	<b>Total Classified</b>	4,633.83	5.03	0.00	25.40	0.00	407.53	0.00	2.15	1.22	0.00	60.63	432.96	176.74	897.13	0.29



**CLASSIFICATION OF RATE BASE**  
Year Ended December 31, 2015  
 (millions of dollars)

Item No.	Description	Col. 16	Col. 17	Col. 18	Col. 19	Col. 20	Col. 21	Col. 22	Col. 23	Col. 24	Col. 25	Col. 26	Col. 27
		Meters	Sales Stations	Services	Customer Plant	Rentals	Commercial/Industrial	Contracts	Direct Purchase	Total	Readings Processed	CIS	HST Revenue
<b>----- CUSTOMER RELATED INVESTMENTS ----- NUMBER OF CUSTOMERS -----</b>													
<b>GAS SUPPLY</b>													
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
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
<b>DISTRIBUTION</b>													
3.	Mains	0.00	0.00	0.00	702.44	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
<b>CUSTOMER</b>													
5.	Sales Station	0.00	115.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Meters	267.27	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	1,459.81	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	3.46	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	13.82	0.00	0.00	0.00
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.51	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	(27.95)
12.	<b>Sub-total</b>	267.27	115.09	1,459.81	702.44	3.46	0.00	0.00	0.00	34.34	0.00	0.00	(27.95)
13.	Unidentifiable	2.61	1.12	14.23	6.85	0.03	0.00	0.00	0.00	0.33	0.00	0.00	0.00
14	CIS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.10	0.00
15.	<b>Total Classified</b>	269.88	116.21	1,474.04	709.29	3.50	0.00	0.00	0.00	34.67	0.00	45.10	(27.95)

**CLASSIFICATION OF NET INVESTMENT**  
 Year Ended December 31, 2015  
 (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 <=4"	TP Capacity >4"	HP Capacity	LP Capacity
<b>GAS SUPPLY</b>																	
1.	Gas Supply	(4.99)	0.00	0.00	0.07	0.00	1.11	(6.12)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.06)
2.	Storage	0.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.17	0.10	0.00	0.00	0.00	0.00	0.00
<b>DISTRIBUTION</b>																	
3.	Mains	118.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.07	21.93	8.95	45.44
4.	Distribution Reg.	8.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34	2.44	0.99	5.05
<b>CUSTOMER</b>																	
5.	Sales Station	5.61	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
6.	Meters	42.07	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	0.00	0.00
7.	Services	75.89	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
8.	Rental Equipment	0.80	(0.31)	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
9.	Sales/Marketing	2.42	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.33	0.14	0.69
10.	Customer Accounting	(9.87)	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
11.	<b>Sub-total</b>	239.93	(0.28)	0.00	0.07	0.00	1.11	(6.12)	0.00	0.00	0.17	0.10	0.00	3.46	24.70	10.08	51.18
12.	Unidentifiable	6.90	0.01	0.00	0.04	0.00	0.61	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.65	0.26	1.34
13.	CIS	12.66	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
14.	<b>Total Classified</b>	259.48	(0.27)	0.00	0.11	0.00	1.72	(6.12)	0.00	0.00	0.17	0.10	0.00	3.55	25.35	10.35	52.52

**CLASSIFICATION OF NET INVESTMENT**  
**Year Ended December 31, 2015**

(millions of dollars)

Item No.	Description	Col. 18	Col. 19	Col. 20	Col. 21	Col. 22	Col. 23	Col. 24	Col. 25	Col. 26	Col. 27	Col. 28
		Meters	Sales Stations	Services	Customer Plant	Rentals	Commercial/Industrial	Contracts	Direct Purchase	Total	Readings Processed	CIS
<b>----- CUSTOMER RELATED INVESTMENTS ----- NUMBER OF CUSTOMERS -----</b>												
<b>GAS SUPPLY</b>												
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
2.	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>DISTRIBUTION</b>												
3.	Mains	0.00	0.00	0.00	39.52	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
<b>CUSTOMER</b>												
5.	Sales Station	0.00	5.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Meters	42.07	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	75.89	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	1.11	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	1.18	0.00	0.00
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(9.87)	0.00	0.00
11.	<b>Sub-total</b>	42.07	5.61	75.89	39.52	1.11	0.00	0.00	0.00	(8.69)	0.00	0.00
12.	Unidentifiable	0.40	0.17	2.20	1.06	0.01	0.00	0.00	0.00	0.05	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	12.66
14.	<b>Total Classified</b>	42.48	5.78	78.09	40.58	1.11	0.00	0.00	0.00	(8.63)	0.00	12.66

**CLASSIFICATION OF O&M COSTS**  
**Year Ended December 31, 2015**

(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
<b>GAS SUPPLY</b>													
1.1	Gas Purchased	1,558.57	0.00	0.00	1,074.57	0.00	0.00	5.30	34.64	425.13	0.00	0.00	0.00
1.2	Stored Gas	160.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.16	58.24	0.00
1.3	A&G	11.57	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	1.68	0.00	0.00	0.00	1.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Direct Purchase Management	1.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.	<b>Total Gas Supply</b>	<b>1,733.70</b>	<b>0.00</b>	<b>0.00</b>	<b>1,074.57</b>	<b>1.68</b>	<b>0.00</b>	<b>5.30</b>	<b>34.64</b>	<b>425.13</b>	<b>102.16</b>	<b>58.24</b>	<b>0.00</b>
<b>DISTRIBUTION</b>													
<b>OPERATING COSTS</b>													
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	4.06	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	84.32	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	8.96	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>MAINTENANCE COSTS</b>													
2.5	Dist. System Reg.	5.35	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	5.28	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	12.73	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	5.62	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	32.57	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	1.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	<b>Total Distribution Costs</b>	<b>160.30</b>	<b>0.09</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CUSTOMER SERVICE</b>													
<b>OPERATING COSTS</b>													
3.1	Appliance Inspection	4.92	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	18.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>MAINTENANCE COSTS</b>													
3.3	Service Lines	11.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	<b>Total Customer Service</b>	<b>34.60</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>SALES/MARKETING</b>													
4.1	Residential	5.68	5.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	Commercial	4.12	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	2.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.4	General Promotion	7.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	Merchandising Ex.	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	NGV Operation	1.98	1.98	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.7	Contract Administration	6.68	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	34.70	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	13.89	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	<b>Total Promotions</b>	<b>77.63</b>	<b>7.66</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>CUSTOMER ACCOUNTING</b>													
5.1	Billing	63.18	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	14.04	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	14.88	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	22.68	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	3.22	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	11.63	0.00	0.00	0.00	0.00	4.53	0.00	0.00	0.00	0.00	0.00	0.00
5.	<b>Total Customer Accounting</b>	<b>129.63</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4.53</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
6.	<b>Total O&amp;M</b>	<b>2,135.86</b>	<b>7.75</b>	<b>0.00</b>	<b>1,074.57</b>	<b>1.68</b>	<b>4.53</b>	<b>5.30</b>	<b>34.64</b>	<b>425.13</b>	<b>102.16</b>	<b>58.24</b>	<b>0.00</b>
7.	Fixed Financing Costs	1.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.	<b>Total O&amp;M Expense</b>	<b>2,137.76</b>	<b>7.75</b>	<b>0.00</b>	<b>1,074.57</b>	<b>1.68</b>	<b>4.53</b>	<b>5.30</b>	<b>34.64</b>	<b>425.13</b>	<b>102.16</b>	<b>58.24</b>	<b>0.00</b>

CLASSIFICATION OF O&M COSTS  
 Year Ended December 31, 2015  
 (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 Col. 24

Item No.	Description	DISTRIBUTION COSTS						CUSTOMER RELATED INVESTMENTS					
		TP Capacity <=4"	TP Capacity >4"	HP Capacity	LP Capacity	Commodity	Bad Debt Distribution	DSM	Meters	Sales Stations	Services	Customer Plant	Rentals
<b>GAS SUPPLY</b>													
1.1	Gas Purchased	0.00	0.00	0.00	0.00	18.93	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	0.00	0.00	0.00	0.00	0.00
1.3	A&G	1.42	10.15	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Direct Purchase Management	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 Gas Supply	1.42	10.15	0.00	0.00	18.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>DISTRIBUTION</b>													
OPERATING COSTS													
2.1	Chart Processing	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	District Stations	0.16	1.12	0.46	2.32	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.3	System Operations	2.18	15.55	6.35	32.22	0.00	0.00	0.00	0.00	0.00	0.00	28.02	0.00
2.4	Gas Dispatched	1.09	7.78	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.	0.21	1.48	0.60	3.06	0.00	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	5.28	0.00	0.00	0.00	0.00
2.7	Other Meters	0.00	0.00	0.00	0.00	0.00	0.00	12.73	0.00	0.00	0.00	0.00	0.00
2.8	Instruments	0.69	4.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.9	Mains	0.52	3.71	1.52	14.35	0.00	0.00	0.00	0.00	0.00	0.00	12.48	0.00
2.10	Structures	0.27	0.03	0.01	0.06	0.02	0.00	0.00	0.01	0.00	0.19	0.05	0.00
2.	Total Distribution Costs	5.11	34.60	8.94	52.02	0.02	0.00	0.00	12.74	5.28	0.19	40.56	0.00
<b>CUSTOMER SERVICE</b>													
OPERATING COSTS													
3.1	Appliance Inspection	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	Locks/Unlocks/Exchanges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS													
3.4	Service Lines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.45	0.00	0.00	0.00
3.	Total Customer Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.45	0.00	0.00	0.00
<b>SALES/MARKETING</b>													
4.1	Residential	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	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
4.3	Industrial	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	General Promotion	0.94	6.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	Merchandising Ex.	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	NGV Operation	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	Contract Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.8	DSM - Program	0.00	0.00	0.00	0.00	0.00	0.00	34.70	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	13.89	0.00	0.00	0.00	0.00	0.00
4.	Total Promotions	0.94	6.69	0.00	0.00	0.00	0.00	48.59	0.00	0.00	0.00	0.00	0.00
<b>CUSTOMER ACCOUNTING</b>													
5.1	Billing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2	Enquiry	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.3	Readings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.4	Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.5	Large Volume Customer Care	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	Uncollectibles	0.00	0.00	0.00	0.00	0.00	7.10	0.00	0.00	0.00	0.00	0.00	0.00
5.	Total Customer Accounting	0.00	0.00	0.00	0.00	0.00	7.10	0.00	0.00	0.00	0.00	0.00	0.00
6.	<b>Total O&amp;M</b>	<b>7.46</b>	<b>51.43</b>	<b>8.94</b>	<b>52.02</b>	<b>18.94</b>	<b>7.10</b>	<b>48.59</b>	<b>12.74</b>	<b>5.28</b>	<b>11.64</b>	<b>40.56</b>	<b>0.00</b>
7.	Fixed Financing Costs	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.	<b>Total O&amp;M Expense</b>	<b>7.46</b>	<b>51.43</b>	<b>8.94</b>	<b>52.02</b>	<b>18.94</b>	<b>7.10</b>	<b>48.59</b>	<b>12.74</b>	<b>5.28</b>	<b>11.64</b>	<b>40.56</b>	<b>0.00</b>

**CLASSIFICATION OF O&M COSTS**  
**Year Ended December 31, 2015**

(millions of dollars)

	Col. 25	Col. 26	Col. 27	Col. 28	Col. 29	Col. 30	Col. 31	
	----- NUMBER OF CUSTOMERS -----							
Item No.	Description	Commercial/ Industrial	Contracts	Direct Purchase	Total	Readings Processed	LV CC	Fixed Financing
<b>GAS SUPPLY</b>								
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	1.49	0.00	0.00	0.00	0.00
1.	Total Gas Supply	0.00	0.00	1.49	0.00	0.00	0.00	0.00
<b>DISTRIBUTION</b>								
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	0.69	0.00	0.00	0.00
2.	Total Distribution Costs	0.00	0.00	0.00	0.69	0.08	0.00	0.00
<b>CUSTOMER SERVICE</b>								
OPERATING COSTS								
3.1	Appliance Inspection	0.00	0.00	0.00	4.92	0.00	0.00	0.00
3.2	Locks/Unlocks/Exchanges	0.00	0.00	0.00	18.22	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	23.14	0.00	0.00	0.00
<b>SALES/MARKETING</b>								
4.1	Residential	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	Commercial	4.12	0.00	0.00	0.00	0.00	0.00	0.00
4.3	Industrial	2.94	0.00	0.00	0.00	0.00	0.00	0.00
4.4	General Promotion	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.5	Merchandising Ex.	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	6.68	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	7.06	6.68	0.00	0.00	0.00	0.00	0.00
<b>CUSTOMER ACCOUNTING</b>								
5.1	Billing	0.00	0.00	0.00	63.18	0.00	0.00	0.00
5.2	Enquiry	0.00	0.00	0.00	14.04	0.00	0.00	0.00
5.3	Readings	0.00	0.00	0.00	0.00	14.88	0.00	0.00
5.4	Credit	0.00	0.00	0.00	22.68	0.00	0.00	0.00
5.5	Large Volume Customer Care	3.22	0.00	0.00	0.00	0.00	0.00	0.00
5.6	Uncollectibles	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Total Customer Accounting	3.22	0.00	0.00	99.90	14.88	0.00	0.00
6.	<b>Total O&amp;M</b>	<b>10.29</b>	<b>6.68</b>	<b>1.49</b>	<b>123.74</b>	<b>14.96</b>	<b>0.00</b>	<b>0.00</b>
7.	Fixed Financing Costs	0.00	0.00	0.00	0.00	0.00	0.00	1.90
8.	<b>Total O&amp;M Expense</b>	<b>10.29</b>	<b>6.68</b>	<b>1.49</b>	<b>123.74</b>	<b>14.96</b>	<b>0.00</b>	<b>1.90</b>

ALLOCATION OF RATE BASE  
 Year Ended December 31, 2015  
 (millions of dollars)

ITEM NO	DESCRIPTION	Rate Base	Rate 1	Col. 1	Col. 2	Col. 3	Rate 6	Col. 4	Rate 9	Col. 5	Rate 100	Rate 110	Col. 6	Rate 115	Rate 125	Col. 8	Rate 135	Rate 145	Rate 170	Rate 200	Col. 12	Rate 300	Rate 300 Int	Col. 14	Col. 15	Allocation Factors G2.6.3.1			
<b>SUPPLY COST</b>																													
<b>PRODUCT COST</b>																													
1.1	Annual Commodity	25.40	14.56	9.93	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.01	0.00	0.00	0.01	0.07	0.14	0.44	0.00	0.00	0.00	0.00	0.00	0.00	1.1		
1	Total Gas Cost	25.40	14.56	9.93	0.00	0.00	0.00	0.00	0.00	0.25	0.00	0.00	0.00	0.01	0.00	0.00	0.01	0.07	0.14	0.44	0.00	0.00	0.00	0.00	0.00	0.00			
<b>PIPELINE TRANSPORTATION</b>																													
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.4		
2.2	Seasonal	407.53	196.75	189.85	0.00	0.00	0.00	0.00	0.00	4.24	1.77	0.00	0.00	0.00	0.00	0.00	0.00	3.11	5.77	6.05	0.00	0.00	0.00	0.00	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	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	407.53	196.75	189.85	0.00	0.00	0.00	0.00	0.00	4.24	1.77	0.00	0.00	0.00	0.00	0.00	0.00	3.11	5.77	6.05	0.00	0.00	0.00	0.00	0.00	0.00			
<b>FACILITIES' COST</b>																													
<b>STORAGE FACILITIES</b>																													
3.1	Deliverability	2.15	1.20	0.91	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.1	
3.2	Space	1.22	0.59	0.57	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.2	
3	Total Storage	3.37	1.79	1.49	0.00	0.00	0.02	0.01	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.02	0.04	0.00	0.00	0.00	0.00	0.00	0.00			
<b>DISTRIBUTION FACILITIES</b>																													
4.1	Capacity TP > 4"	432.96	203.04	172.88	0.01	0.00	6.71	6.00	37.25	0.02	1.21	1.05	4.73	0.06	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	2.1	
4.2	Capacity TP <= 4"	60.63	31.11	26.49	0.00	0.00	1.03	0.92	0.00	0.00	0.19	0.16	0.72	0.01	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	
4.3	Capacity HP	176.74	91.69	78.07	0.00	0.00	3.03	2.71	0.00	0.01	0.55	0.48	0.00	0.03	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	2.3	
4.4	Capacity LP	897.13	469.39	399.67	0.01	0.00	15.52	6.27	0.00	0.04	2.80	2.43	0.00	0.14	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	2.4	
4.5	Commodity	0.29	0.12	0.12	0.00	0.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.3	
4.6	Customer Plant	709.29	653.86	55.30	0.00	0.00	0.06	0.01	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	0.00	0.00	0.00	0.00	0.00	0.00	2.5	
4	Total Distribution	2,277.04	1,449.21	732.63	0.02	0.00	26.37	15.93	37.25	0.09	4.77	4.14	5.46	0.23	1.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
<b>CUSTOMER RELATED</b>																													
5.1	Meters	269.88	149.38	116.19	0.03	0.00	1.42	0.24	1.42	0.33	0.58	0.27	0.00	0.01	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	4.1
5.2	Sales Stations	116.21	8.82	98.47	0.09	0.00	3.48	0.67	0.00	1.71	1.49	1.32	0.00	0.08	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	4.2
5.3	Services	1,474.04	1,306.08	162.80	0.01	0.00	0.71	0.32	0.27	0.26	0.99	2.53	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	4.3
5.4	Rentals	3.50	0.70	2.80	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	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	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	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	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	4.12
5.8	Total Customers	34.67	31.96	2.70	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	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	5.03	0.70	1.05	3.28	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.8 & 4.9
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	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
5.11	HST Revenue	(27.95)	(16.02)	(10.92)	(0.00)	0.00	(0.28)	(0.00)	0.00	(0.00)	(0.01)	(0.15)	(0.48)	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	0.00	0.00	
5	Total Customer Related	1,875.38	1,481.62	373.08	3.41	0.00	5.34	1.23	1.69	2.28	2.99	3.97	(0.48)	0.09	0.16	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	Total Rate Base	4,588.73	3,143.93	1,306.88	3.44	0.00	36.22	18.94	36.94	2.38	10.95	14.03	11.50	0.32	1.19	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	CIS	45.10	41.58	3.52	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8	Total Rate Base + CIS	4,633.83	3,185.51	1,310.40	3.44	0.00	36.22	18.94	36.94	2.38	10.95	14.03	11.50	0.32	1.19	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	

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

ALLOCATION OF RETURN & TAXES  
 Year Ended December 31, 2015  
 (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	RETURN	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE	RATE
		BASE	& TAXES	1	6	9	100	110	115	125	135	145	170	200	300	300 Int
<b>SUPPLY COST</b>																
<b>PRODUCT COST</b>																
1.1	Annual Commodity	25.40	1.73	0.99	0.68	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00
1	Total Gas Cost	25.40	1.73	0.99	0.68	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00
<b>PIPELINE TRANSPORTATION</b>																
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	407.53	27.72	13.38	12.91	0.00	0.00	0.29	0.12	0.00	0.00	0.21	0.39	0.41	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	407.53	27.72	13.38	12.91	0.00	0.00	0.29	0.12	0.00	0.00	0.21	0.39	0.41	0.00	0.00
<b>FACILITIES' COST</b>																
<b>STORAGE FACILITIES</b>																
3.1	Deliverability	2.15	0.15	0.08	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2	Space	1.22	0.08	0.04	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Total Storage	3.37	0.23	0.12	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>DISTRIBUTION FACILITIES</b>																
4.1	Capacity TP > 4"	432.96	29.45	13.81	11.76	0.00	0.00	0.46	0.41	2.53	0.00	0.08	0.07	0.32	0.00	0.00
4.2	Capacity TP <= 4"	60.63	4.12	2.12	1.80	0.00	0.00	0.07	0.06	0.00	0.00	0.01	0.01	0.05	0.00	0.00
4.3	Capacity HP	176.74	12.02	6.24	5.31	0.00	0.00	0.21	0.18	0.00	0.00	0.04	0.03	0.00	0.00	0.01
4.4	Capacity LP	897.13	61.02	31.92	27.18	0.00	0.00	1.06	0.43	0.00	0.00	0.19	0.17	0.00	0.01	0.06
4.5	Commodity	0.29	0.02	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
4.6	Customer Plant	709.29	48.24	44.47	3.76	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	2,277.04	154.87	98.56	49.82	0.00	0.00	1.79	1.08	2.53	0.01	0.32	0.28	0.37	0.02	0.07
<b>CUSTOMER RELATED</b>																
5.1	Meters	269.88	18.35	10.16	7.90	0.00	0.00	0.10	0.02	0.10	0.02	0.04	0.02	0.00	0.00	0.00
5.2	Sales Stations	116.21	7.90	0.60	6.70	0.01	0.00	0.24	0.05	0.00	0.12	0.10	0.09	0.00	0.01	0.01
5.3	Services	1,474.04	100.25	88.83	11.07	0.00	0.00	0.05	0.02	0.02	0.02	0.07	0.17	0.00	0.00	0.01
5.4	Rentals	3.50	0.24	0.05	0.19	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	34.67	2.36	2.17	0.18	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	5.03	0.34	0.05	0.07	0.22	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	(27.95)	(1.90)	(1.09)	(0.74)	(0.00)	(0.00)	(0.02)	(0.00)	0.00	(0.00)	(0.01)	(0.01)	(0.03)	0.00	0.00
5	Total Customer Related	1,875.38	127.55	100.77	25.37	0.23	0.00	0.36	0.08	0.12	0.16	0.20	0.27	(0.03)	0.01	0.01
6	<b>Total Rate Base</b>	4,588.73	312.09	213.82	88.88	0.23	0.00	2.46	1.29	2.65	0.16	0.74	0.95	0.78	0.02	0.08
	CIS	45.10	10.60	9.77	0.83	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	<b>Total Rate Base</b>	4,633.83	322.69	223.60	89.71	0.23	0.00	2.46	1.29	2.65	0.16	0.75	0.95	0.78	0.02	0.08

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



ALLOCATION OF TOTAL COST TO SERVE  
 Year Ended December 31, 2015

(millions of dollars)

ITEM	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	Col. 17	Col. 18	Col. 19	
NO.	DESCRIPTION																			
	O&M Costs	Net Investment Costs																		Allocation Factors
		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 Firm	Rate 300 Int	Direct Purchase	Rate 332	Allocation Factors		
																		02.6,3.1	02.6,3.1	
<b>SUPPLY COST</b>																				
<b>PRODUCT COST</b>																				
1.1	1,074.57	0.11	1,074.68	616.04	420.01	0.07	0.00	10.60	0.17	0.00	0.54	2.93	5.82	18.51	0.00	0.00	0.00	0.00	0.00	1.1
1.2	4.53	0.00	4.53	2.20	2.31	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.5
1.3	1.68	0.00	1.68	0.86	0.86	0.00	0.00	0.02	0.00	0.00	0.00	0.01	0.03	0.00	0.00	0.00	0.00	0.00	0.00	
1	1,080.78	0.11	1,080.89	619.21	422.97	0.07	0.00	10.61	0.17	0.00	0.54	2.95	5.83	18.54	0.00	0.00	0.00	0.00	0.00	
<b>PIPELINE TRANSPORTATION</b>																				
2.1	5.30	0.00	5.30	6.68	5.10	0.00	0.00	0.06	0.03	0.00	0.00	0.00	0.00	0.11	0.00	0.00	0.00	0.00	0.00	3.1
2.2	34.64	1.72	36.37	17.56	16.94	0.00	0.00	0.38	0.16	0.00	0.00	0.28	0.51	0.54	0.00	0.00	0.00	0.00	0.00	3.2
2.3	425.13	0.00	425.13	221.96	176.77	0.02	0.00	9.20	2.38	0.00	1.26	1.91	5.30	6.42	0.00	0.00	0.00	0.00	0.00	1.6
2.4	0.00	0.00	(6.69)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.73)	(5.68)	(0.28)	0.00	0.00	0.00	0.00	0.00	0.00	
2.5	0.00	(6.12)	(6.12)	(2.56)	(2.56)	(0.00)	0.00	(0.26)	(0.28)	0.00	(0.03)	(0.07)	(0.26)	(0.09)	0.00	0.00	0.00	0.00	0.00	1.2
2	465.07	(4.39)	460.67	243.54	196.26	0.02	0.00	9.38	2.29	0.00	1.23	1.38	(0.13)	6.70	0.00	0.00	0.00	0.00	0.00	
<b>FACILITIES' COST</b>																				
<b>STORAGE FACILITIES</b>																				
3.1	102.16	0.17	102.80	57.32	43.79	0.00	0.00	0.52	0.25	0.00	0.00	0.00	0.00	0.83	0.00	0.00	0.00	0.00	0.00	3.1
3.2	59.24	0.10	59.34	28.17	27.16	0.00	0.00	0.61	0.25	0.00	0.00	0.45	0.83	0.87	0.00	0.00	0.00	0.00	0.00	3.2
3.3	0.00	0.00	(0.47)	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	0.00	0.00	
3	160.40	0.27	160.67	85.48	70.96	0.00	0.00	1.12	0.50	0.00	(0.47)	0.45	0.83	1.80	0.00	0.00	0.00	0.00	0.00	
<b>DISTRIBUTION FACILITIES</b>																				
4.1	51.43	25.35	76.78	36.01	30.66	0.00	0.00	1.19	1.06	6.61	0.00	0.21	0.19	0.84	0.01	0.00	0.00	0.00	0.00	2.1
4.2	7.46	3.55	11.01	5.65	4.81	0.00	0.00	0.19	0.17	0.00	0.00	0.03	0.03	0.13	0.00	0.00	0.00	0.00	0.00	2.2
4.3	8.94	10.35	19.28	10.00	8.52	0.00	0.00	0.33	0.30	0.00	0.00	0.06	0.05	0.00	0.00	0.02	0.00	0.00	0.00	2.3
4.4	52.02	52.52	104.54	54.70	46.57	0.00	0.00	1.81	0.73	0.00	0.00	0.33	0.28	0.00	0.02	0.00	0.00	0.00	0.00	2.4
4.5	18.94	(0.06)	18.89	7.92	7.90	0.00	0.00	0.81	0.86	0.00	0.09	0.23	0.80	0.29	0.00	0.00	0.00	0.00	0.00	1.2
4.6	7.10	0.00	7.10	3.68	3.34	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.7	40.58	40.58	81.13	74.79	6.33	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	0.00	2.5
4.8	34.70	0.00	34.70	15.05	14.52	0.00	0.00	1.24	0.93	0.06	0.18	1.13	1.56	0.02	0.00	0.00	0.00	0.00	0.00	
4.9	13.89	0.00	13.89	4.64	6.90	0.00	0.00	0.62	0.40	0.01	0.08	0.53	0.71	0.00	0.00	0.00	0.00	0.00	0.00	
4	235.05	132.28	367.33	212.44	129.54	0.01	0.00	6.19	4.45	6.68	0.37	2.60	3.62	1.28	0.04	0.12	0.00	0.00	0.00	
<b>CUSTOMER RELATED</b>																				
5.1	12.74	42.48	55.21	30.56	23.77	0.01	0.00	0.29	0.05	0.29	0.07	0.12	0.05	0.00	0.00	0.00	0.00	0.00	0.00	4.1
5.2	5.28	5.78	11.06	6.84	9.37	0.01	0.00	0.33	0.06	0.00	0.16	0.14	0.13	0.00	0.01	0.00	0.00	0.00	0.00	4.2
5.3	11.64	78.09	89.74	79.51	9.91	0.00	0.00	0.04	0.02	0.02	0.02	0.06	0.15	0.00	0.00	0.00	0.00	0.00	0.00	4.3
5.4	0.00	1.11	1.11	0.22	0.89	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	4.4
5.5	7.06	0.00	7.06	0.00	7.05	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	0.00	4.6
5.6	6.68	0.00	6.68	0.00	0.00	0.00	0.00	3.27	0.55	0.09	0.74	1.41	0.60	0.00	0.02	0.00	0.00	0.00	0.00	4.7
5.7	1.49	0.00	1.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.49	0.00	0.00	0.00	4.1
5.8	123.74	(8.63)	115.10	106.11	8.97	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	0.00	4.5
5.9	7.75	(0.27)	7.48	5.80	0.94	0.65	0.00	0.00	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.10	14.96	0.00	14.96	13.77	1.18	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	0.00	4.8, 4.9
5.11	3.22	0.00	3.22	0.00	3.21	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
5.12	1.90	0.00	1.90	1.30	0.54	0.00	0.00	0.01	0.01	0.02	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	
5.13	0.00	12.65	12.65	11.67	0.99	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	186.47	131.22	327.68	249.78	66.83	0.67	0.00	3.88	0.69	0.50	0.99	1.74	0.94	0.00	0.03	0.03	1.49	0.00	0.00	
6.1	302.23	0.00	302.23	207.07	66.08	0.23	0.00	2.39	1.25	2.56	0.16	0.72	0.92	0.76	0.02	0.08	0.00	0.00	0.00	5.
6.2	9.86	0.00	9.86	6.75	2.81	0.01	0.00	0.08	0.04	0.08	0.01	0.02	0.03	0.02	0.00	0.00	0.00	0.00	0.00	5.
6.3	2.90	0.00	2.90	2.67	0.23	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
6.4	7.70	0.00	7.70	7.10	0.60	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
6	322.69	0.00	322.69	223.60	89.71	0.23	0.00	2.46	1.29	2.65	0.16	0.75	0.95	0.78	0.02	0.08	0.00	0.00	0.00	
7	914.60	263.77	1,178.37	771.29	357.05	0.91	0.00	13.76	6.93	9.83	1.05	5.53	6.34	3.87	0.08	0.23	1.49	0.00	0.00	
8	2,460.45	259.48	2,719.93	1,634.04	976.28	1.00	0.00	33.75	9.39	9.93	2.82	9.87	12.05	29.10	0.08	0.23	1.49	0.00	0.00	
9	3.54	0.74	4.28	0.61	0.00	0.00	0.00	0.02	0.01	0.00	0.00	0.01	0.01	0.02	0.00	0.00	0.00	0.00	0.00	2.13
10	2,723.47	1,634.78	4,358.25	1,634.78	976.88	1.00	0.00	33.77	9.40	9.83	2.82	9.88	12.06	29.12	0.08	0.23	1.49	0.00	0.00	2.13





**WORKING CAPITAL AND  
 NET INVESTMENT  
 FUNCTIONALIZATION FACTORS  
 Year Ended December 31, 2015**

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
		Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales/Marketing	Customer Accounting	Unidentifiable	CIS
<b>1. Prepaid Expenses</b>	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
<b>Materials &amp; Supplies</b>													
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
<b>Net Investments</b>													
3. Municipal Taxes	1.000	0.000	0.000	0.005	0.005	0.275	0.677	0.000	0.000	0.008	0.021	0.009	0.000



**CLASSIFICATION OF  
STORAGE AND TRANSPORTATION**  
(\$000)

Item No.	Description	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
		<u>Tecumseh O&amp;M</u>	<u>Annual Cost</u>	<u>Deliver-ability</u>	<u>Seasonal Space</u>	<u>Winter</u>	<u>Annual Commodity</u>
<b>TECUMSEH</b>							
<b>TRANSMISSION</b>							
1.1	Annual Demand	6,182.5	6,182.5	0.0	6,182.5	0.0	0.0
1.2	Daily Demand	11,296.1	11,296.1	11,296.1	0.0	0.0	0.0
1.3	In/out	5,232.3	5,232.3	0.0	5,232.3	0.0	0.0
1.4	Fuel	3,570.9	3,570.9	0.0	3,570.9	0.0	0.0
1.5	Transactional Services Revenues	(3,458.1)	(3,458.1)	(2,074.9)	(1,383.2)	0.0	0.0
1.	Total Transmission	22,823.8	22,823.8	9,221.2	13,602.5	0.0	0.0
<b>STORAGE</b>							
2.1	Annual Demand	5,840.3	5,840.3	0.0	5,840.3	0.0	0.0
2.2	Daily Demand	10,786.7	10,786.7	10,786.7	0.0	0.0	0.0
2.3	In/out	870.8	870.8	0.0	870.8	0.0	0.0
2.4	Transactional Services Revenues	(2,541.9)	(2,541.9)	(1,525.1)	(1,016.8)	0.0	0.0
2.	Total Storage	14,955.9	14,955.9	9,261.5	5,694.4	0.0	0.0
3.	Total Tecumseh	37,779.7	37,779.7	18,482.8	19,296.9	0.0	0.0
<b>UNION GAS</b>							
<b>STORAGE</b>							
4.1	Space		7,895.2	0.0	7,895.2	0.0	0.0
4.2	Peak		9,649.6	9,649.6	0.0	0.0	0.0
4.3	Injection		401.6	0.0	401.6	0.0	0.0
4.4	Withdrawal		74.8	0.0	74.8	0.0	0.0
	Chatham D		165.2	0.0	165.2	0.0	0.0
4.	Total Storage		18,186.3	9,649.6	8,536.7	0.0	0.0
<b>TRANSMISSION</b>							
5.1	Demand with comp.		66,852.3	42,064.4	24,787.9	0.0	0.0
5.4	Fuel		12,102.7	7,615.2	4,487.5	0.0	0.0
5.	Total Transmission		78,955.1	49,679.6	29,275.4	0.0	0.0
<b>DEHYDRATION</b>							
6.1	Demand		1,038.8	1,038.8	0.0	0.0	0.0
6.2	Commodity		220.2	0.0	220.2	0.0	0.0
6.	Total Dehydration		1,259.0	1,038.8	220.2	0.0	0.0
7.	Total Union		98,400.4	60,368.1	38,032.3	0.0	0.0
<b>TRANSCANADA</b>							
8.1	STS and Other		21,704.1	21,704.1	0.0	0.0	0.0
8.	Total TransCanada		21,704.1	21,704.1	0.0	0.0	0.0
9.	<b>TOTAL STORAGE &amp; TRANSP.</b>		157,884.2	100,555.0	57,329.2	0.0	0.0
10.	<b>COST TO OPERATIONS</b>		157,884.2	100,555.0	57,329.2	0.0	0.0

**CLASSIFICATION OF  
 TRANSPORTATION COSTS**

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 (\$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>
	<b>FT TCPL</b>					
1.1	Demand	281,237.4	3,503.9	28,031.4	249,702.1	0.0
1.2	Commodity	3,310.3	108.6	869.0	2,332.7	0.0
1.3	Unutilized Transport. Cost	0.0	0.0	0.0	0.0	0.0
	<b>Alliance</b>					
2.1	Demand	40,719.6	0.0	0.0	40,719.6	0.0
2.2	Commodity	0.0	0.0	0.0	0.0	0.0
3.	<b>Vector Demand</b>	61,211.4	0.0	0.0	61,211.4	0.0
4.	<b>NOVA Demand</b>	18,597.1	0.0	0.0	18,597.1	0.0
	Niagara Falls to Enbridge Parkway DDA	2,052.0	0.0	0.0	2,052.0	0.0
	<b>OTHER</b>					
5.1	Fuel	21,251.0	0.0	0.0	0.0	21,251.0
6	<b>Total</b>	428,378.9	3,612.6	28,900.4	374,614.9	21,251.0

ALLOCATION FACTORS  
 Year Ended December 31, 2015

	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 Purchase
TOTAL	1	1	6	9	100	110	115	125	135	145	170	200	300 Firm	300 Int	
<b>Commodity Responsibility</b>															
1.1 Annual Sales	7,322.4	4,197.4	2,861.7	0.5	0.0	72.2	1.2	0.0	3.7	20.0	39.7	126.1	0.0	0.0	0.0
1.2 Bundled Annual Deliveries	11,148.4	4,673.4	4,662.4	0.5	0.0	477.7	504.8	0.0	56.1	133.2	471.1	169.1	0.0	0.0	0.0
1.3 Total Annual Deliveries	11,178.4	4,673.4	4,662.4	0.5	0.0	477.7	504.8	0.0	56.1	133.2	471.1	169.1	0.0	30.0	0.0
1.4 Bundled Peak Delivery	105,534.4	54,157.5	46,113.3	1.5	0.0	1,790.5	1,601.7	0.0	4.9	322.9	280.6	1,261.7	0.0	0.0	0.0
1.5 System Gas Sales	7,322.4	4,197.4	2,861.7	0.5	0.0	72.2	1.2	0.0	3.7	20.0	39.7	126.1	0.0	0.0	0.0
<b>Distribution Capacity Responsibility</b>															
2.1 Delivery Demand TP > 4"	115,485.4	54,157.5	46,113.3	1.5	0.0	1,790.5	1,601.7	9,935.4	4.9	322.9	280.6	1,261.7	15.6	0.0	0.0
2.2 Delivery Demand TP <= 4"	105,500.0	54,157.5	46,113.3	1.5	0.0	1,790.5	1,601.7	0.0	4.9	322.9	280.6	1,261.7	15.6	0.0	0.0
2.3 Delivery Demand HP	104,387.1	54,157.5	46,113.3	1.5	0.0	1,790.5	1,601.7	0.0	4.9	322.9	280.6	0.0	15.6	0.0	0.0
2.4 Delivery Demand LP	103,509.3	54,157.5	46,113.3	1.5	0.0	1,790.5	724.0	0.0	4.9	322.9	280.6	0.0	15.6	98.7	0.0
2.5 Cust. Rel Plant	2,096,838.0	1,932,974.0	163,477.0	7.0	0.0	186.0	31.0	5.0	42.0	80.0	34.0	0.0	1.0	1.0	0.0
<b>Storage Responsibility</b>															
3.1 Deliverability	58.6	32.7	25.0	0.0	0.0	0.3	0.1	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
3.2 Space	2,718.7	1,312.5	1,266.5	0.0	0.0	28.3	11.8	0.0	0.0	20.8	38.5	40.3	0.0	0.0	0.0
<b>Customer Responsibility</b>															
4.1 Meters	429,160.0	237,544.6	184,758.4	46.6	0.0	2,257.0	387.8	2,262.7	527.6	925.3	425.3	0.0	12.2	12.5	0.0
4.2 Sales Stations	210,008.2	15,943.0	177,947.5	166.3	0.0	6,287.7	1,208.8	0.0	3,083.1	2,696.3	2,389.4	0.0	144.0	142.2	0.0
4.3 Services	2,397,070.0	2,123,928.3	264,740.8	17.2	0.0	1,159.1	517.0	439.8	420.7	1,603.7	4,114.7	0.0	7.8	121.0	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	2,096,838.0	1,932,974.0	163,477.0	7.0	0.0	186.0	31.0	5.0	42.0	80.0	34.0	0.0	1.0	1.0	0.0
4.6 Comm / Ind. Customer Count	163,864.0	0.0	163,477.0	7.0	0.0	186.0	31.0	5.0	42.0	80.0	34.0	0.0	1.0	1.0	0.0
4.7 Contracts	380.0	0.0	0.0	0.0	0.0	186.0	31.0	5.0	42.0	80.0	34.0	0.0	1.0	1.0	0.0
4.8 Chart Readings non AMR per year	62,840.0	0.0	61,589.0	36.0	0.0	120.0	0.0	0.0	0.0	0.0	365.0	0.0	365.0	365.0	0.0
4.9 Chart Readings AMR per year	2,497.0	0.0	2,136.0	4.0	0.0	167.0	34.0	5.0	37.0	74.0	40.0	0.0	0.0	0.0	0.0
4.10 Meter Readings per year	12,537,390.0	11,597,844.0	939,546.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.11 Direct Purchase Customers	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
5. Rate Base	4,588.7	3,143.9	1,306.9	3.4	0.0	36.2	18.9	38.9	2.4	10.9	14.0	11.5	0.3	1.2	0.0



**ALLOCATION PERCENTAGES**  
**Year Ended December 31, 2015**

	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	Direct Purchase
	TOTAL	1	6	9	100	110	115	125	135	145	170	200	300	300 Int	
<b>Commodity Responsibility</b>															
1.1	1.0000	0.5732	0.3908	0.0001	0.0000	0.0099	0.0002	0.0000	0.0005	0.0027	0.0054	0.0172	0.0000	0.0000	0.0000
1.2	1.0000	0.4192	0.4182	0.0000	0.0000	0.0429	0.0453	0.0000	0.0050	0.0119	0.0423	0.0152	0.0000	0.0000	0.0000
1.3	1.0000	0.4181	0.4171	0.0000	0.0000	0.0427	0.0452	0.0000	0.0050	0.0119	0.0421	0.0151	0.0000	0.0027	0.0000
1.4	1.0000	0.5132	0.4370	0.0000	0.0000	0.0170	0.0152	0.0000	0.0000	0.0031	0.0027	0.0120	0.0000	0.0000	0.0000
1.5	1.0000	0.5732	0.3908	0.0001	0.0000	0.0099	0.0002	0.0000	0.0005	0.0027	0.0054	0.0172	0.0000	0.0000	0.0000
1.6	1.0000	0.5219	0.4158	0.0001	0.0000	0.0217	0.0056	0.0000	0.0030	0.0045	0.0125	0.0151	0.0000	0.0000	0.0000
<b>Distribution Capacity Responsibility</b>															
2.1	1.0000	0.4690	0.3983	0.0000	0.0000	0.0155	0.0139	0.0860	0.0000	0.0028	0.0024	0.0109	0.0001	0.0000	0.0000
2.2	1.0000	0.5131	0.4389	0.0000	0.0000	0.0170	0.0152	0.0000	0.0000	0.0031	0.0027	0.0120	0.0001	0.0000	0.0000
2.3	1.0000	0.5188	0.4418	0.0000	0.0000	0.0172	0.0153	0.0000	0.0000	0.0031	0.0027	0.0000	0.0001	0.0009	0.0000
2.4	1.0000	0.5232	0.4455	0.0000	0.0000	0.0173	0.0070	0.0000	0.0000	0.0031	0.0027	0.0000	0.0002	0.0010	0.0000
2.5	1.0000	0.9219	0.0780	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
<b>Storage Responsibility</b>															
3.1	1.0000	0.5576	0.4260	0.0000	0.0000	0.0050	0.0024	0.0000	0.0000	0.0000	0.0000	0.0091	0.0000	0.0000	0.0000
3.2	1.0000	0.4828	0.4659	0.0000	0.0000	0.0104	0.0043	0.0000	0.0000	0.0076	0.0141	0.0148	0.0000	0.0000	0.0000
<b>Customer Responsibility</b>															
4.1	1.0000	0.5535	0.4305	0.0001	0.0000	0.0053	0.0009	0.0053	0.0012	0.0022	0.0010	0.0000	0.0000	0.0000	0.0000
4.2	1.0000	0.0759	0.8473	0.0008	0.0000	0.0299	0.0058	0.0000	0.0147	0.0128	0.0114	0.0000	0.0007	0.0007	0.0000
4.3	1.0000	0.8861	0.1104	0.0000	0.0000	0.0005	0.0002	0.0002	0.0002	0.0007	0.0017	0.0000	0.0000	0.0001	0.0000
4.4	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	1.0000	0.9219	0.0780	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
4.6	1.0000	0.0000	0.9976	0.0000	0.0000	0.0011	0.0002	0.0000	0.0003	0.0005	0.0002	0.0000	0.0000	0.0000	0.0000
4.7	1.0000	0.0000	0.0000	0.0000	0.0000	0.4895	0.0816	0.0132	0.1105	0.2105	0.0895	0.0000	0.0026	0.0026	0.0000
4.8	1.0000	0.0000	0.9801	0.0006	0.0000	0.0019	0.0000	0.0000	0.0000	0.0000	0.0058	0.0000	0.0058	0.0058	0.0000
4.9	1.0000	0.0000	0.8554	0.0016	0.0000	0.0669	0.0136	0.0020	0.0148	0.0296	0.0160	0.0000	0.0000	0.0000	0.0000
4.10	1.0000	0.9251	0.0749	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	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	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.	1.0000	0.6851	0.2848	0.0007	0.0000	0.0079	0.0041	0.0085	0.0005	0.0024	0.0031	0.0025	0.0001	0.0003	0.0000

**Allocation of DSM Program and General Costs Including Fringe Benefits and A&G**  
DEC. 31, 2015

(millions of dollars)

	<u>Total</u>	<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>
<b>DSM Program and General Costs</b>	27.57	9.44	13.05	0.00	0.00	1.23	0.93	0.00	0.18	1.14	1.60	0.00	0.00
DSM Low Income Program and General Costs	7.38	5.02	2.08	0.00	0.00	0.07	0.04	0.06	0.01	0.05	0.04	0.02	0.00
Fringe Benefits	4.75	1.52	2.34	0.00	0.00	0.21	0.16	0.00	0.03	0.20	0.28	0.00	0.00
A&G	<del>8.89</del>	<del>3.71</del>	<del>3.95</del>	<del>0.00</del>	<del>0.00</del>	<del>0.34</del>	<del>0.20</del>	<del>0.01</del>	<del>0.04</del>	<del>0.27</del>	<del>0.35</del>	<del>0.01</del>	<del>0.00</del>
Total Fully-Allocated DSM Costs	48.59	19.68	21.42	0.00	0.00	1.86	1.34	0.07	0.26	1.66	2.27	0.03	0.00
<b>Breakdown of DSM Program and General Costs:</b>													
<b>DSM Program Costs</b>	21.49	7.63	9.93	0.00	0.00	0.94	0.72	0.00	0.14	0.88	1.24	0.00	0.00
DSM Low Income Program Costs	<del>6.86</del>	<del>4.67</del>	<del>1.93</del>	<del>0.00</del>	<del>0.00</del>	<del>0.07</del>	<del>0.04</del>	<del>0.05</del>	<del>0.00</del>	<del>0.04</del>	<del>0.03</del>	<del>0.02</del>	<del>0.00</del>
Program Costs Subtotal	28.35	12.29	11.86	0.00	0.00	1.01	0.76	0.05	0.15	0.93	1.28	0.02	0.00
A&G	<del>6.35</del>	<del>2.75</del>	<del>2.66</del>	<del>0.00</del>	<del>0.00</del>	<del>0.23</del>	<del>0.17</del>	<del>0.01</del>	<del>0.03</del>	<del>0.21</del>	<del>0.29</del>	<del>0.00</del>	<del>0.00</del>
Total	34.70	15.05	14.52	0.00	0.00	1.24	0.93	0.06	0.18	1.13	1.56	0.02	0.00
<b>DSM General Costs</b>	6.09	1.81	3.12	0.00	0.00	0.29	0.20	0.00	0.04	0.26	0.36	0.00	0.00
DSM Low Income General Costs	<del>0.52</del>	<del>0.35</del>	<del>0.15</del>	<del>0.00</del>	<del>0.00</del>	<del>0.01</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>	<del>0.00</del>
General Costs Subtotal	6.60	2.16	3.27	0.00	0.00	0.30	0.21	0.01	0.04	0.26	0.36	0.00	0.00
Fringe Benefits	4.75	1.52	2.34	0.00	0.00	0.21	0.16	0.00	0.03	0.20	0.28	0.00	0.00
A&G	<del>2.54</del>	<del>0.96</del>	<del>1.30</del>	<del>0.00</del>	<del>0.00</del>	<del>0.11</del>	<del>0.03</del>	<del>0.00</del>	<del>0.01</del>	<del>0.07</del>	<del>0.07</del>	<del>0.00</del>	<del>0.00</del>
Total	13.89	4.64	6.90	0.00	0.00	0.62	0.40	0.01	0.08	0.53	0.71	0.00	0.00
<b>Total DSM Program &amp; Allocated costs</b>	48.59	19.68	21.42	0.00	0.00	1.86	1.34	0.07	0.26	1.66	2.27	0.03	0.00

**TECUMSEH GAS**  
**FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE**  
**2015 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	
1.1	Transmission Lines	100%	6,294.0	6,294.0	40%	60%	2,517.6	3,776.4	40%	60%	0.0	0.0
1.2	Compressor Equipment	100%	70,218.1	70,218.1	40%	60%	28,087.2	42,130.9	40%	60%	0.0	0.0
1.3	Structures & Improvements	100%	26,215.2	26,215.2	40%	60%	10,486.1	15,729.1	40%	60%	0.0	0.0
1.4	Office and Plant Equipment	100%	1,412.3	1,412.3	40%	60%	564.9	847.4	40%	60%	0.0	0.0
1.5	Land	100%	3,733.0	3,733.0	40%	60%	1,493.2	2,239.8	40%	60%	0.0	0.0
1.6.1	Allowance for - Mat's & Supplies	100%	3,084.7	3,084.7	40%	60%	1,233.9	1,850.8	40%	60%	0.0	0.0
1.6.2	Working Capital - Working Cash Allow.	100%	1,400.0	1,400.0	40%	60%	560.0	840.0	40%	60%	0.0	0.0
1.7	Provision for LUF	69%	0.0	0.0	40%	60%	0.0	0.0	40%	60%	0.0	0.0
1.			112,357.3	112,357.3			44,942.9	67,414.4				
2.1	Field Lines	0%	33,930.3	33,930.3	40%	60%	0.0	0.0	40%	60%	13,572.1	20,358.2
2.2	Wells	0%	37,657.3	37,657.3	40%	60%	0.0	0.0	40%	60%	15,062.9	22,594.4
2.3	Well Equipment	0%	3,116.7	3,116.7	40%	60%	0.0	0.0	40%	60%	1,246.7	1,870.0
2.4	Measuring & Regulating	0%	8,248.9	8,248.9	40%	60%	0.0	0.0	40%	60%	3,299.6	4,949.3
2.5	Gas Storage Rights	0%	15,716.8	15,716.8	40%	60%	0.0	0.0	40%	60%	6,286.7	9,430.1
2.6	Petroleum and Natural Gas Leases	0%	40,909.9	40,909.9	40%	60%	0.0	0.0	40%	60%	0.0	0.0
2.7	Base Pressure Gas	0%	40,909.9	40,909.9	40%	60%	0.0	0.0	40%	60%	16,364.0	24,545.9
2.8	Other	0%	0.0	0.0	40%	60%	0.0	0.0	40%	60%	0.0	0.0
2.			139,579.9	139,579.9							55,832.0	83,747.9
3.	Total		251,937.2	112,357.3			44,942.9	67,414.4			55,832.0	83,747.9
4.	Percentage Allocation		1,557.8	44.597%			40.000%	60.000%			40.000%	60.000%

**TECUMSEH GAS**  
**FUNCTIONAL ALLOCATION OF COST OF SERVICE**  
2015 TEST YEAR

Item No.		Col.1	Col.2	Col.3	Col.4	Col.5
	Functional Allocation			Utility Return & Expenses	Transmission & Compression	Pool Storage
	<u>T/C</u>	<u>Pool</u>				
<b>RATE BASE RETURN AMOUNT</b>				(\$000)	(\$000)	(\$000)
1.1	Utility Return	45%	55%	16,984.2	7,642.9	9,341.3
1.	Total Return	0%	0%	16,984.2	7,642.9	9,341.3
<b>EXPENSES - OPERATION</b>						
2.1.1	Labour	75%	25%	1,429.8	1,072.4	357.5
2.1.2	Supplies & Other		10%	579.1	521.2	57.9
2.1.3	Hydro	100%	0%	366.6	366.6	
2.1.4	Lease Rentals	0%	100%	1,613.9		1,613.9
2.1.5	Surface Rentals	0%	100%	346.1		346.1
2.1.6	Provision for LUF	87%	13%	4,854.7	4,223.6	631.1
2.1	Subtotal			9,190.3	6,183.8	3,006.5
<b>MAINTENANCE</b>						
2.2.1	Company	80%	20%	1,506.0	1,204.8	301.2
2.2.2	Contractor	55%	45%	1,576.6	867.1	709.5
2.2	Subtotal			3,082.6	2,071.9	1,010.7
<b>ADMINISTRATIVE &amp; GENERAL</b>						
2.3.1	General Office	75%	25%	3,274.3	2,455.7	818.6
2.3.2	Service Fees	75%	25%	2,447.2	1,835.4	611.8
2.3.3	Overhead Capitalized	75%	25%	(1,017.5)	(763.1)	(254.4)
2.3	Subtotal			4,704.0	3,528.0	1,176.0
<b>DEPRECIATION AND AMORTIZATION</b>						
2.4.1	Depreciation	59%	41%	6,575.0	3,875.3	2,699.7
2.4.2	Amortization	0%	100%	463.8		463.8
2.4	Subtotal			7,038.8	3,875.3	3,163.5
<b>TAXES - OTHER THAN INCOME</b>						
2.5.1	Municipal	80%	20%	1,468.8	1,175.0	293.8
2.5.2	Capital	45%	55%			
2.5	Subtotal			1,468.8	1,175.0	293.8
<b>2. TOTAL EXPENSES</b>				<b>25,484.5</b>	<b>16,834.0</b>	<b>8,650.5</b>
<b>3. REVENUE REQUIREMENT BEFORE TAXES</b>				<b>42,468.8</b>	<b>24,476.9</b>	<b>17,991.9</b>

TECUMSEH GAS  
 CLASSIFICATION OF COST OF SERVICE  
 2015 TEST YEAR  
 (\$'000)

Item No.	Functional Allocation	T/C	Pool	Utility Return & Expenses	Transmission & Compression	Storage Space	Total	Transmission & Compression			Storage			Pool Storage			Commodity
								Alloc'n Ann	Dly Demand	Annual Demand	Storage Total	Union Transfer	Net Recumseh	Alloc'n 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				
<b>RATE BASE RETURN AMOUNT</b>																	
1.1	45%		55%	16,984.2	7,642.9	9,341.3	7,642.9	2,675.0	4,967.9	9,341.3	0.0	9,341.3	35%	65%	3,269.5	6,071.9	
1.				16,984.2	7,642.9	9,341.3	7,642.9	2,675.0	4,967.9	9,341.3	0.0	9,341.3	35%	65%	3,269.5	6,071.9	
<b>EXPENSES - OPERATION</b>																	
2.1.1	75%		25%	1,429.8	1,072.4	357.5	1,072.4	375.3	697.1	357.5	21.2	336.3	35%	65%	117.7	218.6	
2.1.2	90%		10%	579.1	521.2	57.9	521.2	104.2	156.4	260.6	3.4	54.5	30%	45%	16.3	24.5	
2.1.3	100%		0%	366.6	366.6		366.6	73.3	110.0	183.3			0%	0%		13.7	
2.1.4	0%		100%	1,613.9	1,613.9		1,613.9						35%	65%	564.9	1,049.0	
2.1.5	0%		100%	346.1	346.1		346.1				20.5	325.6	35%	65%	114.0	211.6	
2.1.6	87%		13%	4,854.7	4,223.6	631.1	4,223.6	552.8	983.5	4,223.6	0.0	631.1	0%	0%		631.1	
2.1				9,190.3	6,183.8	3,006.5	6,183.8	4,167.5	3,006.5	4,167.5	45.1	2,961.4	35%	65%	812.9	1,503.7	
<b>MAINTENANCE</b>																	
2.2.1	80%		20%	1,506.0	1,204.8	301.2	1,204.8	241.0	361.4	602.4	17.8	283.4	30%	45%	85.0	127.5	
2.2.2	55%		45%	1,576.6	867.1	709.5	867.1	173.4	260.1	433.6	42.0	667.5	30%	45%	200.3	300.4	
2.2				3,082.6	2,071.9	1,010.7	2,071.9	414.4	621.5	1,036.0	59.8	950.9	30%	45%	285.3	427.9	
<b>ADMINISTRATIVE &amp; GENERAL</b>																	
2.3.1	75%		25%	3,274.3	2,455.7	818.6	2,455.7	859.5	1,596.2	818.6	48.5	770.1	35%	65%	269.6	500.6	
2.3.2	75%		25%	2,447.2	1,835.4	611.8	1,835.4	642.4	1,193.0	611.8	36.2	575.6	35%	65%	201.5	374.1	
2.3.3	75%		25%	(1,017.5)	(763.1)	(254.4)	(763.1)	(267.1)	(496.0)	(254.4)	0.0	(254.4)	35%	65%	(89.0)	(165.4)	
2.3				4,704.0	3,528.0	1,176.0	3,528.0	1,234.8	2,293.2	1,176.0	84.7	1,091.3	35%	65%	382.1	709.3	
<b>DEPRECIATION AND AMORTIZATION</b>																	
2.4.1	59%		41%	6,575.0	3,875.3	2,699.7	3,875.3	1,356.3	2,518.9	2,699.7	138.4	2,561.3	35%	65%	896.5	1,664.9	
2.4.2	0%		100%	463.8	463.8		463.8			463.8	0.0	463.8	35%	65%	162.3	301.5	
2.4				7,038.8	3,875.3	3,163.5	3,875.3	1,356.3	2,518.9	3,163.5	138.4	3,025.1	35%	65%	1,058.8	1,966.4	
<b>TAXES - OTHER THAN INCOME</b>																	
2.5.1	80%		20%	1,468.8	1,175.0	293.8	1,175.0	411.3	763.8	293.8	17.4	276.4	35%	65%	96.7	179.7	
2.5.2	45%		55%	0.0	0.0	0.0	0.0			0.0			35%	65%			
2.5				1,468.8	1,175.0	293.8	1,175.0	411.3	763.8	293.8	17.4	276.4	35%	65%	96.7	179.7	
<b>TOTAL EXPENSES</b>																	
2.				25,484.5	16,834.0	8,650.5	16,834.0	3,969.6	7,160.9	5,703.5	345.4	8,305.2	35%	65%	2,635.8	4,787.0	
<b>REVENUE REQUIREMENT</b>																	
3.				42,468.8	24,476.9	17,991.9	24,476.9	6,644.6	12,128.8	5,703.5	345.4	17,646.5	35%	65%	5,905.3	10,858.9	
<b>GROSS REVENUE REQUIREMENT (incl. fuel)</b>																	
4.1				42,468.8	24,476.9	17,991.9	24,476.9	6,644.6	12,128.8	5,703.5	345.4	17,646.5	35%	65%	5,905.3	10,858.9	
<b>GROSS REVENUE REQUIREMENT (excl. fuel)</b>																	
4.2				42,468.8	24,476.9	17,991.9	24,476.9	6,644.6	12,128.8	5,703.5	345.4	17,646.5	35%	65%	5,905.3	10,858.9	
<b>Less: UNION GAS</b>																	
3.1.1				393.3	757.0	401.0									0.0	0.0	
<b>Less: CENTRA GAS</b>																	
3.1.2				68.8	75.7	70.1									65.0	72.2	
<b>Less: ST. LAWRENCE</b>																	
3.1.3				0.0	0.0	0.0									0.0	0.0	
3.1				6,182.5	11,296.1	5,232.3									5,840.3	10,786.7	
<b>Net: CONSUMERS GAS</b>																	

TECUMSEH GAS  
 RATE DERIVATION  
2015 TEST YEAR

Item No.	Transmission and Compression	Col.1	Col.2	Col.3
		Annual Demand	Daily Demand	Commodity
1.1	Cost of service	6,644.6	12,128.8	5,703.5
1.2	Forecasted Gas Volumes	2,736,920.5	45,420.1	4,608,018.9
1.3.1	Unit Cost - Annual (\$/10 <sup>3</sup> m <sup>3</sup> )	2.428	267.036	1.238
1.3.2	Unit Cost - Monthly (\$/10 <sup>3</sup> m <sup>3</sup> /month)	0.202	22.253	0.000
1.3.3	Unit Cost - Rounded (\$/10 <sup>3</sup> m <sup>3</sup> )	0.202	22.253	1.238
0	(\$/10 <sup>3</sup> m <sup>3</sup> /month) (excl. fuel gas)	0.202	22.253	1.238
1.4	Fuel Ratio (%)			0.35
<b>Pool Storage</b>				
2.1	Cost of Service Analysis (\$000's)	5,905.3	10,858.9	882.5
2.2	Forecasted Gas Volumes (10 <sup>3</sup> m <sup>3</sup> )	2,574,920.5	42,585.1	4,284,018.9
2.3.1	Unit Cost - Annual (\$/10 <sup>3</sup> m <sup>3</sup> )	2.2934	254.9931	0.2060
2.3.2	Unit Cost - Monthly (\$/10 <sup>3</sup> m <sup>3</sup> /month)	0.1911	21.2494	0.0000
2.3.3	Unit Cost - Rounded (\$/10 <sup>3</sup> m <sup>3</sup> )	0.1911	21.2494	0.2060



**TECUMSEH GAS**  
**ISOLATION OF TRANSMISSION RELATED COST OF SERVICE**  
2015 TEST YEAR

	Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7	Col.8	Col.9	
	<b>TOTAL COST OF SERVICE</b>					<b>ELIMINATION OF COMPRESSION COSTS</b>		<b>TRANSMISSION COSTS</b>		
Item No.	Functional Allocation T/C	Pool	Utility Return & Expenses	Transmission & Compression	Pool Storage	Compression	Pool Storage	Transmission	Pool Storage	
<b>RATE BASE RETURN AMOUNT</b>			(\$000)	(\$000)	(\$000)					
1.1	Utility Return (net of fuel)	40%	60%	16,984.2	6,793.7	10,190.5	(4,181.0)	(10,190.5)	2,612.7	0.0
1.	Total Return	0%	0%	16,984.2	6,793.7	10,190.5	(4,181.0)	(10,190.5)	2,612.7	0.0
<b>EXPENSES - OPERATION</b>										
2.1.1	Labour	80%	20%	1,429.8	1,143.9	286.0	(1,143.9)	(286.0)	0.0	0.0
2.1.2	Supplies & Other	90%	10%	579.1	521.2	57.9	(521.2)	(57.9)	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%	366.6	366.6	0.0	(366.6)	0.0	0.0	0.0
2.1.8	Lease Rentals	0%	100%	1,613.9	0.0	1,613.9	0.0	(1,613.9)	0.0	0.0
2.1.9	Surface Rentals	0%	100%	346.1	0.0	346.1	0.0	(346.1)	0.0	0.0
2.1.10	Provision for LUF	69%	31%	4,854.7	3,349.8	1,505.0	(3,349.8)	(1,505.0)	0.0	0.0
2.1	Subtotal			9,190.3	5,381.4	3,808.9	(5,381.4)	(3,808.9)	0.0	0.0
<b>MAINTENANCE</b>										
2.2.1	Company	90%	10%	1,506.0	1,355.4	150.6	(1,339.6)	(150.6)	15.8	0.0
2.2.2	Contractor	80%	20%	1,576.6	1,261.3	315.3	(1,229.3)	(315.3)	32.0	0.0
2.2	Subtotal			3,082.6	2,616.7	465.9	(2,568.9)	(465.9)	47.8	0.0
<b>ADMINISTRATIVE &amp; GENERAL</b>										
2.3.1	General Office	80%	20%	3,274.3	2,619.4	654.9	(2,596.0)	(654.9)	23.4	0.0
2.3.2	Service Fees	80%	20%	2,447.2	1,957.8	489.4	(1,954.5)	(489.4)	3.3	0.0
2.3.3	Overhead Capitalized	80%	20%	(1,017.5)	(814.0)	(203.5)		203.5	(156.5)	0.0
2.3	Subtotal			4,704.0	3,763.2	940.8	(4,550.6)	(940.8)	(129.9)	0.0
<b>DEPRECIATION AND AMORTIZATION</b>										
2.4.1	Depreciation	59%	41%	6,575.0	3,875.3	2,699.7	(3,689.8)	(2,699.7)	185.5	0.0
2.4.2	Amortization	0%	100%	463.8	0.0	463.8	0.0	(463.8)	0.0	0.0
2.4	Subtotal			7,038.8	3,875.3	3,163.5	(3,689.8)	(3,163.5)	185.5	0.0
<b>TAXES - OTHER THAN INCOME</b>										
2.5.1	Municipal	80%	20%	1,468.8	1,175.0	293.8	(875.0)	(293.8)	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			1,468.8	1,175.0	293.8	(875.0)	(293.8)	300.0	0.0
<b>2.</b>	<b>TOTAL EXPENSES</b>			<b>25,484.5</b>	<b>16,811.7</b>	<b>8,672.9</b>	<b>(17,065.7)</b>	<b>(8,672.9)</b>	<b>403.4</b>	<b>0.0</b>
<b>3.</b>	<b>REVENUE REQUIREMENT BEFORE TAXES</b>			<b>42,468.8</b>	<b>23,605.4</b>	<b>18,863.4</b>	<b>(21,246.7)</b>	<b>(18,863.4)</b>	<b>3,016.1</b>	<b>0.0</b>



**FUNCTIONALIZATION OF SHORT CYCLE  
 NET REVENUES TO IN/EX FRANCHISE CUSTOMERS  
 2015 TEST YEAR  
 (\$000)**

Item No.	Description	Col. 1 Net Revenues (\$000)	Col. 2 Sharing	Col. 3 Net Revenues Shared (\$000)	Col. 4 I/C	Col. 5 Storage	Col. 6 I/C (\$000)	Col. 7 Storage (\$000)
1.	Short Cycle	6,000.0	100%	6,000.0	58%	42%	3,458.1	2,541.9

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

Item No.	Description	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
		Total (\$000)	Col. 1*60% Daily (\$000)	Col. 1*40% Annual (\$000)	Col. 4 Daily	Col. 5 Annual	Col. 4*Col. 2 Daily (\$000)	Col. 5*Col. 3 Annual (\$000)	Col. 6+Col. 7 Total (\$000)
<b>T/C</b>									
1.1	In Franchise								
1.2	Rate 325		100%	100%	100%	100%	2,074.9	1,383.2	3,458.1
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	3,458.1	2,074.9	1,383.2	100%	100%	2,074.9	1,383.2	3,458.1
<b>Storage</b>									
2.1	In Franchise								
2.2	Rate 325		100%	100%	100%	100%	1,525.1	1,016.8	2,541.9
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	2,541.9	1,525.1	1,016.8	100%	100%	1,525.1	1,016.8	2,541.9
<b>Total T/C and Storage</b>									
3.1	In Franchise								
3.2	Rate 325		3,600.0	2,400.0	3,600.0	2,400.0	3,600.0	2,400.0	6,000.0
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	6,000.0	3,600.0	2,400.0	3,600.0	2,400.0	3,600.0	2,400.0	6,000.0