

## 2018 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 2018 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  
B. So

3. Although the Study is based on Board approved principles and conventions, the Company would like to highlight three 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 is the treatment of the revenue requirement for Rate 332; the third area is the treatment of the revenue requirement for the Dawn Transportation Service ("DTS").

#### Customer Care and CIS

4. As shown at Exhibit F1, Tab 2, Schedule 1, page 1, the 2018 Customer Care / CIS rate base equals \$7 million and the 2018 revenue requirement equals \$131.1 M after a \$4.9 M smoothing adjustment.
5. The derivation of this revenue requirement reflects the Customer Care / CIS Settlement Agreement (EB-2011-0226) dated September 2, 2011 and is independent from the derivation of the Company's other 2018 revenue requirement components. As such, the 2018 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	105.9	F1/T2/S1/P1/L5/C7
Depreciation	12.7	F1/T2/S1/P1/L6/C7
Return	0.5	F1/T2/S1/P1/L3/C7
Tax	7.1	F1/T2/S1/P1/L16/C7
Smoothing Adjustment	4.9	F1/T2/S1/P1/L21/C7
Total	131.1	F1/T2/S1/P1/L22/C7

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6. 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 (add Smoothing Adjustment)	110.8	G2/T3/S4/P3/L5.1–5.7/C1
Depreciation	12.7	G2/T3/S3/P1/L1.1/C13
Return	0.5	G2/T5/S3/P1/L6.3/C1
Tax	7.1	G2/T5/S3/P1/L6.4/C1
Total	131.1	

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

Customer Care / CIS O&M	\$ Million	Reference
Billing	46.6	G2/T3/S4/P3/L5.1/C1
Service & Billing Enquiry	10.7	G2/T3/S4/P3/L5.2/C1
Meter Reading	11.4	G2/T3/S4/P3/L5.3/C1
Credit & Collection	17.3	G2/T3/S4/P3/L5.4/C1
Supervision	22.2	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>	110.8	

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

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customer classes, again based on the number of customers in each class.

Rate 332

9. According to the Board approval in EGD's EB-2012-0451 Leave to Construct ("LTC") application with respect to the Greater Toronto Area ("GTA") project, the Company applied for Rate 332: Parkway to Albion Transportation Service applicable to the proposed transportation service agreement with Rate 332 shippers. Rate 332 service is facilitated by Segment A of GTA project.
10. The Rate 332 charges are designed to recover the shippers' portion of Segment A costs within the GTA project. As per the Board's decision in EB-2012-0451, 60% of the annual revenue requirement for Segment A is to be recovered from shippers through Rate 332 Contract Demand ("CD") charges.
11. Rate 332 service on Segment A of the GTA project is available to shippers in 2018. Accordingly, Rate 332 has been allocated 60% (or approximately \$17.4 M) of the Segment A revenue requirement.

Dawn Transportation Service ("DTS"):

12. As outlined in the Dawn Access Settlement Agreement (EB-2014-0323), DTS is a bundled direct purchase transportation service with a delivery point at Dawn. Development of the DTS service first began during the GTA Project Leave to Construct Proceeding (EB-2012-0451) and during the course of subsequent consultations with stakeholders throughout the Dawn Access Consultative which ultimately lead to the aforementioned settlement agreement. The forecast implementation date for DTS is November 2017. The DTS service option will be made available to customers in addition to the Sales, Western Transportation

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Service ("WTS"), Ontario Transportation Service ("OTS") and unbundled service options which are currently available to Enbridge's customers.

13. DTS customers contract with Enbridge to deliver each day to the Dawn delivery point their Mean Daily Volume ("MDV") obligation. Delivery of the MDV gas to the customers' locations is then carried out by the Company using pipeline capacity upstream of the gas distribution system and its gas distribution network.
14. Enbridge also provides load balancing service (i.e., matching of supply to meet customers' demand on a daily and seasonal basis), storage, and distribution service to DTS customers, just like the company provides these services to other bundled direct purchase customers.
15. To provide transportation services to its customers Enbridge contracts for upstream capacity on pipelines such as TCPL, Vector, Niagara, Union Gas to transport gas supplies from the various market hubs to its franchise area. The cost of upstream capacity that is flowed at 100% load factor to meet annual average demand is recovered through the Company's transportation charges.
16. This approach of flowing gas on upstream pipelines at 100% load factor (i.e., the same amount of gas is delivered to the franchise area each day year round, which is a concept / approach equivalent to the MDV delivery obligation for direct purchase customers) is facilitated by the close proximity of storage to Enbridge's franchise area. Excess supplies delivered by upstream pipelines in the summer are stored for withdrawal in the winter.
17. To reflect this operating practice of meeting annual average demand, upstream

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transportation costs are classified as 100% annual demand and are allocated to each rate class based on bundled transportation delivery volumes by rate class. Customers only pay for the cost of transportation service they use.

18. Accordingly, the transportation costs allocated to the DTS service reflect proportionate costs of transportation classified as annual demand between Dawn and Enbridge's franchise area, which includes a proportionate allocation of Segment A cost and fuel cost. The costs allocated to DTS, therefore include / reflect all costs associated with providing DTS service between Dawn and the Company's franchise area. The cost allocated to DTS is approximately \$24.4 M.
19. The derivation of DTS unit rates (i.e., charges) is presented in rate design evidence at Exhibit H2, Tab 4, Schedule 1, page 2.

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**FULLY ALLOCATED COST STUDY  
ENBRIDGE GAS DISTRIBUTION  
2018 TEST YEAR**

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## FULLY ALLOCATED COST STUDY

### 1. Summary

The 2018 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.

<p><i>Table 1</i></p> <p><b>FULLY ALLOCATED COST STUDY RESULTS</b></p>				
	Col. 1	Col. 2	Col. 3	Col. 4
	<u>Revenue</u> \$Millions	<u>Cost to Serve</u> \$Millions	<u>Over/Under Contributions</u> \$Millions	<u>Revenue to Cost</u>
Rate 1	1,787.66	1,776.52	11.14	1.01
Rate 6	1060.01	1,065.32	(5.31)	1.00
Rate 9	0.00	0.00	0.00	0.00
Rate 100	0.00	0.00	0.00	0.00
Rate 110	46.34	46.83	(0.49)	0.99
Rate 115	12.79	13.09	(0.30)	0.98
Rate 125	11.08	11.57	(0.48)	0.96
Rate 135	2.79	3.10	(0.31)	0.90
Rate 145	3.59	5.73	(2.14)	0.63
Rate 170	8.82	10.91	(2.09)	0.81
Rate 200	29.74	29.70	0.04	1.00
Rate 300	0.06	0.10	(0.04)	0.56
Rate 325 & 330	1.85	1.85	0.00	1.00
Rate 332	17.4	17.4	0.00	1.00
Direct Purchase	1.42	1.42	0.00	1.00
Total	2,983.55	2,983.55	0.00	1.00

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# **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.

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## **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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## FULLY ALLOCATED COST STUDY

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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.

*Table 2*  
FUNCTIONS

Gas Supply Storage Sales Pressure Regulators Distribution Pressure Regulators Services Mains Meters Rental Equipment Sales/Marketing Customer Accounting Unidentifiable
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## **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. 26-27). 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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## **FULLY ALLOCATED COST STUDY**

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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. 28) 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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## **FULLY ALLOCATED COST STUDY**

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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**

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

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## **FULLY ALLOCATED COST STUDY**

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bundled 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 of this transmission capacity is required to move gas from Dawn to the franchise area in order to meet annual demand and load balancing requirements. The costs related to the portion required to meet load balancing needs are classified as peak and seasonal load balancing. The costs associated with the portion required to meet annual demand 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.

### **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.

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## **FULLY ALLOCATED COST STUDY**

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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 44% of the low pressure mains are classified as customer related, resulting in about 30% 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,
- 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.

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## **FULLY ALLOCATED COST STUDY**

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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.
- 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.

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## **FULLY ALLOCATED COST STUDY**

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- 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 3.13, 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, Rebilled 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.
- 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

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### **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.

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.

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## **FULLY ALLOCATED COST STUDY**

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### **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 1, 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.

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.

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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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 30% customer-related and 70% 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.

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.

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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

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

### **Schedule 2: Net Investment Costs**

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

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

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

The variable unit rate for commodity costs is based on a 12 month average of projected AECO/NIT prices inclusive of fuel plus NOVA/Empress transportation tolls and reflects commodity price at Empress. This unit rate is reflective of commodity price in the marketplace and is consistent with direct purchase requirements. The proposed Empress reference price for the test year is \$118.2320 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. Items 1-8, 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

Witnesses: A. Kacicnik  
B. So



## **FULLY ALLOCATED COST STUDY**

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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 supply arrangements. Consequently, they are classified to Distribution Costs, TP Capacity  $\leq 4$ " 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.

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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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  $\leq 4$ ", 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.

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.

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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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.

Item 2.6, Dawn Transportation Service (DTS), is a bundled direct purchase transportation service with Dawn as the delivery point. The transportation costs allocated to DTS include all costs associated with delivering gas from Dawn to Enbridge franchise area, including but not

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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limited to the costs of transportation acquired by Enbridge from other service providers for the purpose of DTS and the proportionate cost of capacity on Segment A of the GTA Project required for the purpose of DTS (EB 2016-0215, Exhibit G1, Tab 1, Schedule1).

The total costs associated with providing DTS, Item 2.6 is excluded from Item 2.3, Annual – Transportation, and will be recovered over the total volumes of DTS. All DTS customers will be charged the same transportation unit rate, regardless of their physical location within Enbridge's franchise areas.

### **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 ;

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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- Item 2.5.1, Municipal Taxes, based on functionalized tax base.

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

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

Witnesses: A. Kacicnik  
B. So

## **FULLY ALLOCATED COST STUDY**

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### ***APPENDICES***

Witnesses: A. Kacicnik  
B. So

## FULLY ALLOCATED COST STUDY

<b>Appendix A</b> <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.

Witnesses: A. Kacicnik  
B. So

## 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.

Witnesses: A. Kacicnik  
 B. So



## FULLY ALLOCATED COST STUDY

<i>Appendix B</i> ALLOCATION FACTORS		
Allocator	Col. 1 Units	Col. 2 Description
<b>Volumetric Factors:</b>		
Annual Sales	$10^6 \text{ m}^3$	Annual volumes of gas sales customers.
Bundled Annual Deliveries	$10^6 \text{ m}^3$	Annual throughput of bundled service customers.
Total Annual Deliveries	$10^6 \text{ m}^3$	Annual throughput of all customers.
Bundled Transportation Deliveries	$10^6 \text{ m}^3$	Annual transportation volume for bundled customers.
Dawn Transportation Service	$10^6 \text{ m}^3$	Annual transportation volume for Dawn Transportation Service customers.
<b>Distribution Factors</b>		
TP Demand	$10^3 \text{ m}^3 / \text{d}$	Peak throughput on the transmission pressure system.
HP Demand	$10^3 \text{ m}^3 / \text{d}$	Peak throughput on the high pressure system.
LP Demand	$10^3 \text{ m}^3 / \text{d}$	Peak throughput on the low pressure system.
Customer Related	Customer count	Total number of customers.
<b>Storage Factors</b>		
Deliverability	$10^6 \text{ m}^3 / \text{d}$	Demand in excess of average winter demand.
Space	$10^6 \text{ m}^3$	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.

Witnesses: A. Kacicnik  
B. So

REVENUE TO COST  
RATE OF RETURN COMPARISONS  
Year Ended December 31, 2018  
(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.	DESCRIPTION																
1.	Sales and Transportation Revenue	2,966.68	1,788.24	1,060.16	0.00	0.00	46.32	12.74	11.08	2.79	3.52	8.77	29.74	0.06	1.85	1.42	0.00
2.	Unbilled Revenues	(0.53)	(0.58)	(0.15)	0.00	0.00	0.02	0.05	0.00	0.00	0.08	0.05	0.00	0.00	0.00	0.00	0.00
3.	Total Revenues	2,983.55	1,787.66	1,060.01	0.00	0.00	46.34	12.79	11.08	2.79	3.59	8.82	29.74	0.06	1.85	1.42	17.40
4.	Cost of Service	2,983.55	1,776.67	1,065.38	0.00	0.00	46.84	13.09	11.57	3.10	5.73	10.91	29.70	0.10	1.85	1.42	17.30
5.	Over / Under Contribution	(0.00)	11.00	(5.37)	(0.00)	(0.00)	(0.49)	(0.31)	(0.49)	(0.31)	(2.14)	(2.09)	0.04	(0.04)	(0.00)	(0.00)	0.10
6.	Revenue to Cost Ratio	1.00	1.01	0.99	0.00	0.00	0.99	0.98	0.96	0.90	0.63	0.81	1.00	0.56	1.00	1.00	1.01
7.	Revenue to Cost Ratio (2017 Final Rate Order)	1.00	1.01	1.00	0.08	0.00	0.99	0.81	1.00	0.86	0.61	0.79	1.00	0.55	1.00	1.00	1.00

Witnesses: A. Kacicnik  
B. So

**REVENUE TO COST/  
RATE OF RETURN COMPARISONS  
EXCLUDING GAS SUPPLY COMMODITY  
Year Ended December 31, 2018**

(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.	DESCRIPTION																
	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	2,006.49	1,234.71	683.39	0.00	0.00	39.56	12.74	11.08	2.25	2.49	4.63	14.16	0.06	0.00	1.42	0.00
2.	Unbilled Revenues	(0.53)	(0.58)	(0.15)	0.00	0.00	0.02	0.05	0.00	0.00	0.08	0.05	0.00	0.00	0.00	0.00	0.00
3.	Total Revenues	2,023.36	1,234.13	683.24	0.00	0.00	39.58	12.79	11.08	2.25	2.56	4.68	14.16	0.06	0.00	1.42	17.40
4.	Cost of Service	2,023.36	1,223.13	688.61	0.00	0.00	40.07	13.09	11.57	2.57	4.70	6.77	14.12	0.10	0.00	1.42	17.30
5.	Over / Under Contribution	(0.00)	11.00	(5.37)	(0.00)	(0.00)	(0.49)	(0.31)	(0.49)	(0.31)	(2.14)	(2.09)	0.04	(0.04)	0.00	(0.00)	0.10
6.	Revenue to Cost Ratio	1.00	1.01	0.99	0.00	0.00	0.99	0.98	0.96	0.88	0.55	0.69	1.00	0.56	0.00	1.00	1.01
7.	Revenue to Cost Ratio (2017 Final Rate Order)	1.00	1.01	1.00	0.06	0.00	0.98	0.81	1.00	0.85	0.55	0.70	1.00	0.55	0.00	1.00	1.00

Witnesses: A. Kacicnik  
B. So

**Functionalization of  
Ontario Utility Rate Base  
Year Ended December 31, 2018**

(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	Unidenti- fiable	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)	130.62	1.27	0.00	0.62	0.30	15.49	51.74	0.30	0.00	7.98	29.57	23.34	0.00	0.00
2.2 Structures & Improvements	97.59	0.95	0.00	0.46	0.22	11.57	9.38	0.22	0.00	15.72	41.61	17.44	0.00	0.00
2.3 Mains	2,601.85	0.00	0.00	0.00	0.00	0.00	2,601.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.4 Meas. Reg. & Telemetering	354.18	0.00	0.00	164.06	190.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.5 Services	1,714.57	0.00	0.00	0.00	0.00	1,714.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6 Meters	214.77	0.00	0.00	0.00	0.00	0.00	0.00	214.77	0.00	0.00	0.00	0.00	0.00	0.00
2. Total Distribution Plant	5,113.57	2.23	0.00	165.14	190.65	1,741.64	2,662.97	215.29	0.00	23.70	71.18	40.77	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	7.59	0.00	0.00	0.00	0.00	2.55	0.34	0.00	0.00	0.95	2.68	1.06	0.00	0.00
3.3 Office Furniture & Equip.	18.24	0.03	0.02	0.02	2.24	2.94	3.65	0.84	0.30	0.44	0.57	7.18	0.00	0.00
3.4 Transportation Equipment	23.57	0.00	0.00	0.00	0.06	6.99	15.76	0.00	0.00	0.77	0.00	0.00	0.00	0.00
3.5 Heavy Work Equipment	14.75	0.00	0.00	0.00	0.03	4.37	9.86	0.00	0.00	0.48	0.00	0.00	0.00	0.00
3.6 Tools & Work Equip.	21.92	0.00	0.00	0.00	0.00	10.96	10.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.7 Rental Equip.	14.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14.86	0.00	0.00	0.00	0.00	0.00
3.8 Communication Equip.	1.11	0.02	0.00	0.01	0.31	0.10	0.14	0.00	0.00	0.10	0.19	0.24	0.00	0.00
3.9 Compressors	0.49	0.00	0.00	0.00	0.00	0.15	0.33	0.00	0.00	0.02	0.00	0.00	0.00	0.00
3.10 Computer Equipment	(6.12)	(0.15)	(0.02)	(0.14)	(0.52)	(0.99)	(1.60)	(0.52)	(0.01)	(0.05)	(1.41)	(0.71)	0.00	0.00
3.11 Software Acquired/Developed	50.73	1.22	0.17	1.18	4.31	8.18	13.25	4.31	0.08	0.45	11.71	5.87	0.00	0.00
3.12 WAMS	53.70	1.29	0.18	1.25	4.56	8.66	14.02	4.56	0.08	0.48	12.40	6.21	0.00	0.00
3.13 CIS	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.00	0.00
3. Total General Plant	207.84	2.41	0.36	2.32	10.99	43.91	66.71	9.19	15.31	3.63	26.14	19.85	7.00	0.00
4. Plant Held for Future Use	0.33	0.00	0.00	0.00	0.00	0.33	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	341.64	393.85	5.42	(0.11)	(0.34)	15.38	23.80	0.00	0.00	(0.98)	(66.69)	0.73	0.00	(29.42)
5. Total Other Items	341.64	393.85	5.42	(0.11)	(0.34)	15.38	23.80	0.00	0.00	(0.98)	(66.69)	0.73	0.00	(29.42)
6. Total Rate Base	5,664.94	398.49	7.33	167.35	201.30	1,801.26	2,753.47	224.49	15.31	26.35	30.64	61.36	7.00	(29.42)

Witnesses: A. Kacicnik  
B. So

**Functionalization of  
Ontario Utility Working Capital  
Year Ended December 31, 2018**

(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	Gas	Storage	Sales	Distribution	Services	Mains	Sales/	Customer	Unidenti-	HST
	Requirement	Supply		Stations	Measurement			Marketing	Accounting	fiable	Revenue
<b>Working Capital Allowance</b>											
1. Prepaid Expenses	1.00	0.00	0.00	0.00	0.00	0.12	0.12	0.01	0.00	0.75	0.00
<b>Materials &amp; Supplies</b>											
2.1 NGV Inventory	0.64	0.00	0.00	0.00	0.00	0.00	0.00	0.64	0.00	0.00	0.00
2.2 Pipe	6.27	0.00	0.00	0.00	0.00	1.43	4.84	0.00	0.00	0.00	0.00
2.3 Warehouse Inventory	5.77	0.00	0.00	0.00	0.00	2.89	2.89	0.00	0.00	0.00	0.00
2.4 Holding Account	18.84	0.00	0.00	0.00	0.00	9.42	9.42	0.00	0.00	0.00	0.00
3. Mortgages Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Rebilled Construction Work	1.40	0.00	0.00	0.00	0.00	0.00	1.40	0.00	0.00	0.00	0.00
5. Gas in Inventory	370.90	370.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Customer Security Deposits	(64.60)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(64.60)	0.00	0.00
<b>Working Cash Allowance</b>											
7.1 Gas Costs/O&M	(0.97)	7.55	1.78	(0.18)	(0.55)	(0.78)	(2.62)	(2.69)	(3.45)	(0.03)	0.00
7.2 HST	2.40	15.41	3.63	0.07	0.22	2.31	7.76	1.06	1.35	0.01	(29.42)
8. <b>Total Working Capital</b>	341.64	393.85	5.42	(0.11)	(0.34)	15.38	23.80	(0.98)	(66.69)	0.73	(29.42)

Witnesses: A. Kacicnik  
B. So

**Functionalization of  
Ontario Utility Net Investments  
Year Ended December 31, 2018**

(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	290.30	1.18	0.16	6.72	10.89	74.61	108.78	47.02	2.25	2.41	14.94	8.64	12.71
1.2 Municipal Taxes	48.06	0.02	0.00	0.23	0.22	13.24	32.55	0.01	0.00	0.38	1.00	0.42	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	338.36	1.21	0.16	6.94	11.11	87.84	141.33	47.03	2.25	2.78	15.94	9.06	12.71
<b>Miscellaneous Revenues</b>													
2.1 Rentals	(1.10)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(1.10)	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	(9.09)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(9.09)	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	(35.08)	(6.12)	0.12	0.00	0.00	(1.36)	0.00	(1.03)	(1.10)	0.00	(24.59)	(1.00)	0.00
3. Net Investments Total	303.28	(4.91)	0.27	6.94	11.11	86.48	141.33	46.00	1.15	2.78	(8.65)	8.06	12.71

Witnesses: A. Kacicnik  
B. So

**Functionalization of  
Ontario Utility O&M  
Year Ended December 31, 2018**

(millions of dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
		Cost of Service	Fringe Benefits	Sub- Total	Supervision	Sub- Total	A&G Overhead	Total
Gas Supply								
1.1	Gas Purchased	1,594.00	0.00	1,594.00	0.00	1,594.00	0.00	1,594.00
1.2	Gas Storage	192.19	2.43	194.62	0.00	194.62	0.00	194.62
1.3	A&G	0.00	0.00	0.00	0.00	0.00	10.48	10.48
1.4	System Gas Management	0.97	0.58	1.55	0.00	1.55	0.00	1.55
1.5	Direct Purchase Management	1.07	0.36	1.42	0.00	1.42	0.00	1.42
1.	Total Gas Supply	1,788.22	3.37	1,791.59	0.00	1,791.59	10.48	1,802.07
Distribution Costs								
Operating Costs								
2.1.1	Chart Processing	0.04	0.00	0.04	0.03	0.07	0.01	0.08
2.1.2	Distribution Sta.	1.29	0.70	1.99	1.17	3.16	0.62	3.78
2.1.3	Sub-total	1.33	0.70	2.03	1.20	3.23	0.63	3.86
2.1.4	Supervision M&R	0.46	0.37	0.82	(0.82)	0.00	0.00	0.00
2.1.5	System Operation	46.47	10.42	56.89	10.50	67.39	13.13	80.52
2.1.6	Sub-total	48.26	11.49	59.75	10.87	70.62	13.76	84.38
2.1.7	Supervision Dist Op	7.16	3.71	10.87	(10.87)	0.00	0.00	0.00
2.1.8	Gas Dispatched	4.97	2.07	7.04	0.00	7.04	1.37	8.41
2.1	Total Operating Costs	60.39	17.27	77.65	0.00	77.65	15.13	92.79
Maintenance Costs								
2.2.1	Distribution Sys Reg	1.19	0.07	1.26	3.17	4.43	0.86	5.29
2.2.2	Sales Meters	0.83	0.34	1.17	2.94	4.11	0.80	4.92
2.2.3	Other Meters	1.86	0.93	2.79	7.02	9.82	1.91	11.73
2.2.4	Instruments	0.87	0.37	1.24	3.12	4.37	0.85	5.22
2.2.5	Sub-total M&R	4.75	1.72	6.47	16.26	22.73	4.43	27.16
2.2.6	Supervision M&R	6.18	2.55	8.73	(8.73)	0.00	0.00	0.00
2.2.7	Mains	9.14	2.69	11.83	13.77	25.59	4.99	30.58
2.2.8	Structures	0.31	0.17	0.47	0.55	1.02	0.20	1.22
2.2.9	Sub-total Mntce	20.38	7.12	27.50	21.85	49.35	9.62	58.96
2.2.10	Supervision Dist Mntce	15.06	6.78	21.85	(21.85)	0.00	0.00	0.00
2.2	Total Maintenance Costs	35.44	13.90	49.35	0.00	49.35	9.62	58.96
2.	Total Distribution Costs	95.83	31.17	127.00	0.00	127.00	24.75	151.75

Witnesses: A. Kacicnik  
B. So

**Functionalization of  
Ontario Utility O&M  
Year Ended December 31, 2018**

(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 Heating Equipment Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.1 Other Service Work	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.2 Inspect Appl Inst.	2.28	0.53	2.81	1.10	3.91	0.76	4.68
3.1.3 Sub-total Service Work	2.28	0.53	2.81	1.10	3.91	0.76	4.68
3.1.4 Mtr Locks,Unlks,Exchanges	9.86	0.84	10.70	4.20	14.90	2.90	17.80
3.1.5 Jobbing Contracts Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1.6 Sub-total	12.14	1.37	13.51	5.30	18.81	3.67	22.48
3.1.7 Training & Supervision	5.25	2.57	7.82	(7.82)	0.00	0.00	0.00
3.1 Total Operating Costs	17.39	3.94	21.33	(2.52)	18.81	3.67	22.48
<b>Maintenance Costs</b>							
3.2.1 Co Equip on Cust. Premises	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2.2 Service Lines	4.69	1.72	6.41	2.52	8.92	1.74	10.66
3.2 Total Maintenance Costs	4.69	1.72	6.41	2.52	8.92	1.74	10.66
3. Total Customer Service Costs	22.08	5.65	27.73	0.00	27.73	5.41	33.14
<b>Sales/Marketing Costs</b>							
4.1 Residential Promotion	2.73	0.65	3.38	1.19	4.57	0.89	5.47
4.2 Commercial Promotion	1.11	1.16	2.27	0.80	3.07	0.60	3.67
4.3 Industrial Promotion	0.81	0.82	1.63	0.57	2.20	0.43	2.63
4.4 General Sales Promotion	2.77	1.59	4.35	1.53	5.89	1.15	7.03
4.5 Merchandising Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.6 NGV Operation	0.76	0.38	1.14	0.40	1.54	0.30	1.85
4.7 Contract Administration Costs	2.39	1.43	3.82	1.35	5.16	1.01	6.17
4.8 Sub-total	10.56	6.03	16.59	5.85	22.44	4.37	26.81
4.9 General Supervision	3.95	1.90	5.85	(5.85)	0.00	0.00	0.00
4.10 DSM - Program	55.65	0.00	55.65	0.00	55.65	10.85	66.49
4.11 DSM - General	11.91	5.18	17.08	0.00	17.08	3.33	20.41
4. Total Sales	82.06	13.11	95.17	0.00	95.17	18.55	113.72

Witnesses: A. Kacicnik  
B. So



**Functionalization of  
Ontario Utility O&M  
Year Ended December 31, 2018**

(millions of dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
		Cost of Service	Fringe Benefits	Sub- Total	Supervision	Sub- Total	A&G Overhead	Total
Customer Accounting Costs								
5.1	Billing	46.63	1.26	47.89	12.35	60.23	11.74	71.97
5.2	Service & Billing Enquiry	10.70	0.00	10.70	2.76	13.46	2.62	16.09
5.3	Meter Reading	11.35	0.00	11.35	2.93	14.27	2.78	17.05
5.4	Credit & Collection	17.29	0.00	17.29	4.46	21.75	4.24	25.99
5.5	Sub-total	85.97	1.26	87.23	22.49	109.72	21.38	131.10
5.6	Supervision	22.23	0.26	22.49	(22.49)	0.00	0.00	0.00
5.7	Large Volume Customer Care	2.58	0.03	2.61	0.00	2.61	0.51	3.12
5.8	Uncollectible Accounts	9.72	0.00	9.72	0.00	9.72	1.89	11.62
5.	Total Customer Accounting	120.50	1.55	122.05	0.00	122.05	23.79	145.84
6.	Fringe Benefits	74.22	(74.22)	0.00	0.00	0.00	0.00	0.00
7.	Admin & Gen Overhead	63.60	19.37	82.97	0.00	82.97	(82.97)	0.00
8.	Sub-total A&G and F/B	137.82	(54.85)	82.97	0.00	82.97	(82.97)	0.00
9.	Total Operating & Maintenance	2,246.52	(0.00)	2,246.52	0.00	2,246.52	0.00	2,246.52
10.	Fixed Financing Costs	1.90	0.00	1.90	0.00	1.90	0.00	1.90
11.	TOTAL O&M EXPENSE	2,248.42	(0.00)	2,248.42	0.00	2,248.42	0.00	2,248.42

Witnesses: A. Kacicnik  
B. So

CLASSIFICATION OF RATE BASE  
Year Ended December 31, 2018

(millions of dollars)

Item No.	Description	Total	Specific Classes	----- PRODUCT COSTS ----		----- GAS SUPPLY -----			----- LOAD BALANCING -----			----- STORAGE COSTS -----			----- DISTRIBUTION COSTS -----		
				Winter Commodity	Annual Commodity	Peak	Seasonal	Annual	Deliverability	Space	Winter	TP Capacity <=4"	TP Capacity >4"	HP Capacity	LP Capacity	Commodity	
<b>GAS SUPPLY</b>																	
1.	Gas Supply	398.49	0.00	0.00	27.29	0.00	370.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	
2.	Storage	7.33	0.00	0.00	0.00	0.00	0.00	0.00	4.83	2.50	0.00	0.00	0.00	0.00	0.00	0.00	
<b>DISTRIBUTION</b>																	
3.	Mains	2,753.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67.08	611.20	193.43	1,047.26	0.00	
4.	Distribution Reg.	201.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.04	64.12	20.29	109.86	0.00	
<b>CUSTOMER</b>																	
5.	Sales Station	167.35	0.00	0.00	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	224.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7.	Services	1,801.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8.	Rental Equipment	15.31	1.51	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	
9.	Sales/Marketing	26.35	0.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46	4.20	1.33	7.19	0.00	
10.	Customer Accounting	30.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11.	HST Revenue	(29.42)	0.00	0.00	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>	5,596.58	1.87	0.00	27.29	0.00	370.90	0.00	4.83	2.50	0.00	74.58	679.52	215.04	1,164.32	0.30	
13.	Unidentifiable	61.36	0.02	0.00	0.30	0.00	4.04	0.00	0.05	0.03	0.00	0.81	7.41	2.35	12.70	0.00	
14	CIS	7.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
15.	<b>Total Classified</b>	5,664.94	1.89	0.00	27.59	0.00	374.94	0.00	4.88	2.53	0.00	75.39	686.93	217.39	1,177.01	0.31	

Witnesses: A. Kacicnik  
B. So

CLASSIFICATION OF RATE BASE  
Year Ended December 31, 2018

(millions of dollars)

Item No.	Description	----- CUSTOMER RELATED INVESTMENTS -----					----- NUMBER OF CUSTOMERS -----							Col. 26	Col. 27
		Meters	Stations	Sales	Customer Plant	Rentals	Commercial/Industrial	Contracts	Direct Purchase	Total	Readings Processed	CIS	HST Revenue		
<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	0.00	
2.	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>DISTRIBUTION</b>															
3.	Mains	0.00	0.00	0.00	834.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.	Distribution Reg.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
<b>CUSTOMER</b>															
5.	Sales Station	0.00	167.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6.	Meters	224.49	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7.	Services	0.00	0.00	1,801.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8.	Rental Equipment	0.00	0.00	0.00	0.00	13.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9.	Sales/Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12.81	0.00	0.00	0.00	0.00	
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30.64	0.00	0.00	0.00	0.00	
11.	HST Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(29.42)	(29.42)	
12.	Sub-total	224.49	167.35	1,801.26	834.50	13.80	0.00	0.00	0.00	43.45	0.00	0.00	0.00	(29.42)	
13.	Unidentifiable	2.45	1.83	19.64	9.10	0.15	0.00	0.00	0.00	0.47	0.00	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	7.00	0.00	0.00	
15.	Total Classified	226.93	169.18	1,820.91	843.60	13.95	0.00	0.00	0.00	43.92	0.00	7.00	0.00	(29.42)	

Witnesses: A. Kacicnik  
B. So

CLASSIFICATION OF NET INVESTMENT  
Year Ended December 31, 2018

(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	Col. 16	Col. 17		
----- GAS SUPPLY -----																		
----- PRODUCT COSTS -----			----- LOAD BALANCING -----															
----- STORAGE COSTS -----																		
----- DISTRIBUTION COSTS -----																		
Item																		
No.	Description	Total	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	Commodity
GAS SUPPLY																		
1.	Gas Supply	(4.91)	0.00	0.00	0.09	0.00	1.17	(6.12)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.05)
2.	Storage	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.18	0.09	0.00	0.00	0.00	0.00	0.00	0.00
DISTRIBUTION																		
3.	Mains	141.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.44	31.37	9.93	53.75	0.00
4.	Distribution Reg.	11.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39	3.54	1.12	6.07	0.00
CUSTOMER																		
5.	Sales Station	6.94	0.00	0.00	0.00	0.00	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	46.00	0.00	0.00	0.00	0.00	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	86.48	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	0.00
8.	Rental Equipment	1.15	(0.36)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Sales/Marketing	2.78	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.44	0.14	0.76	0.00
10.	Customer Accounting	(8.65)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	Sub-total	282.52	(0.32)	0.00	0.09	0.00	1.17	(6.12)	0.00	0.00	0.18	0.09	0.00	3.88	35.36	11.19	60.58	(0.05)
12.	Unidentifiable	8.06	0.00	0.00	0.04	0.00	0.53	0.00	0.00	0.00	0.01	0.00	0.00	0.11	0.97	0.31	1.67	0.00
13	CIS	12.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14.	Total Classified	303.28	(0.32)	0.00	0.13	0.00	1.71	(6.12)	0.00	0.00	0.19	0.10	0.00	3.99	36.33	11.50	62.25	(0.05)

Witnesses: A. Kacicnik  
B. So

**CLASSIFICATION OF NET INVESTMENT**  
Year Ended December 31, 2018

(millions of dollars)

Item No.	Description	----- CUSTOMER RELATED INVESTMENTS ----- ----- NUMBER OF CUSTOMERS -----										
		Meters	Sales Stations	Services	Customer Plant	Rentals	Commercial/Industrial	Contracts	Direct Purchase	Total	Readings Processed	CIS
GAS SUPPLY												
1.	Gas Supply	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	Storage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DISTRIBUTION												
3.	Mains	0.00	0.00	0.00	42.83	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
CUSTOMER												
5.	Sales Station	0.00	6.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6.	Meters	46.00	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	86.48	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	1.51	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	1.35	0.00	0.00
10.	Customer Accounting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(8.65)	0.00	0.00
11.	Sub-total	46.00	6.94	86.48	42.83	1.51	0.00	0.00	0.00	(7.29)	0.00	0.00
12.	Unidentifiable	0.32	0.24	2.58	1.20	0.02	0.00	0.00	0.00	0.06	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	12.71
14.	Total Classified	46.32	7.18	89.06	44.03	1.53	0.00	0.00	0.00	(7.23)	0.00	12.71

Witnesses: A. Kacicnik  
B. So

**CLASSIFICATION OF O&M COSTS**  
Year Ended December 31, 2018

(millions of dollars)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12
		----- GAS SUPPLY -----											
		----- PRODUCT COSTS -----				----- LOAD BALANCING -----		----- STORAGE COSTS -----					
Item No.	Description	Total	Specific Classes	Winter Commodity	Annual Commodity	System Gas	Bad Debt Commodity	Peak	Seasonal	Transportation Annual	Deliverability	Space	Winter
GAS SUPPLY													
1.1	Gas Purchased	1,594.00	0.00	0.00	951.41	0.00	0.00	13.53	109.11	499.30	0.00	0.00	0.00
1.2	Stored Gas	194.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	128.18	66.44	0.00
1.3	A&G	10.48	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	1.55	0.00	0.00	0.00	1.55	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Direct Purchase Management	1.42	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	1,802.07	0.00	0.00	951.41	1.55	0.00	13.53	109.11	499.30	128.18	66.44	0.00
DISTRIBUTION													
OPERATING COSTS													
2.1	Chart Processing	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2	District Stations	3.78	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	80.52	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	8.41	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS													
2.5	Dist. System Reg.	5.29	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	4.92	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	11.73	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	5.22	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	30.58	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	1.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.	Total Distribution Costs	151.75	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER SERVICE													
OPERATING COSTS													
3.1	Appliance Inspection	4.68	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	17.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAINTENANCE COSTS													
3.3	Service Lines	10.66	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Total Customer Service	33.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES/MARKETING													
4.1	Residential	5.47	5.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.2	Commercial	3.67	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	2.63	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	7.03	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	1.85	1.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.7	Contract Administration	6.17	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	66.49	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	20.41	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4.	Total Promotions	113.72	7.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTING													
5.1	Billing	71.97	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	16.09	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	17.05	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	25.99	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	3.12	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	11.62	0.00	0.00	0.00	0.00	3.35	0.00	0.00	0.00	0.00	0.00	0.00
5.	Total Customer Accounting	145.84	0.00	0.00	0.00	0.00	3.35	0.00	0.00	0.00	0.00	0.00	0.00
6.	Total O&M	2,246.52	7.40	0.00	951.41	1.55	3.35	13.53	109.11	499.30	128.18	66.44	0.00
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.	Total O&M Expense	2,248.42	7.40	0.00	951.41	1.55	3.35	13.53	109.11	499.30	128.18	66.44	0.00

Witnesses: A. Kacicnik  
B. So

CLASSIFICATION OF O&M COSTS  
Year Ended December 31, 2018

(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
		----- DISTRIBUTION COSTS -----					----- CUSTOMER RELATED INVESTMENTS -----						
Item		TP Capacity	TP Capacity	HP									
No.	Description	<=4"	>4"	Capacity	LP Capacity	Commodity	Bad Debt Distribution	DSM	Meters	Sales Stations	Services	Customer Plant	Rentals
GAS SUPPLY													
1.1	Gas Purchased	0.00	0.00	0.00	0.00	20.65	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	1.04	9.44	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	1.04	9.44	0.00	0.00	20.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DISTRIBUTION													
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	0.13	1.20	0.38	2.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.3	System Operations	1.96	17.87	5.66	30.63	0.00	0.00	0.00	0.00	0.00	0.00	24.40	0.00
2.4	Gas Dispatched	0.82	7.50	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.	0.19	1.69	0.53	2.89	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	0.00	4.92	0.00	0.00	0.00
2.7	Other Meters	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.73	0.00	0.00	0.00	0.00
2.8	Instruments	0.52	4.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.9	Mains	0.46	4.21	1.33	13.68	0.00	0.00	0.00	0.00	0.00	0.00	10.90	0.00
2.10	Structures	0.24	0.03	0.01	0.06	0.01	0.00	0.00	0.01	0.00	0.18	0.04	0.00
2.	Total Distribution Costs	4.32	37.20	7.91	49.31	0.01	0.00	0.00	11.74	4.92	0.18	35.35	0.00
CUSTOMER SERVICE													
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													
3.3	Service Lines	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.66	0.00	0.00
3.	Total Customer Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.66	0.00	0.00
SALES/MARKETING													
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	0.70	6.34	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	66.49	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	20.41	0.00	0.00	0.00	0.00	0.00
4.	Total Promotions	0.70	6.34	0.00	0.00	0.00	0.00	86.90	0.00	0.00	0.00	0.00	0.00
CUSTOMER ACCOUNTING													
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	8.27	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	8.27	0.00	0.00	0.00	0.00	0.00	0.00
6.	Total O&M	6.05	52.98	7.91	49.31	20.66	8.27	86.90	11.74	4.92	10.84	35.35	0.00
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.	Total O&M Expense	6.05	52.98	7.91	49.31	20.66	8.27	86.90	11.74	4.92	10.84	35.35	0.00

Witnesses: A. Kacicnik  
B. So

**CLASSIFICATION OF O&M COSTS**  
**Year Ended December 31, 2018**

(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	1.42	0.00	0.00	0.00	0.00
1.	Total Gas Supply	0.00	0.00	1.42	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	0.64	0.00	0.00	0.00
2.	Total Distribution Costs	0.00	0.00	0.00	0.64	0.08	0.00	0.00
<b>CUSTOMER SERVICE</b>								
OPERATING COSTS								
3.1	Appliance Inspection	0.00	0.00	0.00	4.68	0.00	0.00	0.00
3.2	Locks/Unlocks/Exchanges	0.00	0.00	0.00	17.80	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	22.48	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	3.67	0.00	0.00	0.00	0.00	0.00	0.00
4.3	Industrial	2.63	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	6.17	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	6.30	6.17	0.00	0.00	0.00	0.00	0.00
<b>CUSTOMER ACCOUNTING</b>								
5.1	Billing	0.00	0.00	0.00	71.97	0.00	0.00	0.00
5.2	Enquiry	0.00	0.00	0.00	16.09	0.00	0.00	0.00
5.3	Readings	0.00	0.00	0.00	0.00	17.05	0.00	0.00
5.4	Credit	0.00	0.00	0.00	25.99	0.00	0.00	0.00
5.5	Large Volume Customer Care	3.12	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	3.12	0.00	0.00	114.05	17.05	0.00	0.00
6.	<b>Total O&amp;M</b>	9.42	6.17	1.42	137.16	17.14	0.00	0.00
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>	9.42	6.17	1.42	137.16	17.14	0.00	1.90

Witnesses: A. Kacicnik  
 B. So



ALLOCATION OF RATE BASE  
Year Ended December 31, 2018

(millions of dollars)

ITEM NO	DESCRIPTION	Rate Base	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 300 Int	Allocation Factors
SUPPLY COST																
PRODUCT COST																
1.1	Annual Commodity	27.58	15.94	10.83	0.00	0.00	0.20	0.00	0.00	0.02	0.03	0.12	0.45	0.00	0.00	1.1
1	Total Gas Cost	27.58	15.94	10.83	0.00	0.00	0.20	0.00	0.00	0.02	0.03	0.12	0.45	0.00	0.00	
PIPELINE TRANSPORTATION																
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	1.4
2.2	Seasonal	374.94	182.42	175.05	0.00	0.00	6.55	1.60	0.00	0.00	0.94	2.39	6.00	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	1.2
2	Total Pipeline Trans. Cost	374.94	182.42	175.05	0.00	0.00	6.55	1.60	0.00	0.00	0.94	2.39	6.00	0.00	0.00	
FACILITIES' COST																
STORAGE FACILITIES																
3.1	Deliverability	4.88	2.68	2.14	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	3.1
3.2	Space	2.53	1.23	1.18	0.00	0.00	0.04	0.01	0.00	0.00	0.01	0.02	0.04	0.00	0.00	3.2
3	Total Storage	7.41	3.91	3.32	0.00	0.00	0.06	0.02	0.00	0.00	0.01	0.02	0.09	0.00	0.00	
DISTRIBUTION FACILITIES																
4.1	Capacity TP > 4"	686.93	318.30	279.17	0.00	0.00	15.56	9.64	55.20	0.03	0.64	0.62	7.67	0.09	0.00	2.1
4.2	Capacity TP <= 4"	75.39	37.99	33.32	0.00	0.00	1.86	1.15	0.00	0.00	0.08	0.07	0.92	0.01	0.00	2.2
4.3	Capacity HP	217.39	110.88	97.25	0.00	0.00	5.42	3.36	0.00	0.01	0.22	0.22	0.00	0.03	0.00	2.3
4.4	Capacity LP	1,177.01	605.49	531.06	0.00	0.00	29.61	8.22	0.00	0.06	1.21	1.19	0.00	0.18	0.00	2.4
4.5	Commodity	0.31	0.13	0.13	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00	1.3
4.6	Customer Plant	843.60	778.69	64.75	0.00	0.00	0.10	0.01	0.00	0.02	0.01	0.01	0.00	0.00	0.00	2.5
4	Total Distribution	3,000.63	1,851.47	1,005.68	0.00	0.00	52.57	22.39	55.20	0.13	2.16	2.12	8.59	0.31	0.00	
CUSTOMER RELATED																
5.1	Meters	226.93	127.38	95.28	0.00	0.00	2.26	0.23	0.93	0.36	0.27	0.21	0.00	0.01	0.00	4.1
5.2	Sales Stations	169.18	12.65	143.29	0.00	0.00	5.89	1.14	0.00	2.40	1.63	2.06	0.00	0.12	0.00	4.2
5.3	Services	1,820.91	1,616.04	199.00	0.00	0.00	2.84	0.36	0.24	0.34	0.77	1.30	0.00	0.01	0.00	4.3
5.4	Rentals	13.95	2.79	11.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.4
5.5	Comm / Ind. Customers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.6
5.6	Contracts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.7
5.7	Direct Purchase	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.12
5.8	Total Customers	43.92	40.54	3.37	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5
5.9	Specific Classes	1.89	0.50	1.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.10	Readings Processed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.8 & 4.9
5.11	HST Revenue	(29.42)	(17.00)	(11.55)	0.00	0.00	(0.21)	0.00	0.00	(0.02)	(0.03)	(0.13)	(0.48)	0.00	0.00	1.2
5	Total Customer Related	2,247.37	1,782.90	441.96	0.00	0.00	10.79	1.73	1.17	3.08	2.64	3.45	(0.48)	0.13	0.00	
6	Total Rate Base	5,657.94	3,836.65	1,636.84	0.00	0.00	70.16	25.74	56.37	3.22	5.77	8.09	14.64	0.45	0.00	
7	CIS	7.00	6.46	0.54	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	5,664.94	3,843.11	1,637.38	0.00	0.00	70.16	25.74	56.37	3.22	5.77	8.09	14.64	0.45	0.00	

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

Witnesses: A. Kacicnik  
B. So

ALLOCATION OF RETURN & TAXES  
Year Ended December 31, 2018

(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 BASE	RETURN & TAXES	1	6	9	100	110	115	125	135	145	170	200	300	300 Int	RATE	RATE
<b>SUPPLY COST</b>																
<b>PRODUCT COST</b>																
1.1	Annual Commodity	27.58	1.92	1.11	0.75	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00
1	Total Gas Cost	27.58	1.92	1.11	0.75	0.00	0.00	0.01	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	374.94	26.11	12.70	12.19	0.00	0.00	0.46	0.11	0.00	0.00	0.07	0.17	0.42	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	374.94	26.11	12.70	12.19	0.00	0.00	0.46	0.11	0.00	0.00	0.07	0.17	0.42	0.00	0.00
<b>FACILITIES' COST</b>																
<b>STORAGE FACILITIES</b>																
3.1	Deliverability	4.88	0.34	0.19	0.15	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	2.53	0.18	0.09	0.08	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	7.41	0.52	0.27	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
<b>DISTRIBUTION FACILITIES</b>																
4.1	Capacity TP > 4"	686.93	47.83	22.16	19.44	0.00	0.00	1.08	0.67	3.84	0.00	0.04	0.04	0.53	0.01	0.00
4.2	Capacity TP <= 4"	75.39	5.25	2.64	2.32	0.00	0.00	0.13	0.08	0.00	0.00	0.01	0.01	0.06	0.00	0.00
4.3	Capacity HP	217.39	15.14	7.72	6.77	0.00	0.00	0.38	0.23	0.00	0.00	0.02	0.02	0.00	0.00	0.00
4.4	Capacity LP	1,177.01	81.95	42.16	36.97	0.00	0.00	2.06	0.57	0.00	0.00	0.08	0.08	0.00	0.01	0.00
4.5	Commodity	0.31	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	843.60	58.73	54.22	4.51	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Total Distribution	3,000.63	208.92	128.91	70.02	0.00	0.00	3.66	1.56	3.84	0.01	0.15	0.15	0.60	0.02	0.00
<b>CUSTOMER RELATED</b>																
5.1	Meters	226.93	15.80	8.87	6.63	0.00	0.00	0.16	0.02	0.06	0.02	0.02	0.01	0.00	0.00	0.00
5.2	Sales Stations	169.18	11.78	0.88	9.98	0.00	0.00	0.41	0.08	0.00	0.17	0.11	0.14	0.00	0.01	0.00
5.3	Services	1,820.91	126.78	112.52	13.86	0.00	0.00	0.20	0.03	0.02	0.02	0.05	0.09	0.00	0.00	0.00
5.4	Rentals	13.95	0.97	0.19	0.78	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	43.92	3.06	2.82	0.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.9	Specific Classes	1.89	0.13	0.03	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.10	Readings Processed	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.11	HST Revenue	(29.42)	(2.05)	(1.18)	(0.80)	0.00	0.00	(0.01)	0.00	0.00	(0.00)	(0.00)	(0.01)	(0.03)	0.00	0.00
5	Total Customer Related	2,247.37	156.47	124.13	30.77	0.00	0.00	0.75	0.12	0.08	0.21	0.18	0.24	(0.03)	0.01	0.00
6	Total Rate Base	5,657.94	393.93	267.12	113.96	0.00	0.00	4.88	1.79	3.92	0.22	0.40	0.56	1.02	0.03	0.00
<b>CIS</b>																
7	Total Rate Base	5,664.94	401.53	274.14	114.55	0.00	0.00	4.89	1.79	3.92	0.22	0.40	0.56	1.02	0.03	0.00

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

Witnesses: A. Kacicnik  
B. So

ALLOCATION OF TOTAL COST TO SERVE  
Year Ended December 31, 2018  
(millions of dollars)

ITEM	Allocation Factors G2, G3, I1																		
NO.	DESCRIPTION	Net Investment Costs	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	
SUPPLY COST																			
PRODUCT COST																			
1.1	Annual Commodity	961.41	0.13	549.93	373.66	0.00	0.00	6.74	0.00	0.00	0.54	1.03	4.13	15.52	0.00	0.00	0.00	0.00	1.1
1.2	Bad Debt Commodity	3.35	0.00	3.35	1.75	0.00	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
1.3	System Gas Fee	1.55	0.00	1.55	0.88	0.61	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00	0.00	
1	Total Gas Cost	966.30	0.13	956.43	552.42	376.01	0.00	0.00	6.75	0.00	0.54	1.03	4.13	15.54	0.00	0.00	0.00	0.00	
PIPELINE TRANSPORTATION																			
2.1	Peak	13.53	0.00	17.49	9.61	7.66	0.00	0.00	0.04	0.02	0.00	0.00	0.00	0.16	0.00	0.00	0.00	0.00	3.1
2.2	Seasonal	109.11	1.71	110.82	53.92	51.74	0.00	0.00	1.94	0.47	0.00	0.00	0.28	0.71	1.77	0.00	0.00	0.00	3.2
2.3	Annual - Transportation	474.93	0.00	474.93	253.71	197.77	0.00	11.82	0.62	0.00	1.03	0.58	2.32	7.08	0.00	0.00	0.00	0.00	1.6
2.4	Interruptible Credit	0.00	0.00	(3.96)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.27)	(3.51)	(0.18)	0.00	0.00	0.00	
2.5	TS Revenue	0.00	(6.12)	(2.53)	(2.57)	0.00	0.00	(0.42)	(0.29)	0.00	(0.03)	(0.03)	(0.15)	(0.09)	0.00	0.00	0.00	0.00	1.2
2.6	Dawn T-Service	24.20	0.00	24.20	0.96	10.36	0.00	0.00	5.50	4.19	0.00	0.46	0.29	1.98	0.46	0.00	0.00	0.00	
2	Total Pipeline Trans. Cost	621.78	(4.41)	617.37	315.67	264.96	0.00	0.00	19.88	5.01	0.00	1.45	0.85	1.34	9.21	0.00	0.00	0.00	
FACILITIES COST																			
STORAGE FACILITIES																			
3.1	Deliverability	128.18	0.19	128.91	70.83	56.46	0.00	0.00	0.30	0.12	0.00	0.00	0.00	1.19	0.00	0.00	0.00	0.00	3.1
3.2	Space	66.44	0.10	66.54	32.37	31.07	0.00	0.00	1.16	0.28	0.00	0.00	0.17	0.42	1.06	0.00	0.00	0.00	3.2
3.3	Seasonal Credit	0.00	0.00	(0.54)	0.00	0.00	0.00	0.00	0.00	0.00	(0.54)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3	Total Storage	194.62	0.28	194.90	103.21	87.53	0.00	0.00	1.46	0.40	0.00	(0.54)	0.17	0.42	2.26	0.00	0.00	0.00	
DISTRIBUTION FACILITIES																			
4.1	Capacity TP > 4"	52.98	36.33	89.31	41.38	36.30	0.00	0.00	2.02	1.25	7.18	0.00	0.08	0.08	1.00	0.01	0.00	0.00	2.1
4.2	Capacity TP <= 4"	6.05	3.99	10.04	5.06	4.44	0.00	0.00	0.25	0.15	0.00	0.00	0.01	0.01	0.12	0.00	0.00	0.00	2.2
4.3	Capacity HP	7.91	11.50	19.41	9.90	8.68	0.00	0.00	0.49	0.30	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	2.3
4.4	Capacity LP	49.31	62.25	111.56	57.39	50.34	0.00	0.00	2.81	0.78	0.00	0.01	0.11	0.00	0.02	0.00	0.00	0.00	2.4
4.5	Commodity	20.66	(0.09)	20.61	8.53	8.66	0.00	0.00	1.41	0.97	0.00	0.12	0.09	0.52	0.30	0.00	0.00	0.00	1.2
4.6	Bad Debt Distribution	8.27	0.00	8.27	4.29	3.97	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	Customer Plant	35.35	44.03	79.38	73.27	6.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4.8	DSM - Program	66.49	0.00	66.49	37.49	21.51	0.00	0.00	1.86	1.36	0.10	0.26	1.65	2.27	0.04	0.01	0.00	0.00	2.5
4.9	DSM - General	20.41	0.00	20.41	11.51	6.60	0.00	0.00	0.55	0.42	0.03	0.08	0.51	0.70	0.01	0.00	0.00	0.00	
4	Total Distribution	267.44	158.03	425.48	248.82	146.58	0.00	0.00	9.34	5.24	7.31	0.47	2.47	3.71	1.47	0.04	0.00	0.00	
CUSTOMER RELATED																			
5.1	Meters	11.74	46.32	58.06	32.59	24.38	0.00	0.00	0.59	0.06	0.24	0.09	0.07	0.05	0.00	0.00	0.00	0.00	4.1
5.2	Sales Stations	4.92	7.18	12.10	0.90	10.25	0.00	0.00	0.42	0.08	0.00	0.17	0.12	0.15	0.00	0.01	0.00	0.00	4.2
5.3	Services	10.84	89.06	99.90	86.66	10.92	0.00	0.00	0.16	0.02	0.01	0.02	0.04	0.07	0.00	0.00	0.00	0.00	4.3
5.4	Rentals	0.00	1.53	1.53	0.31	1.22	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	6.30	0.00	6.30	0.00	6.28	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.6
5.6	Contracts	6.17	0.00	6.17	0.00	0.00	0.00	0.00	4.07	0.41	0.06	0.66	0.55	0.38	0.02	0.02	0.00	0.00	4.7
5.7	Direct Purchase	1.42	0.00	1.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.42	0.00	4.1
5.8	Total Customers	137.16	(7.23)	129.93	119.93	9.97	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5
5.9	Specific Classes	7.40	(0.32)	7.08	5.55	1.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.10	Readings Processed	17.14	0.00	17.14	15.79	1.33	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.8 & 4.9
5.11	Large Volume Customer Care	3.12	0.00	3.12	0.00	3.11	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	Financing Costs	1.90	0.00	1.90	1.29	0.55	0.00	0.00	0.02	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5.13	CIS Depreciation	0.00	12.71	12.71	11.73	0.98	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	Total Customer Related	208.11	149.25	357.36	276.75	70.53	0.00	0.00	5.28	0.59	0.33	0.95	0.79	0.66	0.02	0.03	0.00	1.42	0.00
6.1	Return	346.84	0.00	346.84	235.20	100.34	0.00	0.00	4.30	1.56	3.46	0.20	0.35	0.50	0.90	0.03	0.00	0.00	5.
6.2	Taxes	47.09	0.00	47.09	31.93	13.62	0.00	0.00	0.98	0.21	0.47	0.03	0.05	0.07	0.12	0.00	0.00	0.00	5.
6.3	CIS Return	0.50	0.00	0.50	0.46	0.04	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	CIS Tax	7.10	0.00	7.10	6.55	0.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.5
6	Return and Taxes	401.53	0.00	401.53	274.14	114.55	0.00	0.00	4.89	1.79	3.92	0.22	0.40	0.56	1.02	0.03	0.00	0.00	
7	Total Facilities	1,071.70	307.57	1,379.27	902.92	419.19	0.00	0.00	20.97	8.02	11.57	1.10	3.83	5.36	4.77	0.10	0.00	1.42	0.00
8	Total Cost of Service	2,648.79	303.28	2,953.07	1,771.01	1,060.16	0.00	0.00	46.60	13.03	11.57	3.10	5.71	10.84	29.52	0.10	0.00	1.42	0.00
9	GTA Revenue Requirement																		
10	Total 2018 Cost of Service																		

Witnesses: A. Kacicnik  
B. So

**RATE BASE**  
**FUNCTIONALIZATION FACTORS**  
**Year Ended December 31, 2018**

Item No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11	Col. 12	Col. 13
	Total	Gas Supply	Storage	Sales Stations	Distribution Measurement	Services	Mains	Meters	Rental Equipment	Sales Promotion	Customer Accounting	Unidentified	CIS
<b>Gas Supply</b>													
1.1 Gas Supply	1.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Distribution Plant</b>													
2.1 Land (incl offers to buy)	1.000	0.010	0.000	0.005	0.002	0.119	0.396	0.002	0.000	0.061	0.226	0.179	0.000
2.2 Structures & Improvements	1.000	0.010	0.000	0.005	0.002	0.119	0.096	0.002	0.000	0.161	0.426	0.179	0.000
2.3 Mains	1.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000
2.4 Meas. Reg. & Telemtrng	1.000	0.000	0.000	0.463	0.537	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2.5 Services	1.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2.6 Meters	1.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000
<b>General Plant</b>													
3.1 Land (incl offers to buy)	1.000	0.000	0.000	0.000	0.000	0.336	0.045	0.000	0.000	0.126	0.353	0.140	0.000
3.2 Structures & Improvements	1.000	0.000	0.000	0.000	0.000	0.336	0.045	0.000	0.000	0.126	0.353	0.140	0.000
3.3 Office Furniture & Equip.	1.000	0.001	0.001	0.001	0.123	0.161	0.200	0.046	0.017	0.024	0.031	0.394	0.000
3.4 Transportation Equipment	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.5 Heavy Work Equipment	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.6 Tools & Work Equip.	1.000	0.000	0.000	0.000	0.000	0.500	0.500	0.000	0.000	0.000	0.000	0.000	0.000
3.7 Rental Equip.	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000
3.8 Communication Equip.	1.000	0.014	0.000	0.008	0.283	0.086	0.125	0.000	0.001	0.094	0.171	0.218	0.000
3.9 Compressors	1.000	0.000	0.000	0.000	0.002	0.297	0.669	0.000	0.000	0.033	0.000	0.000	0.000
3.10 Computer Equip.	1.000	0.024	0.003	0.023	0.085	0.161	0.261	0.085	0.002	0.009	0.231	0.116	0.000
3.11 Software Acquired/Developed	1.000	0.024	0.003	0.023	0.085	0.161	0.261	0.085	0.002	0.009	0.231	0.116	0.000
3.12 CIS	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
4. Other Plant	1.000	0.000	0.000	0.000	0.000	0.436	0.564	0.000	0.000	0.000	0.000	0.000	0.000

Witnesses: A. Kacicnik  
B. So

**WORKING CAPITAL AND  
NET INVESTMENT  
FUNCTIONALIZATION FACTORS  
Year Ended December 31, 2018**

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	Unidenti- fiable	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	0.001	0.000	0.005	0.005	0.275	0.677	0.000	0.000	0.008	0.021	0.009	0.000
4. Capital Taxes	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Witnesses: A. Kacicnik  
B. So

**CLASSIFICATION OF  
GAS COSTS TO OPERATIONS**

Item No.	Description	System Commodity			Load Balancing			Pipeline			Dist'n. Commodity \$ (000)	Total \$ (000)
		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
		Annual Volumes (10 <sup>6</sup> m <sup>3</sup> )	Variable Unit Rate \$(10 <sup>6</sup> m <sup>3</sup> )	Variable Cost \$ (000)	Deliverability \$ (000)	Seasonal Space \$ (000)	Winter \$ (000)	Peak \$ (000)	Seasonal \$ (000)	Annual \$ (000)		
<b>Purchases and Receipts</b>												
1.1	Long-Term	358.0	118.2	42.3	0.0	0.0	0.0	0.0	0.0	29.8	0.0	72.1
1.2	Western Buy/Sell	380.0	118.2	44.9	0.0	0.0	0.0	0.0	0.0	0.6	0.0	45.5
1.3	Ontario Buy/Sell	0.0	118.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.4	Short-Term Annual	0.0	118.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.5	Short-Term Peak	3,520.5	118.2	416.2	0.0	0.0	0.0	(106.3)	0.0	0.0	0.0	310.0
1.6	Discretionary Western & US	4,316,144.5	118.2	510,306.4	0.0	0.0	0.0	0.0	0.0	55,254.2	0.0	565,560.6
1.7	Discretionary - Ontario	2,613,645.4	118.2	309,016.5	0.0	0.0	0.0	11,011.4	88,091.4	16,564.7	0.0	424,684.1
1.8	Niagara Supplies	1,102,593.7	118.2	130,358.3	0.0	0.0	0.0	0.0	0.0	57,562.7	0.0	187,921.0
1.	Total Purchases & Receipts	8,036,612.1	118.2	950,184.7	0.0	0.0	0.0	10,905.2	88,091.4	129,411.9	0.0	1,178,593.3
<b>Transportation</b>												
2.1	TCPL FT-Demand System	0.0	0.0	0.0	0.0	0.0	0.0	559.7	4,477.8	183,903.9	0.0	188,941.5
2.2	Dawn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3	Dawn to Franchise	0.0	0.0	0.0	0.0	0.0	0.0	2,161.3	17,290.4	118,356.1	0.0	137,807.8
2.4	Vector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,192.5	0.0	13,192.5
2.5	Nova	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,829.3	0.0	6,829.3
2.6	Niagara Falls to Enbridge Parkway DDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,670.6	0.0	16,670.6
2.7	Niagara Link Pipeline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.8	Nexus Pipeline	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34,669.6	0.0	34,669.6
2.	Total Transportation	0.0	0.0	0.0	0.0	0.0	0.0	2,721.0	21,768.2	373,622.0	0.0	398,111.3
<b>Other Costs</b>												
3.1	Fuel	0.0	0.0	10,519.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,519.2
3.	Total Other Variable Costs	0.0	0.0	10,519.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,519.2
4.	Total Delivered Supply	8,036,612.1	0.0	960,703.9	0.0	0.0	0.0	13,626.2	109,859.7	503,034.0	0.0	1,587,223.7
5.	Storage Fluctuation	56,288.9	118.2	7,961.3	0.0	0.0	0.0	57.8	485.6	2,132.0	0.0	10,616.7
6.	Gas Costs to Operations	8,092,901.0	0.0	968,665.2	0.0	0.0	0.0	13,683.9	110,325.3	505,166.0	0.0	1,597,840.5
7.	Storage and Transportation	0.0	0.0	0.0	126,884.0	65,774.0	0.0	0.0	0.0	0.0	0.0	192,658.1
8.	Gas Costs-Storage & Trans.	8,092,901.0	0.0	968,665.2	126,884.0	65,774.0	0.0	13,683.9	110,325.3	505,166.0	0.0	1,790,498.5
9.1	UUF Adjustment	0.0	0.0	(14,816.7)	0.0	0.0	0.0	(126.8)	(1,022.5)	(4,681.9)	20,647.9	0.0
9.2	LUF Adjustment	0.0	0.0	(2,437.6)	0.0	0.0	0.0	(24.0)	(193.3)	(1,186.3)	0.0	(3,841.1)
9.	Total Classified Costs	951,411.0	0.0	951,411.0	126,884.0	65,774.0	0.0	13,533.2	109,109.5	499,297.8	20,647.9	1,786,657.4
<b>GAS COSTS</b>												
10.1	Classification Factors	951,411.0	0.0	951,411.0	0.0	0.0	0.0	13,533.2	109,109.5	499,297.8	20,647.9	1,593,999.3
10.2	Classification Percentages	59.69%	0.00%	59.69%	0.00%	0.00%	0.00%	0.85%	6.85%	31.32%	1.30%	100.00%
<b>STORAGE</b>												
11.1	Classification Factors	126,884.0	0.0	126,884.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	192,658.1
11.2	Classification Percentages	65.86%	34.14%	65.86%	0.00%	34.14%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

Witnesses: A. Kacienik  
B. So

**CLASSIFICATION OF  
TRANSPORTATION COSTS**

(\$000)

Item No.	<u>Description</u>	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	TCPL LH	183,061.9	0.0	0.0	183,061.9	0.0
1.2	FTSN (Parkway to CDA)	5,879.6	559.7	4,477.8	842.0	0.0
1.3	Unutilized Transport. Cost	0.0	0.0	0.0	0.0	0.0
2	Dawn to Franchise	141,373.3	2,161.3	17,290.4	118,356.1	3,565.5
3.	<b>Vector Pipeline</b>	13,192.5	0.0	0.0	13,192.5	0.0
4.	<b>NOVA Pipeline</b>	6,829.3	0.0	0.0	6,829.3	0.0
5.	Niagara Falls to Enbridge Parkway DDA	16,670.6	0.0	0.0	16,670.6	0.0
6.	Link Pipeline	0.0	0.0	0.0	0.0	0.0
7.	Nexus Pipeline	34,669.6	0.0	0.0	34,669.6	0.0
	<b>OTHER</b>					
8.	Fuel	6,953.7	0.0	0.0	0.0	6,953.7
9.	<b>Total</b>	408,630.5	2,721.0	21,768.2	373,622.0	10,519.2

Witnesses: A. Kacicnik  
B. So

CLASSIFICATION OF  
STORAGE AND TRANSPORTATION

(\$000)

		<u>Col. 1</u>	<u>Col. 2</u>	<u>Col. 3</u>	<u>Col. 4</u>	<u>Col. 5</u>	<u>Col. 6</u>
Item		<u>Tecumseh</u>		<u>Deliver-</u>	<u>Seasonal</u>		<u>Annual</u>
<u>No.</u>	<u>Description</u>	<u>O&amp;M</u>	<u>Annual Cost</u>	<u>ability</u>	<u>Space</u>	<u>Winter</u>	<u>Commodity</u>
TECUMSEH							
TRANSMISSION							
1.1	Annual Demand	6,564.8	6,564.8	0.0	6,564.8	0.0	0.0
1.2	Daily Demand	12,000.1	12,000.1	12,000.1	0.0	0.0	0.0
1.3	In/out	4,513.8	4,513.8	0.0	4,513.8	0.0	0.0
1.4	Fuel	2,906.1	2,906.1	0.0	2,906.1	0.0	0.0
1.5	Transactional Services Revenues	(3,397.5)	(3,397.5)	(2,043.8)	(1,362.6)	0.0	0.0
		-----	-----	-----	-----	-----	-----
1.	Total Transmission	22,587.3	22,587.3	9,956.2	12,622.2	0.0	0.0
STORAGE							
2.1	Annual Demand	6,225.4	6,225.4	0.0	6,225.4	0.0	0.0
2.2	Daily Demand	11,500.8	11,500.8	11,500.8	0.0	0.0	0.0
2.3	In/out	749.8	749.8	0.0	749.8	0.0	0.0
2.4	Transactional Services Revenues	(2,602.5)	(2,602.5)	(1,556.2)	(1,037.4)	0.0	0.0
		-----	-----	-----	-----	-----	-----
2.	Total Storage	15,873.5	15,873.5	9,944.6	5,937.7	0.0	0.0
3.	Total Tecumseh	38,460.7	38,460.7	19,900.9	18,559.9	0.0	0.0
UNION GAS							
STORAGE							
4.1	Space		9,623.1	0.0	9,623.1	0.0	0.0
4.2	Peak		11,761.5	11,761.5	0.0	0.0	0.0
4.3	Injection		746.1	0.0	746.1	0.0	0.0
4.4	Withdrawal		840.5	0.0	840.5	0.0	0.0
	Chatham D		137.6	0.0	137.6	0.0	0.0
			-----	-----	-----	-----	-----
4.	Total Storage		23,108.8	11,761.5	11,347.2	0.0	0.0
TRANSMISSION							
5.1	Demand with comp.		81,000.4	50,049.1	30,951.3	0.0	0.0
5.2	Fuel		12,017.1	7,425.2	4,591.9	0.0	0.0
			-----	-----	-----	-----	-----
5.	Total Transmission		93,017.5	57,474.3	35,543.2	0.0	0.0
DEHYDRATION							
6.1	Demand		1,045.4	1,045.4	0.0	0.0	0.0
6.2	Commodity		323.8	0.0	323.8	0.0	0.0
			-----	-----	-----	-----	-----
6.	Total Dehydration		1,369.2	1,045.4	323.8	0.0	0.0
7.	Total Union		117,495.5	70,281.3	47,214.2	0.0	0.0
TRANSCANADA							
8.1	STS and Other		36,701.9	36,701.9	0.0	0.0	0.0
			-----	-----	-----	-----	-----
8.	Total TransCanada		36,701.9	36,701.9	0.0	0.0	0.0
9.	TOTAL STORAGE & TRANSP.		192,658.1	126,884.0	65,774.0	0.0	0.0
10.	COST TO OPERATIONS		192,658.1	126,884.0	65,774.0	0.0	0.0

Witnesses: A. Kacienik  
B. So



ALLOCATION FACTORS  
Year Ended December 31, 2018

	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	6	9	100	110	115	125	135	145	170	200	300 Firm	300 Int		
<b>Commodity Responsibility</b>															
1.1 Annual Sales	7,948.7	4,593.9	3,121.3	0.0	0.0	56.3	0.0	0.0	4.5	8.6	34.5	129.6	0.0	0.0	0.0
1.2 Bundled Annual Deliveries	11,497.8	4,760.5	4,829.8	0.0	0.0	789.0	542.8	0.0	64.5	50.1	291.2	169.8	0.0	0.0	0.0
1.3 Total Annual Deliveries	11,497.8	4,760.5	4,829.8	0.0	0.0	789.0	542.8	0.0	64.5	50.1	291.2	169.8	0.0	0.0	0.0
1.4 Bundled Peak Delivery	105,970.5	53,401.6	46,837.2	0.0	0.0	2,611.1	1,617.1	0.0	5.3	106.8	104.6	1,286.7	0.0	0.0	0.0
1.5 System Gas Sales	7,948.7	4,593.9	3,121.3	0.0	0.0	56.3	0.0	0.0	4.5	8.6	34.5	129.6	0.0	0.0	0.0
<b>Distribution Capacity Responsibility</b>															
2.1 Delivery Demand TP > 4"	115,246.5	53,401.6	46,837.2	0.0	0.0	2,611.1	1,617.1	9,260.4	5.3	106.8	104.6	1,286.7	15.6	0.0	0.0
2.2 Delivery Demand TP <= 4"	105,986.1	53,401.6	46,837.2	0.0	0.0	2,611.1	1,617.1	0.0	5.3	106.8	104.6	1,286.7	15.6	0.0	0.0
2.3 Delivery Demand HP	104,699.4	53,401.6	46,837.2	0.0	0.0	2,611.1	1,617.1	0.0	5.3	106.8	104.6	0.0	15.6	0.0	0.0
2.4 Delivery Demand LP	103,807.5	53,401.6	46,837.2	0.0	0.0	2,611.1	725.2	0.0	5.3	106.8	104.6	0.0	15.6	0.0	0.0
2.5 Cust. Rel Plant	2,183,043.0	2,015,077.0	167,564.0	0.0	0.0	265.0	27.0	4.0	43.0	36.0	25.0	1.0	1.0	0.0	0.0
<b>Storage Responsibility</b>															
3.1 Deliverability	57.4	31.5	25.1	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
3.2 Space	2,740.0	1,333.1	1,279.3	0.0	0.0	47.9	11.7	0.0	0.0	6.8	17.4	43.8	0.0	0.0	0.0
<b>Customer Responsibility</b>															
4.1 Meters	467,440.0	262,382.5	196,267.5	0.0	0.0	4,645.1	473.3	1,918.2	738.8	558.8	438.2	0.0	17.5	0.0	0.0
4.2 Sales Stations	268,989.4	20,114.0	227,822.0	0.0	0.0	9,371.5	1,813.5	0.0	3,822.2	2,588.0	3,274.9	0.0	183.3	0.0	0.0
4.3 Services	2,725,290.0	2,418,673.2	297,842.6	0.0	0.0	4,253.7	543.3	359.7	501.8	1,152.0	1,947.3	0.0	16.5	0.0	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	2,183,043.0	2,015,077.0	167,564.0	0.0	0.0	265.0	27.0	4.0	43.0	36.0	25.0	1.0	1.0	0.0	0.0
4.6 Comm / Ind. Customer Count	167,966.0	0.0	167,564.0	0.0	0.0	265.0	27.0	4.0	43.0	36.0	25.0	1.0	1.0	0.0	0.0
4.7 Contracts	402.0	0.0	0.0	0.0	0.0	265.0	27.0	4.0	43.0	36.0	25.0	1.0	1.0	0.0	0.0
4.8 Chart Readings non AMR per year	57,428.0	0.0	56,578.0	0.0	0.0	485.0	0.0	0.0	0.0	0.0	0.0	0.0	365.0	0.0	0.0
4.9 Chart Readings AMR per year	2,381.0	0.0	2,023.0	0.0	0.0	222.0	29.0	4.0	36.0	37.0	30.0	0.0	0.0	0.0	0.0
4.10 Meter Readings per year	13,057,890.0	12,090,462.0	967,428.0	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	5,657.9	3,836.7	1,636.8	0.0	0.0	70.2	25.7	56.4	3.2	5.8	8.1	14.6	0.4	0.0	0.0

Witnesses: A. Kacicnik  
B. So

ALLOCATION PERCENTAGES  
Year Ended December 31, 2018

	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
	TOTAL	1	6	9	100	110	115	125	135	145	170	200	300	300 Int	Purchase
<b>Commodity Responsibility</b>															
1.1	1.0000	0.5779	0.3927	0.0000	0.0000	0.0071	0.0000	0.0000	0.0006	0.0011	0.0043	0.0163	0.0000	0.0000	0.0000
1.2	1.0000	0.4140	0.4201	0.0000	0.0000	0.0686	0.0472	0.0000	0.0056	0.0044	0.0253	0.0148	0.0000	0.0000	0.0000
1.3	1.0000	0.4140	0.4201	0.0000	0.0000	0.0686	0.0472	0.0000	0.0056	0.0044	0.0253	0.0148	0.0000	0.0000	0.0000
1.4	1.0000	0.5039	0.4420	0.0000	0.0000	0.0246	0.0153	0.0000	0.0001	0.0010	0.0010	0.0121	0.0000	0.0000	0.0000
1.5	1.0000	0.5779	0.3927	0.0000	0.0000	0.0071	0.0000	0.0000	0.0006	0.0011	0.0043	0.0163	0.0000	0.0000	0.0000
1.6	1.0000	0.5342	0.4164	0.0000	0.0000	0.0249	0.0013	0.0000	0.0022	0.0012	0.0049	0.0149	0.0000	0.0000	0.0000
<b>Distribution Capacity Responsibility</b>															
2.1	1.0000	0.4634	0.4064	0.0000	0.0000	0.0227	0.0140	0.0804	0.0000	0.0009	0.0009	0.0112	0.0001	0.0000	0.0000
2.2	1.0000	0.5039	0.4419	0.0000	0.0000	0.0246	0.0153	0.0000	0.0001	0.0010	0.0010	0.0121	0.0001	0.0000	0.0000
2.3	1.0000	0.5100	0.4473	0.0000	0.0000	0.0249	0.0154	0.0000	0.0001	0.0010	0.0010	0.0000	0.0001	0.0000	0.0000
2.4	1.0000	0.5144	0.4512	0.0000	0.0000	0.0252	0.0070	0.0000	0.0001	0.0010	0.0010	0.0000	0.0002	0.0000	0.0000
2.5	1.0000	0.9231	0.0768	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	0.5495	0.4380	0.0000	0.0000	0.0023	0.0009	0.0000	0.0000	0.0000	0.0000	0.0093	0.0000	0.0000	0.0000
3.2	1.0000	0.4865	0.4669	0.0000	0.0000	0.0175	0.0043	0.0000	0.0000	0.0025	0.0064	0.0160	0.0000	0.0000	0.0000
<b>Customer Responsibility</b>															
4.1	1.0000	0.5613	0.4199	0.0000	0.0000	0.0099	0.0010	0.0041	0.0016	0.0012	0.0009	0.0000	0.0000	0.0000	0.0000
4.2	1.0000	0.0748	0.8470	0.0000	0.0000	0.0348	0.0067	0.0000	0.0142	0.0096	0.0122	0.0000	0.0007	0.0000	0.0000
4.3	1.0000	0.8875	0.1093	0.0000	0.0000	0.0016	0.0002	0.0001	0.0002	0.0004	0.0007	0.0000	0.0000	0.0000	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	0.9231	0.0768	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	0.9576	0.0000	0.0000	0.0016	0.0002	0.0000	0.0003	0.0002	0.0001	0.0000	0.0000	0.0000	0.0000
4.7	1.0000	0.0000	0.0000	0.0000	0.0000	0.6592	0.0672	0.0100	0.1070	0.0896	0.0622	0.0025	0.0000	0.0000	0.0000
4.8	1.0000	0.0000	0.9852	0.0000	0.0000	0.0084	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0064	0.0000	0.0000
4.9	1.0000	0.0000	0.8496	0.0000	0.0000	0.0932	0.0122	0.0017	0.0151	0.0155	0.0126	0.0000	0.0000	0.0000	0.0000
4.10	1.0000	0.9259	0.0741	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	0.6781	0.2893	0.0000	0.0000	0.0124	0.0045	0.0100	0.0006	0.0010	0.0014	0.0026	0.0001	0.0000	0.0000

Witnesses: A. Kacicnik  
B. So

Allocation of DSM Program and General Costs Including Fringe Benefits and A&G  
DEC. 31, 2018

(millions of dollars)

	<u>RATE.1</u>	<u>RATE.6</u>	<u>RATE.9</u>	<u>RATE.100</u>	<u>RATE.110</u>	<u>RATE.115</u>	<u>RATE.125</u>	<u>RATE.135</u>	<u>RATE.145</u>	<u>RATE.170</u>	<u>RATE.200</u>	<u>RATE.300</u>
<b>Total</b>												
DSM Program and General Costs	54.24	29.04	18.10	0.00	1.70	1.31	0.01	0.26	1.59	2.24	0.00	0.00
DSM Low Income Program and General Costs	13.31	9.05	3.75	0.00	0.13	0.07	0.10	0.01	0.08	0.07	0.03	0.01
Fringe Benefits	5.18	2.92	1.67	0.00	0.14	0.11	0.01	0.02	0.13	0.18	0.00	0.00
A&G	14.17	7.99	4.58	0.00	0.38	0.29	0.02	0.06	0.35	0.48	0.01	0.00
Total Fully-Allocated DSM Costs	86.90	48.99	28.11	0.00	2.36	1.78	0.14	0.34	2.16	2.97	0.05	0.01
<b>Breakdown of DSM Program and General Costs:</b>												
DSM Program Costs	43.96	23.43	14.71	0.00	1.39	1.07	0.00	0.21	1.31	1.84	0.00	0.00
DSM Low Income Program Costs	11.69	7.95	3.29	0.00	0.12	0.07	0.09	0.01	0.07	0.06	0.03	0.01
Program Costs Subtotal	55.65	31.37	18.00	0.00	1.51	1.14	0.09	0.22	1.38	1.90	0.03	0.01
A&G	10.85	6.11	3.51	0.00	0.29	0.22	0.02	0.04	0.27	0.37	0.01	0.00
Total	66.49	37.49	21.51	0.00	1.80	1.36	0.10	0.26	1.65	2.27	0.04	0.01
DSM General Costs	10.29	5.61	3.39	0.00	0.31	0.23	0.01	0.05	0.29	0.40	0.00	0.00
DSM Low Income General Costs	1.62	1.10	0.46	0.00	0.02	0.01	0.01	0.00	0.01	0.01	0.00	0.00
General Costs Subtotal	11.91	6.71	3.85	0.00	0.32	0.24	0.02	0.05	0.30	0.41	0.01	0.00
Fringe Benefits	5.18	2.92	1.67	0.00	0.14	0.11	0.01	0.02	0.13	0.18	0.00	0.00
A&G	3.33	1.88	1.08	0.00	0.09	0.07	0.01	0.01	0.08	0.11	0.00	0.00
Total	20.41	11.51	6.60	0.00	0.55	0.42	0.03	0.08	0.51	0.70	0.01	0.00
Total DSM Program & Allocated costs	86.90	48.99	28.11	0.00	2.36	1.78	0.14	0.34	2.16	2.97	0.05	0.01

Witnesses: A. Kacicnik  
B. So

**TECUMSEH GAS**  
**FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE**  
**2018 TEST YEAR**

(\$000)

Item No.	Description	FUNCTIONALIZATION				CLASSIFICATION				Pool Storage Space			
		Functional Allocation T/C	Pool	Net Investment		Transmission & Compression		Net Investment		Pool Storage Space		Annual Demand	
				Avg. of Mnthly Avg.	Pool Storage Space	Transmission & Compression	Net Investment	Avg. of Mnthly Avg.	Daily Demand	Annual Demand	Pool Storage Space	Annual Demand	Daily Demand
1.1	Transmission Lines	100%	0%	5,959.4	5,959.4	5,959.4	5,959.4	5,959.4	3,575.6	2,383.8	40%	60%	0.0
1.2	Compressor Equipment	100%	0%	63,917.9	63,917.9	63,917.9	63,917.9	63,917.9	38,350.7	25,567.2	40%	60%	0.0
1.3	Structures & Improvements	100%	0%	43,735.7	43,735.7	43,735.7	43,735.7	43,735.7	26,241.4	17,494.3	40%	60%	0.0
1.4	Office and Plant Equipment	100%	0%	1,281.5	1,281.5	1,281.5	1,281.5	1,281.5	768.9	512.6	40%	60%	0.0
1.5	Land	100%	0%	3,733.0	3,733.0	3,733.0	3,733.0	3,733.0	2,239.8	1,493.2	40%	60%	0.0
1.6.1	Allowance for - Matls & Supplies	100%	0%	3,087.0	3,087.0	3,087.0	3,087.0	3,087.0	1,852.2	1,234.8	40%	60%	0.0
1.6.2	Working Capital - Working Cash Allow.	100%	0%	1,600.0	1,600.0	1,600.0	1,600.0	1,600.0	960.0	640.0	40%	60%	0.0
1.7	Provision for LUF	69%	31%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40%	60%	0.0
1.				123,314.5	123,314.5	123,314.5	123,314.5	123,314.5	73,988.7	49,325.8			
2.1	Field Lines	0%	100%	35,558.0	35,558.0			35,558.0	0.0	0.0	40%	60%	21,334.8
2.2	Wells	0%	100%	47,389.0	47,389.0			47,389.0	0.0	0.0	40%	60%	28,433.4
2.3	Well Equipment	0%	100%	1,535.9	1,535.9			1,535.9	0.0	0.0	40%	60%	921.5
2.4	Measuring & Regulating	0%	100%	6,992.5	6,992.5			6,992.5	0.0	0.0	40%	60%	4,195.5
2.5	Gas Storage Rights	0%	100%	15,003.7	15,003.7			15,003.7	0.0	0.0	40%	60%	9,002.2
2.6	Petroleum and Natural Gas Leases	0%	100%	35,440.0	35,440.0			35,440.0	0.0	0.0	40%	60%	21,264.0
2.7	Base Pressure Gas	0%	100%						0.0	0.0	40%	60%	0.0
2.8	Other	0%	100%						0.0	0.0	40%	60%	0.0
2.				141,919.1	141,919.1			141,919.1					85,151.5
3.	Total			265,233.6	265,233.6	123,314.5	123,314.5	141,919.1	73,988.7	49,325.8		56,767.6	85,151.5
4.	Percentage Allocation			1,465.4	46.493%				60.000%	40.000%		40.000%	60.000%

Witnesses: A. Kacicnik  
B. So

**TECUMSEH GAS**  
**FUNCTIONAL ALLOCATION OF COST OF SERVICE**  
**2018 TEST YEAR**

Item No.		Col.1 Functional Allocation T/C	Col.2 Pool	Col.3 Utility Return & Expenses	Col.4 Transmission & Compression	Col.5 Pool Storage
	<b>RATE BASE RETURN AMOUNT</b>			(\$000)	(\$000)	(\$000)
1.1	Utility Return	45%	55%	18,377.3	8,269.8	10,107.5
1.	Total Return	0%	0%	18,377.3	8,269.8	10,107.5
	<b>EXPENSES - OPERATION</b>					
2.1.1	Labour	75%	25%	1,562.4	1,171.8	390.6
2.1.2	Supplies & Other		10%	596.7	537.0	59.7
2.1.3	Hydro	100%	0%	377.7	377.7	
2.1.4	Lease Rentals	0%	100%	1,662.8		1,662.8
2.1.5	Surface Rentals	0%	100%	356.6		356.6
2.1.6	Provision for LUF	87%	13%	3,841.1	3,341.8	499.3
2.1	Subtotal			8,397.3	5,428.3	2,969.0
	<b>MAINTENANCE</b>					
2.2.1	Company	80%	20%	1,551.6	1,241.3	310.3
2.2.2	Contractor	55%	45%	1,624.4	893.4	731.0
2.2	Subtotal			3,176.0	2,134.7	1,041.3
	<b>ADMINISTRATIVE &amp; GENERAL</b>					
2.3.1	General Office	75%	25%	3,409.2	2,556.9	852.3
2.3.2	Service Fees	75%	25%	2,548.1	1,911.1	637.0
2.3.3	Overhead Capitalized	75%	25%	(1,059.4)	(794.5)	(264.8)
2.3	Subtotal			4,897.8	3,673.5	1,224.5
	<b>DEPRECIATION AND AMORTIZATION</b>					
2.4.1	Depreciation	59%	41%	6,891.1	4,036.9	2,854.2
2.4.2	Amortization	0%	100%	472.8		472.8
2.4	Subtotal			7,363.9	4,036.9	3,327.0
	<b>TAXES - OTHER THAN INCOME</b>					
2.5.1	Municipal	80%	20%	1,538.3	1,230.7	307.7
2.5.2	Capital	45%	55%			
2.5	Subtotal			1,538.3	1,230.7	307.7
2.	<b>TOTAL EXPENSES</b>			25,373.4	16,504.1	8,869.5
3.	<b>REVENUE REQUIREMENT BEFORE TAXES</b>			43,750.7	24,773.9	18,977.0

Witnesses: A. Kacicnik  
B. So

TECUMSEH GAS  
CLASSIFICATION OF COST OF SERVICE  
2018 TEST YEAR

(\$000)

Item No.	Functional Allocation	T/C	Pool	Utility Return & Expenses	Transmission & Compression	Storage Space	Col. 1	Transmission & Compression			Storage			Pool Storage			Col. 14	
								Alloc'n Ann	Dly	Annual Demand	Daily Demand	Commodity	Storage Total	Union Transfer	Net Tecumseh	Alloc'n Ann		Dly
RATE BASE RETURN AMOUNT																		Col. 13
1.1	45%	55%	18,377.3	8,269.8	10,107.5	8,269.8	35%	65%	2,894.4	5,375.4	10,107.5	10,107.5	35%	65%	3,537.6	6,569.9	Col. 12	
1.			18,377.3	8,269.8	10,107.5	8,269.8			2,894.4	5,375.4	10,107.5	10,107.5			3,537.6	6,569.9	Col. 11	
EXPENSES - OPERATION																		Col. 10
2.1.1	75%	25%	1,562.4	1,171.8	390.6	1,171.8	35%	65%	410.1	761.7	390.6	390.6	35%	65%	128.8	239.2	Col. 9	
2.1.2	90%	10%	596.7	537.0	59.7	537.0	20%	30%	107.4	161.1	268.5	59.7	30%	45%	16.9	25.3	Col. 8	
2.1.3	100%	0%	377.7	377.7		377.7	20%	30%	75.5	113.3	188.9		0%	0%			Col. 7	
2.1.4	0%	100%	1,662.8		1,662.8		35%	65%			1,662.8	1,662.8	35%	65%	582.0	1,080.8	Col. 6	
2.1.5	0%	100%	356.6		356.6		35%	65%			356.6	356.6	35%	65%	117.6	218.4	Col. 5	
2.1.6	87%	13%	3,841.1	3,341.8	499.3	3,341.8	0%	0%			3,341.8	499.3	0%	0%			Col. 4	
2.1			8,397.3	5,428.3	2,969.0	5,428.3			593.0	1,036.1	3,798.2	2,969.0			845.3	1,563.7	Col. 3	
MAINTENANCE																		Col. 2
2.2.1	80%	20%	1,551.6	1,241.3	310.3	1,241.3	20%	30%	248.3	372.4	620.6	310.3	20%	45%	87.7	131.6	Col. 1	
2.2.2	55%	45%	1,624.4	893.4	731.0	893.4	20%	30%	178.7	268.0	446.7	731.0	20%	45%	206.6	309.9	Col. 14	
2.2			3,176.0	2,134.7	1,041.3	2,134.7			427.0	640.4	1,067.3	1,041.3			294.3	441.5	Col. 13	
ADMINISTRATIVE & GENERAL																		Col. 12
2.3.1	75%	25%	3,409.2	2,556.9	852.3	2,556.9	35%	65%	894.9	1,662.0	852.3	852.3	35%	65%	281.0	521.9	Col. 11	
2.3.2	75%	25%	2,548.1	1,911.1	637.0	1,911.1	35%	65%	668.9	1,242.2	637.0	637.0	35%	65%	210.0	390.1	Col. 10	
2.3.3	75%	25%	(1,059.4)	(794.5)	(264.8)	(794.5)	35%	65%	(278.1)	(516.4)	(264.8)	0.0	35%	65%	(92.7)	(172.1)	Col. 9	
2.3			4,897.8	3,673.5	1,224.5	3,673.5			1,285.7	2,387.8	1,224.5	86.2			398.3	739.9	Col. 8	
DEPRECIATION AND AMORTIZATION																		Col. 7
2.4.1	59%	41%	6,891.1	4,036.9	2,854.2	4,036.9	35%	65%	1,412.9	2,624.0	2,854.2	138.4	35%	65%	950.5	1,765.3	Col. 6	
2.4.2	0%	100%	472.8		472.8		35%	65%			472.8	0.0	35%	65%	165.5	307.3	Col. 5	
2.4			7,363.9	4,036.9	3,327.0	4,036.9			1,412.9	2,624.0	3,327.0	138.4			1,116.0	2,072.6	Col. 4	
TAXES - OTHER THAN INCOME																		Col. 3
2.5.1	80%	20%	1,538.3	1,230.7	307.7	1,230.7	35%	65%	430.7	800.0	307.7	17.8	35%	65%	101.5	188.4	Col. 2	
2.5.2	45%	55%	0.0	0.0	0.0	0.0	35%	65%			0.0	0.0	35%	65%			Col. 1	
2.5			1,538.3	1,230.7	307.7	1,230.7			430.7	800.0	307.7	17.8			101.5	188.4	Col. 14	
TOTAL EXPENSES																		Col. 13
2.			25,373.4	16,504.1	8,869.5	16,504.1			4,149.3	7,488.3	4,866.5	8,869.5			2,755.4	5,006.1	Col. 12	
3.			43,750.7	24,773.9	18,977.0	24,773.9			7,043.7	12,863.7	4,866.5	18,977.0			6,293.0	11,576.0	Col. 11	
4.1			43,750.7	24,773.9	18,977.0	24,773.9			7,043.7	12,863.7	4,866.5	18,977.0			6,293.0	11,576.0	Col. 10	
4.2			43,750.7	24,773.9	18,977.0	24,773.9			7,043.7	12,863.7	4,866.5	18,977.0			6,293.0	11,576.0	Col. 9	
GROSS REVENUE REQUIREMENT (excl. fuel)																		Col. 8
3.1.1									407.7	785.2	300.2				0.0	0.0	Col. 7	
3.1.2									71.3	78.5	52.5				67.6	75.2	Col. 6	
3.1.3									0.0	0.0	0.0				0.0	0.0	Col. 5	
3.1									6,564.8	12,000.1	4,513.8				6,225.4	11,500.8	Col. 4	

Witnesses: A. Kacicnik  
B. So

TECUMSEH GAS  
RATE DERIVATION  
2018 TEST YEAR

		Col.1	Col.2	Col.3
Item No.	Transmission and Compression	Annual Demand	Daily Demand	Commodity
1.1	Cost of service	7,043.7	12,863.7	4,866.5
1.2	Forecasted Gas Volumes	2,799,103.7	46,446.1	5,252,601.3
1.3.1	Unit Cost - Annual (\$/10 <sup>3</sup> m <sup>3</sup> )	2.516	276.960	0.926
1.3.2	Unit Cost - Monthly (\$/10 <sup>3</sup> m <sup>3</sup> /month)	0.210	23.080	0.000
1.3.3	Unit Cost - Rounded (\$/10 <sup>3</sup> m <sup>3</sup> )	0.210	23.080	0.926
	(\$/10 <sup>3</sup> m <sup>3</sup> /month) (excl. fuel gas)	0.210	23.080	0.926
1.4	Fuel Ratio (%)			0.35
	<u>Pool Storage</u>	<u>Annual Demand</u>	<u>Daily Demand</u>	<u>Commodity</u>
2.1	Cost of Service Analysis (\$000's)	6,293.0	11,576.0	758.5
2.2	Forecasted Gas Volumes (10 <sup>3</sup> m <sup>3</sup> )	2,637,103.7	43,611.1	4,928,601.3
2.3.1	Unit Cost - Annual (\$/10 <sup>3</sup> m <sup>3</sup> )	2.3863	265.4370	0.1539
2.3.2	Unit Cost - Monthly (\$/10 <sup>3</sup> m <sup>3</sup> /month)	0.1989	22.1198	0.0000
2.3.3	Unit Cost - Rounded (\$/10 <sup>3</sup> m <sup>3</sup> )	0.1989	22.1198	0.1539

Witnesses: A. Kacicnik  
B. So

**TECUMSEH GAS**  
**ISOLATION OF TRANSMISSION RELATED RATE BASE**  
**2018 TEST YEAR**

(\$000)

		Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
		FUNCTIONALIZATION TOTAL COSTS			ELIMINATION OF COMPRESSION COSTS		TRANSMISSION COSTS	
Item No.	Description	Functional Allocation T/C	Pool	Net Investment Avg. of Mnthly Avg.	Transmission & Compression	Pool Storage Space	Compression	Pool Storage Space
1.1	Transmission Lines	100%	0%	5,959.4	5,959.4	0.0	0.0	5,959.4
1.2	Compressor Equipment	100%	0%	63,917.9	63,917.9	0.0	(58,039.6)	5,878.3
1.3	Structures & Improvements	100%	0%	43,735.7	43,735.7	0.0	(10,399.2)	33,336.5
1.4	Office and Plant Equipment	100%	0%	1,281.5	1,281.5	0.0	(1,136.6)	144.9
1.5	Land	100%	0%	3,733.0	3,733.0	0.0	(188.7)	3,544.3
1.6.1	Allowance for - Mat'ls & Supplies	100%	0%	3,087.0	3,087.0	0.0	(2,465.0)	622.0
1.6.2	- Working Cash Allow.	100%	0%	1,600.0	1,600.0	0.0	(1,372.3)	227.7
1.7	Provision for LUF	69%	31%	0.0	0.0	0.0	0.0	0.0
1.				123,314.5	123,314.5	0.0	(73,601.4)	49,713.1
2.1	Field Lines	0%	100%	35,558.0	0.0	35,558.0	0.0	0.0
2.2	Wells	0%	100%	47,389.0	0.0	47,389.0	0.0	0.0
2.3	Well Equipment	0%	100%	1,535.9	0.0	1,535.9	0.0	0.0
2.4	Measuring & Regulating	0%	100%	6,992.5	0.0	6,992.5	0.0	0.0
2.5	Gas Storage Rights	0%	100%	15,003.7	0.0	15,003.7	0.0	0.0
2.6	Petroleum and Natural Gas Leases	0%	100%	0.0	0.0	0.0	0.0	0.0
2.7	Base Pressure Gas	0%	100%	35,440.0	0.0	35,440.0	0.0	0.0
2.8	Other	0%	100%	0.0	0.0	0.0	0.0	0.0
2.				141,919.1	0.0	141,919.1	0.0	0.0
3.	Total			265,233.6	123,314.5	141,919.1	(73,601.4)	49,713.1

Witnesses: A. Kacicnik  
B. So



TECUMSEH GAS  
ISOLATION OF TRANSMISSION RELATED COST OF SERVICE  
2018 TEST YEAR

	Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7	Col.8	Col.9
	TOTAL COST OF SERVICE					ELIMINATION OF COMPRESSION COSTS		TRANSMISSION COSTS	
Item No.	Functional Allocation T/C	Pool	Utility Return & Expenses	Transmission & Compression	Pool Storage	Compression	Pool Storage	Transmission	Pool Storage
<b>RATE BASE RETURN AMOUNT</b>			(\$000)	(\$000)	(\$000)				
1.1 Utility Return (net of fuel)	40%	60%	18,377.3	7,350.9	11,026.4	(3,906.4)	(11,026.4)	3,444.5	0.0
1. Total Return	0%	0%	18,377.3	7,350.9	11,026.4	(3,906.4)	(11,026.4)	3,444.5	0.0
<b>EXPENSES - OPERATION</b>									
2.1.1 Labour	80%	20%	1,562.4	1,249.9	312.5	(1,249.9)	(312.5)	0.0	0.0
2.1.2 Supplies & Other	90%	10%	596.7	537.0	59.7	(537.0)	(59.7)	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%	377.7	377.7	0.0	(377.7)	0.0	0.0	0.0
2.1.8 Lease Rentals	0%	100%	1,662.8	0.0	1,662.8	0.0	(1,662.8)	0.0	0.0
2.1.9 Surface Rentals	0%	100%	356.6	0.0	356.6	0.0	(356.6)	0.0	0.0
2.1.10 Provision for LUF	69%	31%	3,841.1	2,650.4	1,190.8	(2,650.4)	(1,190.8)	0.0	0.0
2.1 Subtotal			8,397.3	4,815.0	3,582.3	(4,815.0)	(3,582.3)	0.0	0.0
<b>MAINTENANCE</b>									
2.2.1 Company	90%	10%	1,551.6	1,396.5	155.2	(1,380.7)	(155.2)	15.8	0.0
2.2.2 Contractor	80%	20%	1,624.4	1,299.5	324.9	(1,267.5)	(324.9)	32.0	0.0
2.2 Subtotal			3,176.0	2,696.0	480.0	(2,648.2)	(480.0)	47.8	0.0
<b>ADMINISTRATIVE &amp; GENERAL</b>									
2.3.1 General Office	80%	20%	3,409.2	2,727.3	681.8	(2,703.9)	(681.8)	23.4	0.0
2.3.2 Service Fees	80%	20%	2,548.1	2,038.5	509.6	(2,035.2)	(509.6)	3.3	0.0
2.3.3 Overhead Capitalized	80%	20%	(1,059.4)	(847.5)	(211.9)		211.9	(198.6)	0.0
2.3 Subtotal			4,897.8	3,918.3	979.6	(4,739.2)	(979.6)	(171.9)	0.0
<b>DEPRECIATION AND AMORTIZATION</b>									
2.4.1 Depreciation	59%	41%	6,891.1	4,036.9	2,854.2	(3,859.2)	(2,854.2)	177.7	0.0
2.4.2 Amortization	0%	100%	472.8	0.0	472.8	0.0	(472.8)	0.0	0.0
2.4 Subtotal			7,363.9	4,036.9	3,327.0	(3,859.2)	(3,327.0)	177.7	0.0
<b>TAXES - OTHER THAN INCOME</b>									
2.5.1 Municipal	80%	20%	1,538.3	1,230.7	307.7	(930.7)	(307.7)	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			1,538.3	1,230.7	307.7	(930.7)	(307.7)	300.0	0.0
<b>2. TOTAL EXPENSES</b>			<b>25,373.4</b>	<b>16,696.8</b>	<b>8,676.6</b>	<b>(16,992.2)</b>	<b>(8,676.6)</b>	<b>353.5</b>	<b>0.0</b>
<b>3. REVENUE REQUIREMENT BEFORE TAXES</b>			<b>43,750.7</b>	<b>24,047.7</b>	<b>19,703.0</b>	<b>(20,898.7)</b>	<b>(19,703.0)</b>	<b>3,798.0</b>	<b>0.0</b>

Witnesses: A. Kacicnik  
B. So

**FUNCTIONALIZATION OF SHORT CYCLE  
NET REVENUES TO IN/EX FRANCHISE CUSTOMERS  
2017 TEST YEAR  
(\$000)**

Item No.	Description	Col. 1 Net Revenues (\$000)	Col. 2 Sharing	Col. 3 Net Revenues Shared (\$000) (Col. 1*Col. 2)	Col. 4 T/C	Col. 5 Storage	Col. 6 T/C (\$000) (Col. 3*Col. 4)	Col. 7 Storage (\$000) (Col. 3*Col. 5)
1.	Short Cycle	6,000.0	100%	6,000.0	57%	43%	3,397.5	2,602.5

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

Item No.	Description	Col. 1 Total (\$000)	Col. 2 Daily (\$000) (Col. 1*60%)	Col. 3 Annual (\$000) (Col. 1*40%)	Col. 4 Daily	Col. 5 Annual	Col. 6 Daily (\$000) (Col. 4*Col. 2)	Col. 7 Annual (\$000) (Col. 5*Col. 3)	Col. 8 Total (\$000) (Col. 6+Col. 7)
<b>T/C</b>									
1.1	In Franchise				100%	100%	2,038.5	1,359.0	3,397.5
1.2	Rate 325				0%	0%	0.0	0.0	0.0
1.3	Rate 330				0%	0%	0.0	0.0	0.0
1.4	Rate 331				0%	0%	0.0	0.0	0.0
1.	TOTAL	3,397.5	2,038.5	1,359.0	100%	100%	2,038.5	1,359.0	3,397.5
<b>Storage</b>									
2.1	In Franchise				100%	100%	1,561.5	1,041.0	2,602.5
2.2	Rate 325				0%	0%	0.0	0.0	0.0
2.3	Rate 330				0%	0%	0.0	0.0	0.0
2.4	Rate 331				0%	0%	0.0	0.0	0.0
2.	TOTAL	2,602.5	1,561.5	1,041.0	100%	100%	1,561.5	1,041.0	2,602.5
<b>Total T/C and Storage</b>									
3.1	In Franchise						3,600.0	2,400.0	6,000.0
3.2	Rate 325						0.0	0.0	0.0
3.3	Rate 330						0.0	0.0	0.0
3.4	Rate 331						0.0	0.0	0.0
3.	TOTAL	6,000.0	3,600.0	2,400.0			3,600.0	2,400.0	6,000.0

Witnesses: A. Kacicnik  
B. So