

Utility Rate Base
Comparison of 2007 Historical Year To 2007 Board Approved

	Col. 1	Col. 2	Col. 3
Line No.	2007 Historical Year	2007 Board Approved	Difference
	(\$Millions)	(\$Millions)	(\$Millions)
Property, Plant, and Equipment			
1. Cost or redetermined value	4,993.6	4,979.3	14.3
2. Accumulated depreciation	<u>(1,808.1)</u>	<u>(1,839.1)</u>	<u>31.0</u>
3.	<u>3,185.5</u>	<u>3,140.2</u>	<u>45.3</u>
Allowance for Working Capital			
4. Accounts receivable merchandise finance plan	0.1	0.1	-
5. Accounts receivable rebillable projects	1.8	6.9	(5.1)
6. Materials and supplies	24.5	21.0	3.5
7. Mortgages receivable	0.8	0.9	(0.1)
8. Customer security deposits	(44.8)	(42.8)	(2.0)
9. Prepaid expenses	2.3	2.7	(0.4)
10. Gas in storage	455.0	613.1	(158.1)
11. Working cash allowance	<u>0.8</u>	<u>3.6</u>	<u>(2.8)</u>
12. Total Working Capital	<u>440.5</u>	<u>605.5</u>	<u>(165.0)</u>
13. Utility Rate Base	<u><u>3,626.0</u></u>	<u><u>3,745.7</u></u>	<u><u>(119.7)</u></u>

Utility Rate Base
Comparison of 2007 Historical Year To 2006 Historical Year

	Col. 1	Col. 2	Col. 3
Line No.	2007 Historical Year	2006 Historical Year	Difference
	(\$Millions)	(\$Millions)	(\$Millions)
Property, Plant, and Equipment			
1. Cost or redetermined value	4,993.6	4,660.5	333.1
2. Accumulated depreciation	<u>(1,808.1)</u>	<u>(1,655.5)</u>	<u>(152.6)</u>
3.	<u>3,185.5</u>	<u>3,005.0</u>	<u>180.5</u>
Allowance for Working Capital			
4. Accounts receivable merchandise finance plan	0.1	0.2	(0.1)
5. Accounts receivable rebillable projects	1.8	6.6	(4.8)
6. Materials and supplies	24.5	22.5	2.0
7. Mortgages receivable	0.8	1.0	(0.2)
8. Customer security deposits	(44.8)	(42.3)	(2.5)
9. Prepaid expenses	2.3	2.4	(0.1)
10. Gas in storage	455.0	598.3	(143.3)
11. Working cash allowance	<u>0.8</u>	<u>(3.6)</u>	<u>4.4</u>
12. Total Working Capital	<u>440.5</u>	<u>585.1</u>	<u>(144.6)</u>
13. Utility Rate Base	<u><u>3,626.0</u></u>	<u><u>3,590.1</u></u>	<u><u>35.9</u></u>

Property, Plant, and Equipment
Summary Statement - Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3
	Gross Property, Plant, and Equipment	Accumulated Depreciation	Net Property, Plant, and Equipment
	(\$Millions)	(\$Millions)	(\$Millions)
1. Underground storage plant	263.6	(84.5)	179.1
2. Distribution plant	4,447.1	(1,570.4)	2,876.7
3. General plant	290.1	(152.8)	137.3
4. Other plant	<u>0.5</u>	<u>(0.4)</u>	<u>0.1</u>
5. Total plant in service	5,001.3	(1,808.1)	3,193.2
6. Plant held for future use	<u>1.7</u>	<u>(0.7)</u>	<u>1.0</u>
7. Sub- total	5,003.0	(1,808.8)	3,194.2
8. Affiliate Shared Assets Value	<u>(9.4)</u>	<u>0.7</u>	<u>(8.7)</u>
9. Total property, plant, and equipment	<u><u>4,993.6</u></u>	<u><u>(1,808.1)</u></u>	<u><u>3,185.5</u></u>

Gross Underground Storage Plant
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	Opening Balance Dec.2006	Additions	Retirements	Closing Balance Dec.2007	Regulatory Adjustments	Utility Balance Dec.2007	Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Crowland storage (450/459)	4.2	-	-	4.2	-	4.2	4.2
2. Land and gas storage rights (450/451)	39.8	0.4	-	40.2	-	40.2	40.0
3. Structures and improvements (452.00)	10.2	0.1	-	10.3	-	10.3	10.3
4. Wells (453.00)	26.6	0.4	-	27.0	-	27.0	26.7
5. Well equipment (454.00)	7.5	-	-	7.5	-	7.5	7.5
6. Field Lines (455.00)	44.7	0.2	-	44.9	-	44.9	44.8
7. Compressor equipment (456.00)	77.6	1.4	-	79.0	-	79.0	78.2
8. Measuring and regulating equipment (457.00)	11.1	-	-	11.1	-	11.1	11.1
9. Base pressure gas (458.00)	40.8	-	-	40.8	-	40.8	40.8
10. Total	262.5	2.5	-	265.0	-	265.0	263.6

Underground Storage Plant
Continuity of Accumulated Depreciation
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	Opening Balance Dec.2006	Additions	Retirements	Costs Net of Proceeds	Closing Balance Dec.2007	Regulatory Adjustments	Utility Balance Dec.2007	Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Crowland storage (450/459)	(1.8)	(0.1)	-	-	(1.9)	-	(1.9)	(1.8)
2. Land and gas storage rights (451.00)	(16.8)	(0.9)	-	-	(17.7)	-	(17.7)	(17.3)
3. Structures and improvements (452.00)	(3.5)	(0.3)	-	-	(3.8)	-	(3.8)	(3.6)
4. Wells (453.00)	(13.4)	(1.2)	-	-	(14.6)	-	(14.6)	(14.0)
5. Well equipment (454.00)	(3.5)	(0.2)	-	-	(3.7)	-	(3.7)	(3.6)
6. Field Lines (455.00)	(16.1)	(1.2)	-	-	(17.3)	-	(17.3)	(16.7)
7. Compressor equipment (456.00)	(23.0)	(1.7)	-	-	(24.7)	-	(24.7)	(23.9)
8. Measuring and regulating equipment (457.00)	(3.4)	(0.4)	-	-	(3.8)	-	(3.8)	(3.6)
9. Total	(81.5)	(6.0)	-	-	(87.5)	-	(87.5)	(84.5)

Gross Distribution Plant
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1 Opening Balance Dec.2006 (\$Millions)	Col. 2 Additions (\$Millions)	Col. 3 Retirements (\$Millions)	Col. 4 Closing Balance Dec.2007 (\$Millions)	Col. 5 Regulatory Adjustment (Note 1) (\$Millions)	Col. 6 Utility Balance Dec.2007 (\$Millions)	Col. 7 Average of Monthly Averages (\$Millions)
1. Land (470.00)	9.1	-	-	9.1	-	9.1	9.1
2. Offers to purchase (470.01)	-	-	-	-	-	-	-
3. Structures and improvements (472.00)	75.0	4.1	(1.6)	77.5	(0.3)	77.2	74.6
4. Services, house reg & meter install. (473/474)	1,752.1	93.8	(31.0)	1,814.9	-	1,814.9	1,774.4
5. NGV station compressors (476)	2.2	-	-	2.2	-	2.2	2.2
6. Meters (478)	306.9	27.5	(5.0)	329.4	-	329.4	314.2
7. Sub-total	2,145.3	125.4	(37.6)	2,233.1	(0.3)	2,232.8	2,174.5
8. Mains (475)	1,944.0	150.1	(5.2)	2,088.9	-	2,088.9	2,006.2
9. Measuring and regulating equip. (477)	258.1	16.9	(0.1)	274.9	-	274.9	266.4
10. Construction work-in-progress completed and in service projects	-	-	-	-	-	-	-
11. Sub-total	2,202.1	167.0	(5.3)	2,363.8	-	2,363.8	2,272.6
12. Total	4,347.4	292.4	(42.9)	4,596.9	(0.3)	4,596.6	4,447.1

Note 1: The column 5 adjustment is the elimination of non-utility corporate branding costs.

Distribution Plant
Continuity of Accumulated Depreciation
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	Opening Balance Dec.2006	Additions	Retirements	Costs Net of Proceeds	Closing Balance Dec.2007	Regulatory Adjustment (Note 1)	Utility Balance Dec.2007	Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Structures and improvements (472.00)	(6.1)	(2.0)	1.6	-	(6.5)	0.1	(6.4)	(6.2)
2. Services, house reg & meter install. (473/474)	(658.5)	(81.5)	31.0	(10.1)	(719.1)	-	(719.1)	(677.6)
3. NGV station compressors (476)	(0.9)	(0.2)	-	-	(1.1)	-	(1.1)	(1.0)
4. Meters (478)	(85.5)	(7.8)	5.0	(0.1)	(88.4)	-	(88.4)	(86.7)
5. Mains (475)	(638.8)	(83.2)	5.2	3.8	(713.0)	0.1	(712.9)	(685.5)
6. Measuring and regulating equip. (477)	(106.7)	(13.7)	0.1	-	(120.3)	-	(120.3)	(113.4)
7. Total	(1,496.5)	(188.4)	42.9	(6.4)	(1,648.4)	0.2	(1,648.2)	(1,570.4)

Note 1: The column 6 adjustments are the removal of depreciation provisions on non-utility corporate branding costs, and on Mississauga Southern Link disallowances (EBRO 473 & 479).

Gross General Plant
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1 Opening Balance Dec.2006 (\$Millions)	Col. 2 Additions (\$Millions)	Col. 3 Retirements (\$Millions)	Col. 4 Closing Balance Dec.2007 (\$Millions)	Col. 5 Regulatory Adjustment (Note 1) (\$Millions)	Col. 6 Utility Balance Dec.2007 (\$Millions)	Col. 7 Average of Monthly Averages (\$Millions)
1. Lease improvements (482.50)	4.3	0.1	-	4.4	(0.2)	4.2	4.1
2. Office furniture and equipment (483.00)	19.7	1.1	(0.5)	20.3	-	20.3	19.4
3. Transportation equipment (484.00)	21.4	6.2	(0.2)	27.4	(0.1)	27.3	23.6
4. NGV conversion kits (484.01)	6.3	0.4	-	6.7	-	6.7	6.5
5. Heavy work equipment (485.00)	12.8	0.9	(0.1)	13.6	-	13.6	13.1
6. Tools and work equipment (486.00)	25.7	1.6	(0.4)	26.9	-	26.9	26.1
7. Rental equipment (487.70)	-	2.4	(1.4)	1.0	-	1.0	1.2
8. NGV rental compressors (487.80)	7.9	-	0.1	8.0	-	8.0	7.9
9. NGV cylinders (484.02 and 487.90)	0.8	2.6	(1.6)	1.8	-	1.8	2.0
10. Communication structures & equip. (488)	2.7	0.2	-	2.9	-	2.9	2.7
11. S.I.M. project (489.00)	47.3	-	-	47.3	-	47.3	47.3
12. Computer equipment (490.00)	135.6	25.5	(14.5)	146.6	-	146.6	136.2
13. Total	284.5	41.0	(18.6)	306.9	(0.3)	306.6	290.1

Note 1: The column 5 adjustments are the elimination of non-utility corporate branding costs.

General Plant
Continuity of Accumulated Depreciation
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1 Opening Balance Dec.2006 (\$Millions)	Col. 2 Additions (\$Millions)	Col. 3 Retirements (\$Millions)	Col. 4 Costs Net of Proceeds (\$Millions)	Col. 5 Closing Balance Dec.2007 (\$Millions)	Col. 6 Regulatory Adjustment (Note 1) (\$Millions)	Col. 7 Utility Balance Dec.2007 (\$Millions)	Col. 8 Average of Monthly Averages (\$Millions)
1. Lease improvements (482.50)	(2.3)	(0.4)	-	-	(2.7)	0.1	(2.6)	(2.4)
2. Office furniture and equipment (483.00)	(11.4)	(1.1)	0.5	-	(12.0)	-	(12.0)	(11.7)
3. Transportation equipment (484.00)	(7.8)	(1.0)	0.2	0.1	(8.5)	-	(8.5)	(8.1)
4. NGV conversion kits (484.01)	(4.0)	(0.2)	-	-	(4.2)	-	(4.2)	(4.1)
5. Heavy work equipment (485.00)	(5.8)	(0.5)	0.1	-	(6.2)	-	(6.2)	(5.9)
6. Tools and work equipment (486.00)	(11.5)	(0.7)	0.4	-	(11.8)	-	(11.8)	(11.6)
7. Rental equipment (487.70)	-	(0.1)	1.4	(2.1)	(0.8)	-	(0.8)	(0.7)
8. NGV rental compressors (487.80)	(4.5)	(0.5)	-	-	(5.0)	-	(5.0)	(4.7)
9. NGV cylinders (484.02 and 487.90)	(0.7)	(0.1)	1.6	(2.1)	(1.3)	-	(1.3)	(0.8)
10. Communication structures & equip. (488)	(0.9)	(0.7)	-	-	(1.6)	-	(1.6)	(1.3)
11. S.I.M. project (489.00)	(47.3)	-	-	-	(47.3)	-	(47.3)	(47.3)
12. Computer equipment (490.00)	(47.7)	(26.4)	14.5	-	(59.6)	-	(59.6)	(54.2)
13. Total	(143.9)	(31.7)	18.7	(4.1)	(161.0)	0.1	(160.9)	(152.8)

Note 1: The column 6 adjustments are the elimination of non-utility corporate branding costs.

Gross Other Plant
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1 Opening Balance Dec.2006 (\$Millions)	Col. 2 Additions (\$Millions)	Col. 3 Retirements (\$Millions)	Col. 4 Closing Balance Dec.2007 (\$Millions)	Col. 5 Regulatory Adjustment (\$Millions)	Col. 6 Utility Balance Dec.2007 (\$Millions)	Col. 7 Average of Monthly Averages (\$Millions)
1. Intangible plant (Peterborough 402.50)	0.5	-	-	0.5	-	0.5	0.5
2. Total	0.5	-	-	0.5	-	0.5	0.5

Other Plant Continuity of Accumulated Depreciation Year End Balances and Average of Monthly Averages 2007 Historical Year								
Line No.	Col. 1 Opening Balance Dec.2006	Col. 2 Additions	Col. 3 Retirements	Col. 4 Costs Net of Proceeds	Col. 5 Closing Balance Dec.2007	Col. 6 Regulatory Adjustment	Col. 7 Utility Balance Dec.2007	Col. 8 Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Intangible plant (Peterborough 402.50)	(0.4)	-	-	-	(0.4)	-	(0.4)	(0.4)
2. Total	(0.4)	-	-	-	(0.4)	-	(0.4)	(0.4)

Gross Plant Held for Future Use
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7
	Opening Balance Dec.2006	Additions	Retirements	Closing Balance Dec.2007	Regulatory Adjustment	Utility Balance Dec.2007	Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Inactive services (102.00)	1.7	-	-	1.7	-	1.7	1.7
2. Total	1.7	-	-	1.7	-	1.7	1.7

Plant Held for Future Use
Continuity of Accumulated Depreciation
Year End Balances and Average of Monthly Averages
2007 Historical Year

Line No.	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
	Opening Balance Dec.2006	Additions	Retirements	Costs Net of Proceeds	Closing Balance Dec.2007	Regulatory Adjustment	Utility Balance Dec.2007	Average of Monthly Averages
	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)	(\$Millions)
1. Inactive services (105.02)	(0.7)	(0.1)	-	-	(0.8)	-	(0.8)	(0.7)
2. Total	(0.7)	(0.1)	-	-	(0.8)	-	(0.8)	(0.7)

COMPARISON OF UTILITY CAPITAL EXPENDITURES
ACTUAL 2007 AND BOARD APPROVED BUDGET 2007

Item No.		Col. 1	Col. 2	Col. 3
		Actuals 2007 (\$Millions)	Board Approved Budget 2007 (\$Millions)	Actuals Over/(Under) Budget 2007 (\$Millions)
A.	<u>Customer Related</u>			
1.1.1	Sales Mains	83.9	76.5	7.4
1.1.2	Services	40.9	46.2	(5.3)
1.1.3	Meters and Regulation	11.4	11.5	(0.1)
1.1.4	Customer Related Distribution Plant	136.2	134.2	2.0
1.1.5	NGV Rental Equipment	0.1	0.2	(0.1)
1.1	TOTAL CUSTOMER RELATED CAPITAL	136.3	134.4	1.9
B.	<u>System Improvements and Upgrades</u>			
1.2.1	Mains - Relocations	11.2	7.6	3.6
1.2.2	- Replacement	49.7	58.1	(8.5)
1.2.3	- Reinforcement	17.1	26.6	(9.6)
1.2.4	Total Improvement Mains	78.0	92.4	(14.4)
1.2.5	Services - Relays	35.8	17.3	18.5
1.2.6	Regulators - Refits	3.1	3.5	(0.4)
1.2.7	Measurement and Regulation	15.6	15.7	(0.1)
1.2.8	Meters	19.3	20.2	(0.9)
1.2	TOTAL SYSTEM IMPROVEMENTS AND UPGRADES	151.7	149.1	2.7
C.	<u>General and Other Plant</u>			
1.3.1	Land, Structures and Improvements	2.7	3.1	(0.4)
1.3.2	Office Furniture and Equipment	0.9	0.7	0.2
1.3.3	Transp/Heavy Work/NGV Compressor Equipment	7.4	7.7	(0.3)
1.3.4	Tools and Work Equipment	1.4	1.2	0.2
1.3.5	Computers and Communication Equipment	17.5	17.3	0.2
1.3	TOTAL GENERAL AND OTHER PLANT	29.9	30.0	(0.1)
D.	Underground Storage Plant	4.5	4.5	-
E.	Customer Information System (CIS)	-	-	-
F.	TOTAL CAPITAL EXPENDITURES	322.5	318.0	4.5

Witnesses: L. Au
T. Ladanyi

ACTUAL 2007 CAPITAL EXPENDITURE WORKSHEET

Item No.	Col. 1 Business as Usual (\$Millions)	Col. 2 Safety and Integrity Initiatives (\$Millions)	Col. 3 Leave to Construct Projects (\$Millions)	Col. 4 Other Additional Initiatives (\$Millions)	Col. 5 Total Actual 2007 (\$Millions)
A. <u>Customer Related</u>					
1.1.1 Sales Mains	62.8		21.1		83.9
1.1.2 Services	40.9				40.9
1.1.3 Meters and Regulation	11.4				11.4
1.1.4 Customer Related Distribution Plant	115.1	-	21.1	-	136.2
1.1.5 NGV Rental Equipment	0.1				0.1
					-
1.1 TOTAL CUSTOMER RELATED CAPITAL	115.2	-	21.1	-	136.3
B. <u>System Improvements and Upgrades</u>					
1.2.1 Mains - Relocations	11.2				11.2
1.2.2 - Replacement	39.9	9.8			49.7
1.2.3 - Reinforcement	12.0		5.1		17.1
1.2.4 Total Improvement Mains	63.1	9.8	5.1	-	78.0
1.2.5 Services - Relays	28.1	7.7			35.8
1.2.6 Regulators - Refits	3.1				3.1
1.2.7 Measurement and Regulation	13.0			2.6	15.6
1.2.8 Meters	19.3				19.3
1.2 TOTAL SYSTEM IMPROVEMENTS AND UPGRADES	126.5	17.5	5.1	2.6	151.7
C. <u>General and Other Plant</u>					-
1.3.1 Land, Structures and Improvements	2.7				2.7
1.3.2 Office Furniture and Equipment	0.9				0.9
1.3.3 Transp/Heavy Work/NGV Compressor Equipr	7.4				7.4
1.3.4 Tools and Work Equipment	1.4				1.4
1.3.5 Computers and Communication Equipment	17.5				17.5
1.3 TOTAL GENERAL AND OTHER PLANT	29.9	-	-	-	29.9
D. Underground Storage Plant	4.5			-	4.5
E. Customer Information System (CIS)	-				-
F. TOTAL CAPITAL EXPENDITURES	276.2	17.5	26.2	2.6	322.5
Project Details:					
2.1 Incremental Accelerated Cast Iron Replacement		12.0			12.0
2.2 Kerotest Valve Replacement		5.4			5.4
2.3 Compression Couplings		0.1			0.1
3.1 Portlands Energy Power Generation			10.0		10.0
3.2 Goreway Sithe Commercial Sales Main			11.1		11.1
3.3 Scarborough Reinforcement			5.1		5.1
4.1 Fuel Cell Technology				2.6	2.6
Sub total Additional Initiatives		17.5	26.2	2.6	46.3

Witnesses: L. Au
T. Ladanyi

EXPLANATION OF MAJOR CHANGES
IN ACTUAL 2007 UTILITY CAPITAL EXPENDITURES
FROM APPROVED BUDGET 2007 UTILITY CAPITAL EXPENDITURES

The 2007 Actual was \$322.5 million, which is \$4.5 million or 1.4% higher than the 2007 Board Approved Budget of \$318.0 million. Capital expenditure overages primarily related to the cast iron replacement program. This was partially offset by underages that were primarily driven by timing of leave to construct projects and other safety and integrity initiatives. The major categories showing significant variances are explained below:

Item No.

1.1.4 Customer Related Distribution Plant - Over \$2.0 Million

The overage in customer related plant was driven by sales mains related to higher than expected subdivision activity and residential short main extensions. This was partially offset by lower services unit costs due to customer mix and fewer than expected customer additions.

1.2.4 Improvement Mains - Under \$14.4 Million

The underage in improvement mains was primarily due to reinforcement projects (\$9.6 million) and replacement activity (\$8.5 million). This was driven by the timing of major projects and initiatives including Cast Iron Replacement, Scarborough Reinforcement, Collingwood Reinforcement, Newmarket Reinforcement, and Kerotest valve replacements. The cast iron replacement program consists of replacement main and service relay expenditures. In total the cast iron program was over budget \$6.2 million. However, the replacement mains component was under the budget by \$6.8 million. The overall improvement mains underage was partially offset by increased requirements in relocation mains (\$3.6 million) driven primarily by the Hydro One relocation project.

Witnesses: L. Au
T. Ladanyi

1.2.5 Service Relays – Over \$18.5 Million

The overage is primarily due to the spending mix of the cast iron replacement program as indicated above. The service relay portion of the project was over budget \$13.0 million. The remaining overage was primarily due to higher than expected replacement activities (\$3.5 million) plus a higher than expected allocation of overheads (\$2.0 million).

1.2.5 Regulator Refits – Under \$0.4 Million

The underage is primarily due to the timing of initiatives related to regulator replacements.

1.2.8 Meters – Under \$0.9 Million

The underage is primarily due to the timing of meter purchases.

C. General and Other Plant – Under \$0.1 Million

The actual spending in this category was relatively close to the approved budget as variances in Land, Structures and Improvements (\$0.4 million) and Transportation and Heavy Work Equipment (\$0.3 million) were virtually offset by overages in Office Furniture and Equipment (\$0.2 million), Tools and Work Equipment (\$0.2 million) and Computers and Communication Equipment (\$0.2 million).

E. Customer Information System (CIS)

This project received separate approval. Due to the multi-year nature of this project and the separate approval process, CIS was excluded from this schedule.

Witnesses: L. Au
T. Ladanyi

Utility Operating Revenue
2007 Historical Year

	Col. 1	Col. 2	Col. 3
Line No.	Utility Revenue	Normalizing and Other Adjustments	Adjusted Utility Revenue
	(\$Millions)	(\$Millions)	(\$Millions)
1. Gas sales	2,340.4	(66.1)	2,274.3
2. Transportation of gas	753.5	(21.5)	732.0
3. Transmission, compression & storage	1.1	-	1.1
4. Other operating revenue	38.1	-	38.1
5. Other income	1.5	-	1.5
6. Total operating revenue	3,134.6	(87.6)	3,047.0

Explanation of Adjustments to Utility Revenue
2007 Historical Year

Line No. Adjusted	Adjustment Increase (Decrease) (\$Millions)	Explanation
1.	(66.1)	Gas sales Adjustment to gas sales revenue required to reflect normal weather.
2.	(21.5)	Transportation of gas Adjustment to gas transportation revenue required to reflect normal weather.

Utility Revenue
2007 Historical Year

	Col. 1	Col. 2	Col. 3
Line No.	Consolidated Revenue (\$Millions)	Adjustment (\$Millions)	Utility Revenue (\$Millions)
1. Residential	1,454.7	-	1,454.7
2. Commercial	714.3	-	714.3
3. Industrial	122.9	-	122.9
4. Wholesale	48.5	-	48.5
5. Gas sales	2,340.4	-	2,340.4
6. Transportation of gas	753.5	-	753.5
7. Transmission, compression & storage	1.1	-	1.1
8. Service charges & DPAC	12.3	-	12.3
9. Rent from NGV rentals	0.4	0.7	1.1
10. Late payment penalties	11.1	-	11.1
11. Transactional services	11.8	(3.8)	8.0
12. Open bill revenue	5.7	(0.3)	5.4
13. Dow Moore recovery	0.2	-	0.2
14. Affiliate asset use revenue	0.1	(0.1)	-
15. ABC T-service (net)	6.1	(6.1)	-
16. Other operating revenue	47.7	(9.6)	38.1
17. Income from investments	1.1	(1.1)	-
18. Interest during construction	3.3	(3.3)	-
19. Interest income from affiliates	-	-	-
20. Interest on (net) deferral accounts	-	-	-
21. Property/asset use revenue 3rd party	1.0	(1.0)	-
22. Interest and property rental	5.4	(5.4)	-
23. Miscellaneous	10.9	(9.5)	1.4
24. Dividend income	63.7	(63.7)	-
25. Profit on sale of property	-	-	-
26. NGV merchandising revenue (net)	0.1	-	0.1
27. Other income	74.7	(73.2)	1.5
28. Total revenue	3,222.8	(88.2)	3,134.6

Explanation of Adjustments to Consolidated Revenue
2007 Historical Year

Line No. Adjusted	Adjustment Increase (Decrease) (\$Millions)	Explanation
9.	0.7	Rent from NGV rentals To impute revenue for the NGV program as per the EB-2006-0034 settlement agreement.
11.	(3.8)	Transactional services To eliminate transactional services revenues above the base amount approved and included in rates as per the EB-2006-0034 settlement agreement. Ratepayer amounts above the base have been transferred to the 2007 TSDA, and shareholder amounts are eliminated from utility returns.
12.	(0.3)	Open bill revenue To eliminate shareholder portion of bill insert revenue.
13.	(0.1)	Affiliate asset use revenue To reflect the elimination of asset use revenue in conjunction with the removal of affiliate use asset values from rate base and all related cost of service elements. (RP-2002-0133)
14.	(6.1)	ABC T-Service (net) To eliminate the net revenue from the ABC T-Service considered to be non-utility. (RP-1999-0001)
16.	(1.1)	Income from investments To eliminate interest income from investments not included in Utility rate base.
17.	(3.3)	Interest during construction To eliminate interest calculated on funds used for purposes of construction during the year.
21.	(1.0)	Revenue from other plant (net) To eliminate asset use revenue (RP-2002-0133) and rental revenue from Tecumseh farm properties considered to be non-utility. (EBRO 464 & 365)
23.	(9.5)	Miscellaneous To eliminate net revenue from the Company's oil & gas division. (0.8) To eliminate the shareholder portion of net Electric DSM revenue. (0.3) To eliminate the shareholders' incentive income recorded as a result of calculating the SSMVA amount. (8.4) <u>(9.5)</u>
24.	(63.7)	Dividend income To eliminate non-utility inter-company dividend income. (1.0) To eliminate non-utility inter-company dividend income from the financing transaction (EBO 179-16). (62.7) <u>(63.7)</u>

COMPARISON OF GAS SALES AND
TRANSPORTATION VOLUME BY RATE CLASS
2007 ACTUAL AND 2007 BOARD APPROVED

(10⁶m³)

Please refer to Exhibit B, Tab 1, Schedule 5, Appendix A, page 22.

Witnesses: I. Chan
T. Ladanyi

COMPARISON OF GAS SALES AND
TRANSPORTATION REVENUE BY RATE CLASS
2007 HISTORICAL YEAR AND 2007 BOARD APPROVED BUDGET
(\$ MILLIONS)

Item No.	Col. 1 2007 Actual	Col. 2 2007 Board Approved Budget	Col. 3 2007 Actual Over (Under) 2007 Budget (1-2)	Col. 4 2007* Adjustments	Col. 5 2007 Actual Over (Under) 2007 Budget with Adjustments (3-4)
<u>General Service</u>					
1.1.1 Rate 1 - Sales	1 424.6	1 473.5	(48.9)	(36.9)	(12.0)
1.1.2 Rate 1 - T-Service	<u>338.8</u>	<u>332.6</u>	<u>6.2</u>	<u>(6.9)</u>	<u>13.1</u>
1.1 Total Rate 1	<u>1 763.4</u>	<u>1 806.1</u>	<u>(42.7)</u>	<u>(43.8)</u>	<u>1.1</u>
1.2.1 Rate 6 - Sales	725.7	682.3	43.4	(21.1)	64.5
1.2.2 Rate 6 - T-Service	<u>212.8</u>	<u>197.2</u>	<u>15.6</u>	<u>(7.2)</u>	<u>22.8</u>
1.2 Total Rate 6	<u>938.5</u>	<u>879.5</u>	<u>59.0</u>	<u>(28.3)</u>	<u>87.3</u>
1.3.1 Rate 9 - Sales	0.8	2.7	(1.9)	0.0	(1.9)
1.3.2 Rate 9 - T-Service	<u>0.1</u>	<u>0.3</u>	<u>(0.2)</u>	<u>0.0</u>	<u>(0.2)</u>
1.3 Total Rate 9	<u>0.9</u>	<u>3.0</u>	<u>(2.1)</u>	<u>0.0</u>	<u>(2.1)</u>
1. Total General Service Sales & T-Service	<u>2 702.8</u>	<u>2 688.6</u>	<u>14.2</u>	<u>(72.1)</u>	<u>86.3</u>
<u>Contract Sales</u>					
2.1 Rate 100	56.5	93.9	(37.4)	0.4	(37.8)
2.2 Rate 110	10.6	20.0	(9.4)	(3.8)	(5.6)
2.3 Rate 115	14.2	15.9	(1.7)	0.0	(1.7)
2.4 Rate 135	1.0	1.9	(0.9)	0.0	(0.9)
2.5 Rate 145	8.5	16.5	(8.0)	1.6	(9.6)
2.6 Rate 170	19.9	21.2	(1.3)	0.0	(1.3)
2.7 Rate 200	<u>48.5</u>	<u>49.9</u>	<u>(1.4)</u>	<u>0.0</u>	<u>(1.4)</u>
2. Total Contract Sales	<u>159.2</u>	<u>219.3</u>	<u>(60.1)</u>	<u>(1.8)</u>	<u>(58.3)</u>
<u>Contract T-Service</u>					
3.1 Rate 100	80.1	104.9	(24.8)	(1.9)	(22.9)
3.2 Rate 110	35.7	34.0	1.7	0.8	0.9
3.3 Rate 115	39.1	36.7	2.4	0.0	2.4
3.4 Rate 125	1.0	1.3	(0.3)	0.0	(0.3)
3.5 Rate 135	2.4	1.7	0.7	0.0	0.7
3.6 Rate 145	12.3	12.5	(0.2)	(0.5)	0.3
3.7 Rate 170	21.0	20.2	0.8	0.2	0.6
3.8 Rate 300	0.3	0.1	0.2	0.0	0.2
3.9 Rate 315	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>
3. Total Contract T-Service	<u>192.0</u>	<u>211.4</u>	<u>(19.4)</u>	<u>(1.4)</u>	<u>(18.0)</u>
4. Total Contract Sales & T-Service	<u>351.2</u>	<u>430.7</u>	<u>(79.5)</u>	<u>(3.2)</u>	<u>(76.3)</u>
5. Total	<u>3 054.0</u>	<u>3 119.3</u>	<u>(65.3)</u>	<u>(75.3)</u>	<u>10.0</u>

* Note: Weather normalization adjustments have been made to the 2007 Actuals utilizing the 2007 Board Approved Budget degree days in order to place the two years on a comparable basis. Please refer to Exhibit B, Tab 1, Schedule 5, page 23, for the volumetric adjustments.

** Less than 50,000 m³.

Witnesses: I. Chan
T. Ladanyi

1. Gas sales and transportation of gas revenues for the 2007 Test Year Budget were developed on the basis of EB-2006-0099 rates (July 2006 QRAM).
2. The principal reasons for the variances contributing to the decrease of \$65.3 million in the 2007 Actual over the 2007 Budget are as follows:
3. Gas Sales - Decrease of \$67.5 Million

The decrease in gas sales revenue was due to lower commodity charges than budgeted, warmer weather and residential customer migration from gas sales to transportation service, partially offset by customer growth and higher residential average use per customer.

Details on volumes are at Exhibit B, Tab 1, Schedule 5, Appendix A, pages 21 to 23.

4. Transportation of Gas - Increase of \$2.2 Million

The increase in T-service revenue was mainly due to residential customer migration from transportation service to gas sales, partially offset by warmer weather.

Details on volumes are at Exhibit B, Tab 1, Schedule 5, Appendix A, pages 21 to 23.

CUSTOMERS, VOLUMES AND REVENUES BY RATE CLASS
2007 ACTUAL

Please refer to Exhibit B, Tab 1, Schedule 5, Appendix A, page 15.

Witnesses: I. Chan
T. Ladanyi

DETAILS OF OTHER REVENUE
2007 ACTUAL AND BOARD APPROVED 2007 BUDGET

Item No.		Col. 1	Col. 2	Col. 3
		2007 Actual (Calendar Year) (\$Millions)	Board Approved 2007 Budget (Calendar Year) (\$Millions)	2007 Actual Over/(Under) Board Approved 2007 Budget (\$Millions)
1.1	Service Charges & DPAC	12.3	11.3	1.0
1.2	Rental Revenue - NGV Program	0.4	1.3	(0.9)
1.3	Late Payment Penalties	11.1	8.0	3.1
1.4	Dow Moore Recovery	0.2	0.3	(0.1)
1.5	NGV Merchandising Revenue(net)	0.1	0.1	-
1.6	Transactional Services (net)	8.0	8.0	-
1.7	Miscellaneous	1.4	0.1	1.3
1.8	Open Bill Revenue	<u>5.4</u>	<u>5.4</u>	<u>-</u>
1.0	Total Other Revenue	<u><u>38.9</u></u>	<u><u>34.5</u></u>	<u><u>4.4</u></u>

Witnesses: T. Ladanyi
 R. Lei

ENBRIDGE GAS DISTRIBUTION
OPERATING AND MAINTENANCE EXPENSE BY DEPARTMENT
CALENDAR YEAR ENDING DECEMBER 31, 2007

<u>Line No.</u>	<u>Particulars (\$ 000's)</u>	<u>Actual 2007</u>
1	Finance	\$ 8,338
2	Customer Care Service Charges (including CIS)	87,569
3	Customer Care Internal Costs	8,678
4	Provision for Uncollectibles	15,205
5	Regulatory Affairs	11,508
6	Legal and Corporate Services	1,069
7	Operations	46,806
8	Information Technology	21,637
9	Opportunity Development (excluding DSM)	22,732
10	Human Resources (excluding benefits)	3,581
11	Benefits	26,077
12	Engineering	31,406
13	Public and Government Affairs	5,070
14	Non Departmental Expenses	23,396
15	Corporate Allocations (including direct costs)	<u>27,715</u>
16	Total	<u>340,787</u>
17	Capitalization (A&G)	<u>(21,238)</u>
18	Total Net Utility Operating and Maintenance Expense, Excluding DSM	<u>319,549</u>
19	Demand Side Management Programs (DSM)	<u>22,000</u>
20	Total Net Utility Operating and Maintenance Expense	<u>\$ 341,549</u>

Notes:

1) Departmental O&M costs are net of capitalization, non-utility allocations and other utility adjustments.

Witnesses: T. Ladanyi
R. Lei

Cost of Service
2007 Historical Year

Line No.	Col. 1 Utility Costs and Expenses (\$Millions)	Col. 2 Adjustments (\$Millions)	Col. 3 Adjusted Utility Costs and Expenses (\$Millions)
1. Gas costs	2,113.0	(65.3)	2,047.7
2. Operation and maintenance	341.5	-	341.5
3. Depreciation and amortization expense	225.7	-	225.7
4. Fixed financing costs	0.5	-	0.5
5. Notional utility account recovery	9.2	-	9.2
6. Interest equivalent to DRDA	2.7	-	2.7
7. Municipal and other taxes	43.6	-	43.6
8. Operating costs	2,736.2	(65.3)	2,670.9
9. Income tax expense			84.3
10. Cost of service			2,755.2

Explanation of Adjustments to Utility Costs
2007 Historical Year

Line No. Adjusted	Adjustment Increase (Decrease) (\$Millions)	Explanation
1.	(65.3)	Gas Costs Adjustment required to gas costs to reflect normal weather.

Calculation of Taxable Income and Income Tax Expense
2007 Historical Year

Line No.	Col. 1 Federal (\$Millions)	Col. 2 Provincial (\$Millions)	Col. 3 Combined (\$Millions)
1.	Utility income before income taxes	376.1	376.1
	Add		
2.	Depreciation and amortization	225.7	225.7
3.	Other non-deductible items	1.2	1.2
4.	Total Add Back	226.9	226.9
5.	Sub-total	603.0	603.0
	Deduct		
6.	Capital cost allowance	173.5	173.4
7.	Items capitalized for regulatory purposes	33.6	33.6
8.	Deduction for "grossed up" Part VI.1 tax	5.9	5.9
9.	Amortization of share/debenture issue expense	3.0	3.0
10.	Amortization of cumulative eligible capital	0.1	0.1
11.	Amortization of C.D.E. and C.O.G.P.E	0.1	0.1
12.	Total Deduction	216.2	216.1
13.	Taxable income	386.8	386.9
14.	Income tax rates	22.12%	14.00%
15.	Provision	85.6	54.2
16.	Part VI.1 tax		2.0
17.	Investment tax credit		-
18.	Total taxes excluding interest shield		141.8
	Tax shield on interest expense		
19.	Rate base	3,626.0	
20.	Return component of debt	4.39%	
21.	Interest expense	159.2	
22.	Combined tax rate	36.120%	
23.	Income tax credit		(57.5)
24.	Total income taxes		84.3

Cost of Service
2007 Historical Year

Line No.	Col. 1 Consolidated Costs and Expenses (\$Millions)	Col. 2 Adjustment (\$Millions)	Col. 3 Utility Costs and Expenses (\$Millions)
1. Gas costs	2,113.0	-	2,113.0
2. Operation and maintenance	342.4	(0.9)	341.5
3. Depreciation	224.9	(0.4)	224.5
4. Amortization	1.2	-	1.2
5. Depreciation and amortization	226.1	(0.4)	225.7
6. Fixed financing costs	0.5	-	0.5
7. Notional utility account recovery	9.2	-	9.2
8. Interest equivalent to DRDA	2.7	-	2.7
9. Municipal taxes	36.1	(0.2)	35.9
10. Capital and other taxes	17.4	(9.7)	7.7
11. Municipal and other taxes	53.5	(9.9)	43.6
12. Interest on long-term debt	155.5	(155.5)	-
13. Amortization of preference share issue costs and debt discount and expense	2.9	(2.9)	-
14. Interest and financing amortization	158.4	(158.4)	-
15. Interest on short-term debt	50.5	(50.5)	-
16. Interest due affiliates	-	-	-
17. Other interest expense	50.5	(50.5)	-
18. Total operating costs	2,956.3	(220.1)	2,736.2
19. Current taxes	71.8	(71.8)	-
20. Deferred taxes	5.6	(5.6)	-
21. Income tax expense	77.4	(77.4)	-
22. Cost of service	3,033.7	(297.5)	2,736.2

**Explanation of Adjustments to Consolidated
 Costs and Expenses
2007 Historical Year**

Line No. Adjusted	Adjustment Increase (Decrease) (\$Millions)	Explanation	
2.	(0.9)	Operation and maintenance expense	
		Interest paid on security deposits held during the year and included in the elimination of interest expense. The expense is incurred to reduce bad debts. The average amount of the security deposits held during the year is applied as a reduction to the allowance for working capital in rate base.	1.7
		To eliminate one third of special executive compensation and donations (EBRO 490).	(1.5)
		To eliminate the Company's Open Bill shareholder incentive.	0.3
		To eliminate costs related to unregulated storage activities.	(0.2)
		To eliminate non-utility costs and expenses relating to the support of the ABC service program.	(1.2)
			<u>(0.9)</u>
3.	(0.4)	Depreciation expense	
		Removal of depreciation on disallowed Mississauga Southern Link amounts (EBRO 473 & 479).	(0.1)
		Removal of depreciation related to shared assets (RP-2002-0133).	(0.3)
			<u>(0.4)</u>
9.	(0.2)	Municipal taxes	
		Removal of municipal taxes related to shared assets (RP-2002-0133).	
10.	(9.7)	Capital and other taxes	
		Adjustment needed to convert the capital and other tax amount to a utility calculation.	

**Explanation of Adjustments to Consolidated
 Costs and Expenses
2007 Historical Year**

Line No.	Adjustment Increase Adjusted (Decrease)	Explanation	
			(\$Millions)
12.	(155.5)	Interest on long-term debt	
		Expense of capital.	
13.	(2.9)	Amortization of preference share issue costs and debt discount and expense	
		Expense of capital.	
15.	(50.5)	Interest on short-term debt	
		Expense of capital.	(23.7)
		To eliminate non-utility inter-company interest expense from the financing transaction (EBO 179-16).	<u>(26.8)</u>
			<u><u>(50.5)</u></u>
19.	(71.8)	Income taxes - current	
		Income tax expense related to corporate earnings.	
20.	(5.6)	Income taxes - deferred	
		Income tax expense related to corporate earnings.	

Provincial Capital Tax - Calculated on Year end Balances
2007 Historical Year

		Col. 1
<u>Line</u> <u>No.</u>		Provincial Capital Tax
		(\$Millions)
1.	Undepreciated Capital Cost - year end	2,720.1
2.	Working capital / not in service taxable work in progress	701.1
3.	Non depreciable assets - land	9.3
4.	Other unclaimed tax treatments	<u>2.0</u>
5.	Taxable Capital	<u>3,432.5</u>
6.	Less exemption	<u>(12.5)</u>
7.	Adjusted taxable capital	3,420.0
8.	Capital tax rate	<u>0.225%</u>
9.	Provincial Capital Tax	<u><u>7.7</u></u>

Enbridge Distribution Inc.
Summary of Capital Cost Allowance - Federal
2007 Actual

Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
Class No.	UCC AT Beginning of year	Cost of Additions	Lessor of Costs or Proceeds	Less 50 % of net [Cols 3 - 5]	Rate %	CCA F2007	UCC Carry Forward
1	2,335,959,872	244,893,365	151,500	122,522,433	4.00%	(98,339,292)	2,482,665,445
2	178,300,328	0	0	0	6.00%	(10,698,020)	167,602,308
6	25,684	0	0	0	10.00%	(2,568)	23,116
8	5,746,489	1,183,440	0	591,720	20.00%	(1,267,642)	5,662,287
10	25,242,373	7,988,999	(116,000)	3,936,500	30.00%	(8,753,662)	24,361,710
12	24,901,851	32,746,492	0	16,373,246	100.00%	(41,275,097)	16,373,246
17	53,407	0	0	0	8.00%	(4,273)	49,134
38	2,564,767	954,004	0	477,002	30.00%	(912,531)	2,606,240
41	27,288,209	1,723,921	0	861,961	25.00%	(7,037,542)	21,974,588
13	2,169,985	499,999	0	250,000		(249,000)	2,420,984
3	322,026	0	0	0	5.00%	(16,101)	305,925
45	10,870,450	2,560,000	0	1,280,000	45.00%	(5,467,703)	7,962,748
Total	2,613,445,441	292,550,220	35,500	146,292,860		(174,023,430)	2,732,007,731

Non-utility and shared asset eliminations
Utility Federal CCA

489,300
(173,534,130)

Enbridge Distribution Inc.
Summary of Capital Cost Allowance - Ontario
2007 Actual

Class No.	UCC AT Beginning of year	Cost of Additions	Lessor of Costs or Proceeds	Less 50 % of net [Cols 3 - 5]	Rate %	CCA F2007	UCC Carry Forward
1	2,335,983,279	244,893,365	151,500	122,522,433	4.00%	(98,340,229)	2,482,687,916
2	176,236,227	0	0	0	6.00%	(10,574,174)	165,662,053
6	25,684	0	0	0	10.00%	(2,568)	23,116
8	5,732,959	1,183,440	0	591,720	20.00%	(1,264,936)	5,651,463
10	25,243,159	7,988,999	(116,000)	3,936,500	30.00%	(8,753,898)	24,362,260
12	24,901,851	32,746,492	0	16,373,246	100.00%	(41,275,097)	16,373,246
17	53,407	0	0	0	8.00%	(4,273)	49,134
38	2,565,767	954,004	0	477,002	30.00%	(912,831)	2,606,940
41	27,288,209	1,723,921	0	861,961	25.00%	(7,037,542)	21,974,588
13	2,169,985	499,999	0	250,000		(249,000)	2,420,984
3	318,814	0	0	0	5.00%	(15,941)	302,873
45	10,870,450	2,560,000	0	1,280,000	45.00%	(5,467,703)	7,962,748
Total	2,611,389,791	292,550,220	35,500	146,292,860		(173,898,190)	2,730,077,321

Non-utility and shared asset eliminations
Utility Provincial CCA and UCC

489,300 (9,929,746)
(173,408,890) 2,720,147,575

**Revenue Sufficiency Calculation
and Required Rate of Return
2007 Historical Year
(Normalized)**

Line No.				
	Col. 1	Col. 2	Col. 3	Col. 4
	Principal	Component	Cost Rate	Return Component
	(\$Millions)	%	%	%
1. Long and Medium-Term Debt	2,188.8	60.36	7.23	4.36
2. Short-Term Debt	31.9	0.88	3.67	0.03
3.	2,220.7	61.24		4.39
4. Preference Shares	99.9	2.76	5.00	0.14
5. Common Equity	1,305.4	36.00	8.39	3.02
6.	3,626.0	100.00		7.55
7. Rate Base (Ex. D-1-1)	(\$Millions)			3,626.0
8. Utility Income (Ex. D-4-2)	(\$Millions)			291.8
9. Indicated Rate of Return				8.05
10. Sufficiency in Rate of Return				0.50
11. Net Sufficiency	(\$Millions)			18.1
12. Gross Sufficiency	(\$Millions)			28.3
13. Revenue at Existing Rates	(\$Millions)			3,007.5
14. Revenue Requirement	(\$Millions)			2,979.2
15. Gross Revenue Sufficiency	(\$Millions)			28.3
Common Equity				
16. Allowed Rate of Return				8.390
17. Earnings on Common Equity				9.778
18. Sufficiency in Common Equity Return				1.388

Utility Income
2007 Historical Year
(Normalized)

Line No.	Col. 1 Utility Income (\$Millions)
1. Gas sales	2,274.3
2. Transportation of gas	732.0
3. Transmission, compression and storage revenue	1.1
4. Other operating revenue	38.1
5. Interest and property rental	-
6. Other income	1.5
7. Total operating revenue (Ex. D-2-1-pg.1)	3,047.0
8. Gas costs	2,047.7
9. Operation and maintenance	341.5
10. Depreciation and amortization expense	225.7
11. Fixed financing costs	0.5
12. Notional utility account recovery	9.2
13. Interest equivalent to DRDA	2.7
14. Municipal and other taxes	43.6
15. Interest and financing amortization expense	-
16. Other interest expense	-
17. Cost of service (Ex. D-3-2-pg.1)	2,670.9
18. Utility income before income taxes	376.1
19. Income tax expense (Ex. D-3-2-pg.3)	84.3
20. Utility income	291.8

**Calculation of Cost Rates
 for Capital Structure Components
2007 Historical Year**

Line No.	Col. 1 Average of Monthly Averages (\$Millions)	Col. 2 Col. 3 Carrying Cost (\$Millions)
Long and Medium-Term Debt		
1. Debt Summary	2,212.5	159.9
2. Unamortized Finance Costs	(23.7)	-
3. (Profit)/Loss on Redemption	-	-
4.	<u>2,188.8</u>	<u>159.9</u>
5. Calculated Cost Rate		<u>7.23%</u>
Short-Term Debt		
6. Calculated Cost Rate		<u>3.67%</u>
Preference Shares		
7. Preference Share Summary	100.0	5.0
8. Unamortized Finance Costs	(0.1)	-
9. (Profit)/Loss on Redemption	-	-
10.	<u>99.9</u>	<u>5.0</u>
11. Calculated Cost Rate		<u>5.00%</u>
Common Equity		
12. Cost Rate		<u>8.39%</u>