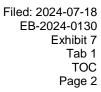
# **EPCOR Natural Gas Limited Partnership**

Cost of Service Application EB-2024-0130 July 18, 2024

**Exhibit 7 - Cost Allocation** 







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#### 7.1 Cost Allocation

- 2 The cost allocation study (the "Study") detailed in Exhibit 7 apportions the proposed 2025 Test
- 3 Year rate base and revenue requirement for ENGLP's Aylmer business unit to each of the existing
- 4 seven customer rate classes. An Excel version of the Study has been included with this
- 5 submission (ENGLP\_EB-2024-0130\_Cost Allocation).
- 6 The results of the Study are summarized in the table below including the forecasted revenues,
- 7 cost of service allocation, and revenue to cost ratio for each customer class. As shown in Table
- 8 7.1-1 below, the revenue to cost ratios for Rate 1 Residential, R1 General Service, Rate 3, Rate
- 9 5, and Rate 6 are within a range of plus or minus 20%. The revenue to cost ratio for Rate 2 rate
- is slightly below the threshold at 0.797 and the ratio for Rate 4 is below the threshold at 0.781.

Table 7.1-1
Distribution Revenue to Cost Comparison (excluding Commodity)

					( <del>a</del> )						
		Α	В	C = D + E	D	Ε	F	G	Н		J
		Total	Rate 1 -	Rate 1 -	R1	R1	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6
			Residential	General	Commercial	Industrial					
				Service							
1	Proposed Revenue	8,048,058	5,197,277	1,207,978	889,304	318,674	103,851	293,607	296,409	54,947	893,989
2	Cost	8,048,058	5,108,217	1,139,513	910,940	228,573	130,312	315,727	379,521	46,271	928,497
3	Over (Under) Contribution	0	89,060	68,465	-21,636	90,101	-26,461	-22,120	-83,112	8,676	-34,509
4	Revenue to Cost Ratio	1.00	1.02	1.06	0.98	1.39	0.797	0.93	0.78	1.19	0.96
5	EB-2018-0336 (July 4, 2019 Interim Decision)	1.00	0.98	0.99	0.98	1.03	1.01	0.97	0.93	0.64	1.06

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#### Cost Allocation Methodology Overview

- 13 ENGLP has applied accepted cost allocation principles and used a three-step methodology of
- 14 functionalization, classification and allocation of the costs to provide service. The Study
- 15 categorizes all costs into functional areas (gas supply, distribution related, customer and
- administrative) which are then classified as being commodity, demand, or customer related.
- 17 These three major cost components are then allocated to the proposed customer rate classes
- 18 based on allocation factors derived from basic customer data.
- 19 This Study uses a methodology that is consistent with the last two cost allocation studies approved
- 20 by the Board for 2020 rates (EB-2018-0336) and 2011 rates (EB-2010-0018).





- 1 The Study has been completed for the 2025 Test Year including of the proposed rate base and
- 2 proposed revenue requirement for ENGLP. The inputs to this study have been updated to reflect
- 3 current accounting and operating data and to derive allocation factors where possible.
- 4 ENGLP has also included a version of the Cost Allocation workbook along with this submission.

### 5 Input

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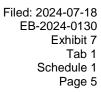
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- 6 The input data to the cost allocation analysis is based on the revenue requirement forecast for
- 7 the 2025 Test Year. This includes a forecast of rate base, depreciation expense, operating
- 8 expenses, property tax, and income taxes as presented in Exhibits 2, 3 and 4.

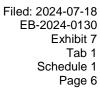
### 9 7.1.1 Functionalization

- The first step is to functionalize the forecast cost data into the various functions each of which is described below:
- 12 (a) Gas Supply functions related to the provision of system gas.
  - (b) Distribution Measurement stations that measure and regulate the flow of natural gas to Distribution Mains.
  - (c) Distribution Mains the pipeline delivering gas from the station to the customer service. There is also a Distribution Mains Excluding R6 function that exclude costs that are directly allocated to IGPC.
  - (d) Customer Services the lateral pipeline connecting the distribution mains to individual customer locations.
  - (e) Customer Meters records consumption at individual customer locations.
  - (f) Billing & Accounting preparation of customer bills, accounting and regulatory functions.
  - (g) Promotion customer marketing functions.
  - (h) Bad Debt and Collection functions related to bad debt and collection of delinquent accounts.
- 26 (i) A&G administrative and general functions.





1 2	(j) Direct Assignment IGPC – costs directly assigned to IGPC taking service on a dedicated high-pressure distribution pipeline.
3	(k) LEAP Funding – funding for the Low-income Energy Assistance Program (LEAP).
4 5 6	The functionalization of Rate Base, O&M and Property Taxes, and depreciation are provided in Exhibit 7, Tab 2, Schedules 1 to 3. The Functionalization Factors are provided in Exhibit 7, Tab 2, Schedules 4 and 5.
7 8 9	Rate Base (Exhibit 7, Tab 2, Schedule 1) includes the mains, measuring and regulating equipment, services and meters has been functionalized to these same categories. The functionalization of other asset categories that are not intuitively obvious is described below:
10	(a) Land – the land is the site of the building used for the ENGLP operation and has
11	been functionalized based on an analysis of the functions performed by the
12	employees who work from the building.
13	(b) Heavy Work Equipment – functionalized to Distribution Mains (57%) and Customer
14	Services (43%) based on an analysis of the level of effort by employees on these
15	two functions.
16	(c) Structures and Improvements – the building used for the ENGLP operation which
17	has been functionalized based on an analysis of the functions performed by the
18	employees who work from the building.
19	(d) Office Furniture and Equipment – functionalized based on an analysis of the
20	functions performed by the employees who use the office furniture and equipment
21	located at the Aylmer site.
22	(e) Communication Structures and Improvements – functionalized to Mains, Customer
23	Services and A&G based on an estimate of ENGLP management.
<ul><li>24</li><li>25</li></ul>	(f) Computer Hardware – functionalized based on an analysis of the functions performed by the employees who are issued a computer.
26	(g) Tools and Work Equipment - based on an analysis of the functions performed by
27	the employees who use the tools and work equipment.





1	OM&A and Property Taxes Expenses (Exhibit 7, Tab 2, Schedule 2) includes the functionalization
2	of OM&A expenses and upstream transportation, storage and load balancing. The
3	functionalization of OM&A Expenses which are not intuitively obvious are described as follows:
4	(a) Employee Salaries - functionalized to distribution, customer and administrative
5	related functions based on an analysis of the functions performed by all ENGLP
6	employees. The costs functionalized to gas supply have been specifically incurred
7	for the provision of gas supply.
8	(b) Employee Benefits – functionalized in proportion to Employee Salaries.
9	(c) Insurance – automotive insurance is functionalized in proportion to Transportation
10	functionalization, and the remaining insurance policies for general liability, property
11	insurance, cyber security and crime are functionalized to A&G.
12	(d) Equipment, Rent & Utilities - functionalized in proportion to Building and
13	Improvements.
14	(e) Repairs and Maintenance - functionalized to distribution, customer and
15	administrative related functions based on a review by EPCOR management of past
16	years repair and maintenance activities.
17	(f) Regulatory – functionalized to A&G, and the costs functionalized to gas supply have
18	been specifically incurred for the provision of gas supply.
19	(g) Ontario Affiliate Services – functionalized to Gas Supply, Mains, Services,
20	Billing/Accounting, and A&G in proportion to the relevant budgeted costs incurred
21	for each function.
22	(h) Corporate Shared Services - overhead-type expenses that are functionalized to
23	A&G.
24	(i) Consulting Fees - functionalized to Customer Meters, Services, and A&G based on
25	a forecast of the consulting fees in the 2025 Test Year.





(j)	Property Taxes - assessed based on the value of Mains, Land, and Structures and
	Improvements. The functionalization of property tax corresponds to the
	functionalization used for these same asset classes (property tax on Mains is
	functionalized to Distribution Mains, and the property tax on both Land and
	Structures & Improvements is functionalized using Building and Improvements).

Depreciation Expense (Exhibit 7, Tab 2, Schedule 3) is the functionalization of depreciation expense corresponding to the rate base asset categories.

### Functionalization Factors

Functionalization factors are summarized in Exhibit 7, Tab 2, Schedules 4 and 5. Schedule 4 provides functionalization factors for capital and Schedule 5 provides functionalization factors relevant to OM&A and property taxes. Factors have been updated to reflect current accounting and operating data.



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#### 7.1.2 Classification

- 2 The second step is to allocate the functionalized costs into gas supply, demand or customer
- 3 related classifications as summarized below.

### 4 Gas Supply:

- 5 (i) Delivery Commodity –costs of gas supply procurement
- 6 **Demand**:
- 7 (i) Delivery Demand costs of distribution capacity
  - (ii) Delivery Demand Excl. R6 costs of distribution capacity excluding IGCP
- 9 Customer:
- 10 (iii) Weighted Customer Services costs of customer service lines
- 11 (iv) Weighted Customer Meters costs of customer meters
- 12 (v) Weighted Customer Billing costs of customer billing
- 13 (vi) Commercial Meters cost of meters excluding Residential and IGPC meters
- 14 (vii) Customer (unweighted) costs shared by all customers
- 15 (viii) Bad Debts & Collection costs for bad debt expenses
- 16 (ix) LEAP Funding costs of the Low-income Energy Assistance Program (LEAP)

### 18 **Direct Assignment:**

- 19 (x) Direct Assignment to IGPC costs directly assigned to IGPC
- 20 (xi) Residential Meters costs directly assigned to R1 Residential
- Classification of functionalized rate base, OM&A and property taxes, and depreciation are shown
- in Exhibit 7, Tab 2, Schedules 6 to 8.
- 23 Rate Base (Exhibit 7, Tab 2, Schedule 6)
- 24 The rate base items functionalized as Distribution Measurement consists of the assets used to
- 25 measure the volume and regulate the flow of gas from Enbridge Gas into the distribution system
- and is classified to Delivery Commodity (50%) and Delivery Demand (50%).



- 1 Distribution Mains are classified as 67% Demand and 33% Customer related.
- 2 Customer Services and Customer Meters rate base functions are classified to Weighted
- 3 Customer Services and Weighted Customer Meters, respectively.
- 4 The classification of the remaining rate base functions is as follows:
- 5 (a) Residential Meters directly classified to Residential Meters
- 6 (b) Commercial Meters directly classified to Commercial Meters
- 7 (c) Billing & Accounting classified to Customer Weighted Billing
- 8 (d) Promotion classified to Customer (unweighted)
- 9 (e) Bad Debts and Collections classified to Bad Debt/ Collection
- 10 (f) Direct Assignment IGPC classified as Direct Assignment IGPC
- 11 (g) A&G classified on a pro rata basis to the Demand and Customer related classifications

#### OM&A and Property Taxes (Schedules 7 and 8)

- 14 The functionalized OM&A and property taxes in Schedule 7 and functionalized depreciation in
- 15 Schedule 8 follow the same classification of the corresponding rate base fixed assets in Schedule
- 16 6.

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#### Classification Factors (Schedule 9)

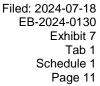
- 18 The classification factor for Distribution Mains remains unchanged from previous cost allocation
- 19 studies at 66.53% Delivery Demand and 33.47% Unweighted Customer. The classification factor
- 20 for Measurement remains unchanged at 50% Delivery Commodity and 50% Delivery Demand.
- 21 All the other functions are classified 100% to specific classifications as presented in Exhibit 7,
- 22 Tab 2, Schedule 9.



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#### 7.1.3 Allocation

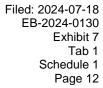
- 2 In this last step, the classified costs are allocated to each of the seven customer rate classes in
- 3 accordance with the allocation factors as summarized below. The allocation factors are based
- 4 on customer connections, sales volumes, and capacity. For the Customer Weighted Services,
- 5 Meters and Billing allocations, an adjustment factor has been applied to better reflect the level of
- 6 effort and cost for each customer rate class. As an example, the weighting factor for Rate 1
- 7 Residential and Rate 5 customer billing is 1.0 and 7.9, respectively. This factor recognizes that
- 8 the cost associated with a Rate 5 bill is estimated to be 7.9 times that of a Rate 1 Residential bill.
- 9 Factors for Customer Weighted Service, Meters and Billing are based on an updated analysis of
- 10 ENGLP Aylmer's costs.
- 11 ENGLP is proposing to separate the R1 class into R1 Residential and R1 General Service, which
- 12 includes R1 Commercial and R1 Industrial. Allocation tables in this Exhibit include R1 Commercial
- and R1 Industrial both separately and as the combined R1 General Service class.
- Rate base (Exhibit 7, Tab 2, Schedule 10), OM&A and property taxes (Exhibit 7, Tab 2, Schedule
- 15 11), and depreciation (Exhibit 7, Tab 2, Schedule 12) are allocated to the rate classes based on
- the allocation factors shown in Exhibit 7, Tab 2, Schedule 14.
- 17 A comparison of the allocated Customer-related costs per customer per month by rate class to
- the level of the proposed fixed monthly customer charges is provided in row 9 of Exhibit 7, Tab 2,
- 19 Schedule 15. The proposed fixed monthly charges are below the customer cost for Rates 1
- 20 through 5. The cost of distribution service for Rate 6 is to be recovered entirely through a flat
- 21 fixed monthly charge. The proposed fixed monthly charge for Rate 6 is \$13,768 above the total
- 22 cost of distribution service (row 8 less row 7). ENGLP is proposing to increase the fixed monthly
- charge for Rates 1 thorough 4, to help cover the level of Customer-related costs identified (rate 5
- is experiencing a rate decrease). In order to mitigate a large increase to the fixed monthly charge
- for Rate 1 in the Test Year, as part of its Price Cap IR Plan ENGLP is proposing to further increase
- the fixed monthly charges for this Rate Class over the Price Cap IR term for both the Residential
- 27 and General Service rates. Further detail on the proposed fixed monthly customer charges is
- provided in Exhibit 8, Tab 1, Schedule 1 along with Exhibit 10.





### 1 7.1.4 Summary of Results & EB-2018-0336 Comparison

- 2 The results of the cost allocation analysis and revenue to cost ratios are presented excluding
- 3 commodity and including commodity in Table 7.4-1 and Table 7.4-2 respectively. The revenue to
- 4 cost ratios in Table 7.4-1 including commodity range from 0.81 for Rate 4 to 1.14 for Rate 5.
- 5 A comparison to the most recent OEB-approved revenue to cost ratios from EB-2018-0336 are
- 6 included in Table 7.4-2.





### Table 7.1.4-1 Total Revenue to Cost Comparison (\$ thousands)

		Α	В	C = D + E	D	E	F	G	Н	I	J
		Total	Rate 1 - Residential	Rate 1 - General Service	R1 Commercial	R1 Industrial	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6
1	Revenue	8,947	5,675	1,423	1,039	384	124	403	358	71	894
2	Cost	8,947	5,586	1,354	1,061	293	150	425	441	62	928
3	Over (Under) Contribution	0	89	68	-22	90	-26	-22	-83	9	-35
4	Revenue to Cost Ratio	1.00	1.02	1.05	0.98	1.31	0.82	0.95	0.81	1.14	0.96

Table 7.1.4-2
Distribution Revenue to Cost Comparison (excluding Commodity)
(\$ thousands)

		А	В	С	D	Е	F	G	Н	I	J
		Total	Rate 1 - Residential	Rate 1 - General Service	R1 Commercial	R1 Industrial	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6
1	Proposed Revenue	8,048	5,197	1,208	889	319	104	294	296	55	894
2	Cost	8,048	5,108	1,140	911	229	130	316	380	46	928
3	Over (Under) Contribution	0	89	68	-22	90	-26	-22	-83	9	-35
4	Revenue to Cost Ratio	1.00	1.02	1.06	0.98	1.39	0.80	0.93	0.78	1.19	0.96
5	EB-2018-0336 (July 4, 2019 Interim Decision)	1.00	0.98	0.99	0.98	1.03	1.01	0.97	0.93	0.64	1.06
1	•	•	-		-			-	-		

- 2 Revenue to cost ratio changes from 2020 (EB-2018-0336) to 2025 are primarily due to changes in peak volumes relative to average
- 3 volumes. Total Rate 2 class volumes decreased significantly in the past five years, however, volumes in the December, January, and



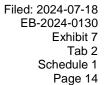
Filed: 2024-07-18 EB-2024-0130 Exhibit 7 Tab 1 Schedule 1 Page 13

February peak months have increased. The share of revenues from R2 has declined more than its share of costs which causes a 2 decrease to its revenue to cost ratio. Rate 4 volumes have increased in recent years and the increase is concentrated in the system 3 peak months an the Rare 4 peak month of November, so allocated costs have increased more than revenues. Rate 5 overall volumes have increased more than volumes in peak months so its revenue has increased more than costs, increasing its revenue to cost ratio. 4

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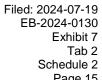
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### Schedule 1 Functionalization of Rate Base (\$ thousands)

						(\$ tilous	Julius							
		Α	В	С	D	E	F	G	Н	I	J	K	L	M
				Dis	tribution		Customer S	Service		Administra	ative			
	Asset	Total	Gas Supply	Measurement	Mains	Mains – Excl. R6	Services	Meter s	Billing & Accountin g	Promotio n	Bad Debt & Collectio n	A&G	Direct Assignmen t to IGPC	Other Direct
1	Communication Equipment	110	0	0	0	0	27	27	0	0	0	55	0	0
2	Computer Equipment	70	0	0	10	0	10	7	13	5	4	20	0	0
3	Franchise & Consents	281	0	0	0	0	0	0	0	0	0	281	0	0
4	Furnishing / Office	66	0	0	0	0	0	0	0	0	0	66	0	0
5	Equipment Land	83	0	0	12	0	11	8	0 16	7	0	24	0	0
6	Mains - Metallic	03	0	0	0	0	0	0	0	,	4	0	0	0
7	Mains - Metallic (IGPC)	2,962	0	0	0	0	0	0	0	0	0	0	2,962	0
8	Mains - Metallic (IGPC)	11.178	0	0	0	11.178	0	0	0	0	0	0	2,962	0
9	Measuring & Regulating	11,170	U		0	11,170	U	0	0	U	U	0	0	0
9	Equip	1,387	0	1,387	0	0	0	0	0	0	0	0	0	0
10	Measuring & Regulating Equip (IGPC)	420	0	0	0	0	0	0	0	0	0	0	420	0
11	Meters - Commercial	983	ő	ő	ő	ő	ő	0	0	ő	ő	Ô	0	983
12	Meters - IGPC	0	ő	o o	ő	ő	ő	0	0	ő	ő	0	0	0
13	Meters - Residential	1,985	0	0	0	0	0	0	0	0	0	0	0	1,985
14	Regulators	743	0	0	0	0	743	0	0	0	0	0	0	0
15	Services - Plastic	4,060	0	0	0	0	4,060	0	0	0	0	0	0	0
16	Software - Acquired	153	0	0	0	0	0	0	0	0	0	153	0	0
17	Structures & Improvements	485	0	3	72	0	63	47	97	38	21	144	0	0
18	Tools and Work Equipment	243	0	15	58	0	31	135	4	0	0	0	0	0
19	Vehicle - Heavy Work Equip	18	0	0	10	0	8	0	0	0	0	0	0	0
20	Vehicles - Transportation													
20	Equip	326	0	0	141	0	87	0	0	0	0	0	97	0
21	Sum	25,553	0	1,405	304	11,178	5,041	225	131	49	29	743	3,479	2,968

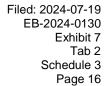


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### Schedule 2 Functionalization of O&M and Property Taxes (\$ thousands)

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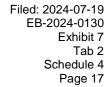
		Δ.	-		D	<u> </u>	F	_	- 11			1/		
		Α	В	С		Е		G	Н	<u> </u>	J	K	L	M
				Di	stribution		Customer S	ervice		Administr	ative	1	5	
	Asset	Total	Gas Supply	Measurement	Mains	Mains – Excl. R6	Services	Meters	Billing & Accounting	Promotion	Bad Debt & Collection	A&G	Direct Assignmen t to IGPC	Other Direct
1	Employee Salaries	1,812	0	36	354	0	156	475	375	0	0	416	0	0
2	Employee Benefits	445	0	9	87	0	38	117	92	0	0	102	0	0
3	Capital Recoveries	-419	0	0	0	0	0	0	0	0	0	-419	0	0
_	Operating Recoveries &	-502	0	0	0	0	0	0	0	0	0	-502	0	0
4	Burden				_		_	_	-	•			-	
5	Ontario Affiliate Services	1,085	103	0	75	0	33	0	34	0	0	841	0	0
6	Contractors and Consultants	270	0	0	61	0	15	129	11	3	0	52	0	0
7	Regulatory	139	0	0	0	0	0	0	0	0	0	139	0	0
8	Legal	36	0	0	0	0	0	0	0	0	0	36	0	0
9	Audit Fees	28	0	0	0	0	0	0	0	0	0	28	0	0
10	Equipment, Rent & Utilities	123	0	1	18	0	16	12	25	10	5	36	0	0
11	Telecom & IT Costs	121	0	0	0	0	0	0	0	0	0	121	0	0
12	Office & Postage	135	0	0	0	0	0	0	34	0	0	101	0	0
13	Advertising	25	0	0	0	0	0	0	0	25	0	0	0	0
14	Automotive	148	0	0	64	0	40	0	0	0	0	0	44	0
15	Dues & Fees	27	0	0	0	0	0	0	0	0	0	27	0	0
16	Travel & Entertainment	24	0	0	0	0	0	0	0	0	0	24	0	0
17	Training	20	0	0	0	0	0	0	0	0	0	20	0	0
18	Insurance	43	0	0	0	0	0	0	0	0	0	43	0	0
19	Donations	1	0	0	0	0	0	0	0	0	0	1	0	0
20	Municipal and Other Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Corporate Shared Services	580	0	0	0	0	0	0	0	0	0	580	0	0
22	Finance Costs	15	0	0	0	0	0	0	0	0	0	15	0	0
23	Bank Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Bad Debts	97	0	0	0	0	0	0	0	0	97	0	0	0
25	Other	0	0	0	0	0	0	0	0	0	0	0	0	0
26	IGPC O&M	60	0	0	0	0	0	0	0	0	0	0	60	0
27	LEAP	10	0	0	0	0	0	0	0	0	0	0	0	10
28	Disallowed Cost	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Property Taxes	706	0	0	0	497	101	1	5	2	1	5	95	0
30	Total	5,028	103	46	659	497	399	733	574	40	103	1,666	199	10





# Schedule 3 Functionalization of Depreciation (\$ thousands)

(ψ triousarius)														
		Α	В	С	D	E	F	G	Н		J	K	L	M
				Di	stribution		Customer S	ervice		Administra	tive			
	Asset	Total	Gas Supply	Measurement	Mains	Mains – Excl. R6	Services	Meters	Billing & Accounting	Promotion	Bad Debt & Collection	A&G	Direct Assignmen t to IGPC	Other Direct
1	Communication Equipment	12	0	0	0	0	3	3	0	0	0	6	0	0
2	Computer Equipment	33	0	0	5	0	5	3	6	2	2	9	0	0
3	Franchise & Consents	35	0	0	0	0	0	0	0	0	0	35	0	0
4	Furnishing / Office													
"	Equipment	8	0	0	0	0	0	0	0	0	0	8	0	0
5	Land	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Mains - Metallic	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Mains - Metallic (IGPC)	89	0	0	0	0	0	0	0	0	0	0	89	0
8	Mains - Plastic	356	0	0	0	356	0	0	0	0	0	0	0	0
9	Measuring & Regulating Equip Measuring & Regulating	57	0	57	0	0	0	0	0	0	0	0	0	0
10	Equip (IGPC)	21	0	0	0	0	0	0	0	0	0	0	21	0
11	Meters - Commercial	90	0	0	0	0	0	0	0	0	0	0	0	90
12	Meters - IGPC	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Meters - Residential	294	0	0	0	0	0	0	0	0	0	0	0	294
14	Regulators	44	0	0	0	0	44	0	0	0	0	0	0	0
15	Services - Plastic	111	0	0	0	0	111	0	0	0	0	0	0	0
16	Software - Acquired	43	0	0	0	0	0	0	0	0	0	43	0	0
17	Structures & Improvements	14	0	0	2	0	2	1	3	1	1	4	0	0
18	Tools and Work Equipment	27	0	2	6	0	3	15	0	0	0	0	0	0
19	Vehicle - Heavy Work Equip	2	0	0	1	0	1	0	0	0	0	0	0	0
20	Vehicles - Transportation													
	Equip	85	0	0	37	0	23	0	0	0	0	0	25	0
21	Sum	1,321	0	58	52	356	192	23	9	3	2	106	136	384





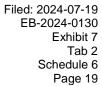
### Schedule 4 Capital Functionalization Factors

		Α	В	С	D	E	F	G	Н		<u> </u>	K	L	M
				D	istribution	T	Customer S	ervice		Administra	ative	T		
			Gas			Mains -			Billing &		Bad Debt &		Direct	Other
	Asset	Total	Supply	Measurement	Mains	Excl. R6	Services	Meters	Accounting	Promotion	Collection	A&G	Assignment to IGPC	Direct
1	Communication Equipment	100.0%	Зирріу	0.00%	0.00%	LACI. IN	25.00%	25.00%	0.00%	0.00%	0.00%	50.00%	0.00%	0.00%
2	Computer Equipment	100.0%		0.52%	14.69%		14.83%	10.22%	19.09%	6.53%	5.44%	28.67%	0.00%	0.00%
3	Franchise & Consents	100.0%		0.0270	11.0070		11.0070	10.2270	10.0070	0.0070	0.1170	100.00	0.0070	0.0070
4	Furnishing / Office Equipment	100.0%										100.00		
5	Land	100.0%		0.55%	14.88%		13.01%	9.73%	19.95%	7.89%	4.40%	29.60%		
6	Mains - Metallic	100.0%				100.00%								
7	Mains - Metallic (IGPC)	100.0%											100.00%	
8	Mains - Plastic	100.0%				100.00%								
9	Measuring & Regulating Equip	100.0%		100.00%										
10	Measuring & Regulating Equip (IGPC)	100.0%											100.00%	
11	Meters - Commercial	100.0%												100.00 %
12	Meters - IGPC	100.0%											100.00%	100.00
13	Meters - Residential	100.0%												%
14 15	Regulators Services - Plastic	100.0% 100.0%					100.00% 100.00%							
16	Software - Acquired	100.0%					100.00%					100.00		
	•											%		
17	Structures & Improvements	100.0%		0.55%	14.88%		13.01%	9.73%	19.95%	7.89%	4.40%	29.60%		
18	Tools and Work Equipment	100.0%		6.17%	23.78%		12.89%	55.51%	1.65%	0.00%	0.00%	0.00%		
19	Vehicle - Heavy Work Equip	100.0%			57.35%		42.65%							
20	Vehicles - Transportation Equip	100.0%		0.00%	43.40%		26.83%	0.00%	0.00%	0.00%	0.00%	0.00%	29.77%	0.00%



Schedule 5
OM&A & Property Taxes Functionalization Factors

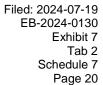
		Α	В	С	D	E	F	G	Н	I	J	K	L	М
					Distribution		Customer Se	vice		Administ	rative			
	Asset	Total	Gas Supply	Measurement	Mains	Mains – Excl. R6	Services	Meters	Billing & Accounting	Promotion	Bad Debt & Collection	A&G	Direct Assignment to IGPC	Other Direct
1	Employee Salaries	100.0%		2.01%	19.52%		8.61%	26.21%	20.68%	0.00%	0.00%	22.98%		
2	Employee Benefits	100.0%		2.01%	19.52%		8.61%	26.21%	20.68%	0.00%	0.00%	22.98%		
3	Capital Recoveries	100.0%										100.00%		
4	Operating Recoveries & Burden	100.0%										100.00%		
5	Ontario Affiliate Services	100.0%	9.49%		6.92%		3.04%		3.09%			77.46%		
6	Contractors and Consultants	100.0%			22.44%		5.54%	47.78%	3.92%	1.02%		19.29%		
7	Regulatory	100.0%										100.00%		
8	Legal	100.0%										100.00%		
9	Audit Fees	100.0%										100.00%		
10	Equipment, Rent & Utilities	100.0%		0.55%	14.88%		13.01%	9.73%	19.95%	7.89%	4.40%	29.60%		
11	Telecom & IT Costs	100.0%										100.00%		
12	Office & Postage	100.0%							25.00%			75.00%		
13	Advertising	100.0%								100.00%				
14	Automotive	100.0%			43.40%		26.83%						29.77%	
15	Dues & Fees	100.0%										100.00%		
16	Travel & Entertainment	100.0%										100.00%		
17	Training	100.0%										100.00%		
18	Insurance	100.0%			0.02%		0.01%	0.00%	0.00%	0.00%	0.00%	99.96%		
19	Donations	100.0%										100.00%		
20	Municipal and Other Taxes	100.0%												
21	Corporate Shared Services	100.0%										100.00%		
22	Finance Costs	100.0%										100.00%		
23	Bank Fees	100.0%										100.00%		
24	Bad Debts	100.0%									100.00%			
25	Other	100.0%												
26	IGPC O&M	100.0%											100.00%	
27	LEAP	100.0%										0.00%		100.00%
28	Disallowed Cost	100.0%												
29	Property Taxes	100.0%				70.38%	14.28%	0.09%	0.70%	0.31%	0.08%	0.69%	13.46%	





### Schedule 6 Classification of Rate Base (\$ thousands)

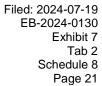
		Α	В	С	D	E	F	G	Н	I	J	K	L
	Function		Delivery Demand		Weighted Customer Services	Weighted Customer Meters	Assigned Meters		Customor	Unweighted Customer Excl. R6	Bad Debt & Collection	Composite	Direct Assignment to IGPC
1	Gas Supply	0	0	0	0	0	0	0	0	0	0	0	0
2	Measurement	703	0	703	0	0	0	0	0	0	0	0	0
3	Mains	0	202	0	0	0	0	0	102	0	0	0	0
4	Mains x R6	0	0	7,437	0	0	0	0	0	3,741	0	0	0
5	Services	0	0	0	5,041	0	0	0	0	0	0	0	0
6	Meters	0	0	0	0	225	0	0	0	0	0	0	0
7	Residential Meters	0	0	0	0	0	1,985	0	0	0	0	0	0
8	Commercial Meters	0	0	0	0	0	983	0	0	0	0	0	0
9	Billing/ Accounting	0	0	0	0	0	0	131	0	0	0	0	0
10	Promotion	0	0	0	0	0	0	0	49	0	0	0	0
11	Bad Debt/Collection	0	0	0	0	0	0	0	0	0	29	0	0
12	A&G	0	0	0	0	0	0	0	0	0	0	743	0
13	Direct Assignment to IGPC	0	0	0	0	0	0	0	0	0	0	0	3,479
14	Sum	703	202	8,139	5,041	225	2,968	131	151	3,741	29	743	3,479





# Schedule 7 Classification of OM&A and Property Taxes (\$ thousands)

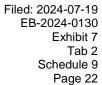
						(+							
		Α	В	С	D	E	F	G	H	I	J	K	L
	Function	Delivery Commodity	Delivery	Demand	Weighted Customer Services	Customer	Weighted Customer Billing	Unweighted Customer	Unweighted Customer Excl. R6	Bad Debt & Collection	Composite	Direct Assignme nt to IGPC	Distribution Revenues
1	Gas Supply	103	0	0	0	0	0	0	0	0	0	0	0
2	Measurement	23	0	23	0	0	0	0	0	0	0	0	0
3	Mains	0	438	0	0	0	0	220	0	0	0	0	0
4	Mains x R6	0	0	330	0	0	0	0	166	0	0	0	0
5	Services	0	0	0	399	0	0	0	0	0	0	0	0
6	Meters	0	0	0	0	733	0	0	0	0	0	0	0
7	Billing/ Accounting	0	0	0	0	0	574	0	0	0	0	0	0
8	Promotion	0	0	0	0	0	0	40	0	0	0	0	0
9	Bad Debt/Collection	0	0	0	0	0	0	0	0	103	0	0	0
10	A&G	0	0	0	0	0	0	0	0	0	1,666	0	0
11	Direct Assignment to IGPC	0	0	0	0	0	0	0	0	0	0	199	0
12	Assignment	0	0	0	0	0	0	0	0	0	0	0	10
14	Sum	126	438	353	399	733	574	260	166	103	1,666	199	10





### Schedule 8 Classification of Depreciation (\$ thousands)

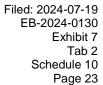
						(+	.cuuc,						
		Α	В	С	D	E	F	G	Н	I	J	K	L
	Function	,	Delivery Demand				Motore	Weighted Customer Billing	Unweighted Customer	Unweighted Customer Excl. R6	Bad Debt & Collection	Composite	Direct Assignment to IGPC
1	Gas Supply	0	0	0	0	0	0	0	0	0	0	0	0
2	Measurement	29	0	29	0	0	0	0	0	0	0	0	0
3	Mains	0	34	0	0	0	0	0	17	0	0	0	0
4	Mains x R6	0	0	237	0	0	0	0	0	119	0	0	0
5	Services	0	0	0	192	0	0	0	0	0	0	0	0
6	Meters	0	0	0	0	23	0	0	0	0	0	0	0
7	Residential Meters	0	0	0	0	0	294	0	0	0	0	0	0
8	Commercial Meters	0	0	0	0	0	90	0	0	0	0	0	0
9	Billing/ Accounting	0	0	0	0	0	0	9	0	0	0	0	0
10	Promotion	0	0	0	0	0	0	0	3	0	0	0	0
11	Bad Debt/Collection	0	0	0	0	0	0	0	0	0	2	0	0
12	A&G	0	0	0	0	0	0	0	0	0	0	106	0
13	Direct Assignment to IGPC	0	0	0	0	0	0	0	0	0	0	0	136
14	Sum	29	34	266	192	23	384	9	20	119	2	106	136





### Schedule 9 Classification Factors

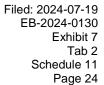
		A Delivery Commodity	Denivery	Demand		Customor	F Assigned Meters		Customor	Unweighted Customer Excl. R6	J Bad Debt & Collection	Composite	L Direct Assignment to IGPC	M Distribution Revenues
1	Gas Supply	100.00%												
2	Measurement	50.00%		50.00%										
3	Mains		66.53%						33.47%					
4	Mains x R6			66.53%						33.47%				
5	Services				100.00%									
6	Meters					100.00%								
7	Residential Meters						100.00%							
8	Commercial Meters						100.00%							
9	Billing/ Accounting							100.00%						
10	Promotion								100.00%					
11	Bad Debt/Collection										100.00%			
12	A&G											100.00%		
13	Direct Assignment to IGPC												100.00%	
14	Assignment													100.00%





### Schedule 10 Allocation of Rate Base (\$ thousands)

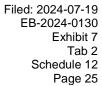
		A	В	C = D + E	D	E	F	G	Н	I	J	K
				Rate 1 -	R1 Commercial	R1	R2 Seasonal	D2	R4	R5	R6	
	Classification	Total	Rate 1 - Residential	<b>General Service</b>	K i Collillercial	Industrial	KZ Seasonai	Ko	K4	KO	K0	Allocation Factor
1	Delivery Commodity	703	411	170	130	40	3	119	0	0	0	Coincident Peak excl. R6
2	Delivery Demand	202	64	27	20	6	4	18	21	3	66	Delivery Demand
3	Delivery Demand excl. R6	8,139	3,810	1,595	1,208	387	225	1,090	1,267	152	0	Delivery Demand excl. R6
4	Weighted Customer Services	5,041	4,333	557	468	89	70	7	66	8	0	Weighted Customer Services excl. R6
5	Weighted Customer Meters	225	162	47	39	8	7	1	8	1	0	Weighted Customer Meters excl. R6
6	Residential Meters	1,985	1,985	0	0	0	0	0	0	0	0	Direct Assignment to Residential
7	Commercial Meters	983	0	735	607	128	103	13	121	11	0	Commercial Meters
8	Weighted Customer Billing	131	120	8	7	1	1	0	1	0	0	Weighted Customer Billing
9	Unweighted Customer	151	140	10	9	1	1	0	1	0	0	Unweighted Customer
10	Unweighted Customer Excl. R6	3,741	3,461	242	213	29	18	2	17	1	0	Unweighted Customer excl. R6
11	Bad Debt & Collection	29	14	15	11	4	0	0	0	0		Bad Debt & Collection excl. R6
12	Composite	743	434	102	81	21	13	37	45	5	106	Admin & General - Capital
13	Direct Assignment to IGPC	3,479	0	0	0	0	0	0	0	0	3,479	Direct Assignment to IGPC
14	Sum	25,553	14,933	3,508	2,794	714	443	1,289	1,547	181	3,652	





### Schedule 11 Allocation OM&A (\$ thousands)

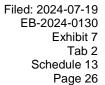
		Α	В	C = D + E	D	E	F	G	Н	I	J	Κ
	Classification	Total		Rate 1 – General Service	R1 Commercial	R1 Industrial	R2 Seasonal	R3	R4	R5	R6	Allocation Factor
1	Delivery Commodity	126	74	30	23	7	0	21	0	0	0	Coincident Peak excl. R6
2	Delivery Demand	438	138	58	44	14	8	40	46	6	143	Delivery Demand
3	Delivery Demand excl. R6	353	165	69	52	17	10	47	55	7	0	Delivery Demand excl. R6
4	Weighted Customer Services	399	343	44	37	7	6	1	5	1	0	Weighted Customer Services excl. R6
5		733	528	153	126	27	21	3	25	2	1	Weighted Customer Meters
6	Weighted Customer Billing	574	528	37	33	4	3	2	2	2	0	Weighted Customer Billing
7	Unweighted Customer	260	241	17	15	2	1	0	1	0	0	Unweighted Customer
8	Unweighted Customer Excl. R6	166	154	11	9	1	1	0	1	0	0	Unweighted Customer excl. R6
9	Bad Debt & Collection	103	49	54	40	14	0	0	0	0	0	Bad Debt & Collection excl. R6
10	Composite	1,666	1,102	235	189	47	25	57	67	8	170	Admin & General - OM&A
11	Direct Assignment to IGPC	199	0	0	0	0	0	0	0	0	199	Direct Assignment to IGPC
12	Distribution Revenues	10	6	2	1	0	0	0	0	0	1	Distribution Revenue
13	Sum	5,028	3,328	710	569	141	76	171	204	25	514	





## Schedule 12 Allocation of Depreciation (\$ thousands)

		A	В	C = D + E	D	E	F	G	Н	I	J	K
	Classification	Total	Rate 1 - Residential	Rate 1 – General Service	R1 Commercial	R1 Industrial	R2 Seasonal	R3	R4	R5	R6	Allocation Factor
1	Delivery Commodity	29	17	7	5	2	0	5	0	0	0	Coincident Peak excl. R6
2	Delivery Demand	34	11	5	3	1	1	3	4	0		Delivery Demand
3	Delivery Demand excl. R6	266	125	52	40	13	7	36	41	5	0	Delivery Demand excl. R6
4	Weighted Customer Services	192	165	21	18	3	3	0	3	0	0	Weighted Customer Services excl. R6
5	Weighted Customer Meters	23	16	5	4	1	1	0	1	0	0	Weighted Customer Meters excl. R6
6	Residential Meters	294	294	0	0	0	0	0	0	0	0	Direct Assignment to Residential
7	Commercial Meters	90	0	67	56	12	9	1	11	1	0	Commercial Meters
8	Weighted Customer Billing	9	9	1	1	0	0	0	0	0	0	Weighted Customer Billing
9	Unweighted Customer	20	19	1	1	0	0	0	0	0	0	Unweighted Customer
10	Unweighted Customer Excl. R6	119	70	16	13	3	2	6	7	1		Admin & General - Capital
11	Bad Debt & Collection	2	1	1	1	0	0	0	0	0		Bad Debt & Collection excl. R6
12	Composite	106	62	14	12	3	2	5	6	1		Admin & General - Capital
13	Direct Assignment to IGPC	136	0	0	0	0	0	0	0	0		Direct Assignment to IGPC
14	Sum	1,321	788	191	153	38	25	57	73	8	179	





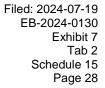
# Schedule 13 Allocation of Return on capital and Income Taxes (\$ thousands)

		A   B   C = D + E   D     E     F     G     H     I   J     K											
		Α	В	-	D	E	F	G	Н	I	J	K	
	Classification	Total	Rate 1 - Residential	Rate 1 – General Service	R1 Commercial	R1 Industrial	R2 Seasonal	R3	R4	R5	R6	Allocation Factor	
	Assets												
1	Return on Deemed Equity	941	550	129	103	26	16	47	57	7	135	Admin & General - Capital	
2	Income Taxes (Grossed up)	72	42 361	10	8	2	1	4	4	1	10	Admin & General - Capital	
3	Deemed Interest Expense	618	361	85	68	17	11	31	37	4	88	Admin & General - Capital	
	Cost of Gas			0								·	
4	Return on Deemed Equity	28	15	7	5	2	1	3	2	0	0	Volumes excl. R6	
5	Income Taxes (Grossed up)	2	1	1	0	0	0	0	0	0	0	Volumes excl. R6	
6	Deemed Interest Expense	18	10	4	3	1	0	2	1	0	0	Volumes excl. R6	
	OM&A			0									
7	Return on Deemed Equity	12	8	2	1	0	0	0	0	0	1	Admin & General - OM&A	
8	Income Taxes (Grossed up)	1	1	0	0	0	0	0	0	0	0	Admin & General - OM&A	
9	Deemed Interest Expense	8	5	1	1	0	0	0	0	0	1	Admin & General - OM&A	
	Total			0									
10	Return on Deemed Equity	981	573	138	109	29	17	51	59	7	136		
11	Income Taxes (Grossed up)	75	44	11	8	2	1	4	5	1	10		
12	Deemed Interest Expense	644	376	90	72	19	11	33	39	5	89		
13	Sum	1,700	993	239	189	50	30	88	103	13	235		



### Schedule 14 Allocation Factors

		A	В	C = D + E	D	E	F	G	Н	I	J
			Rate 1 -	Rate 1 -	R1 Commercial	R1	R2 Seasonal	R3	R4	R5	R6
	Classification	Total	Residential	General Service	R i Commerciai	Industrial	K2 Seasonai	KS	K4	Ko	K0
1	Coincident Peak	100%	37.0%	15.3%	11.7%	3.6%	0.2%	10.7%	0.0%	0.0%	36.8%
2	Coincident Peak excl. R6	100%	58.5%	24.2%	18.5%	5.7%	0.4%	16.9%	0.0%	0.0%	0.0%
3	Non-Coincident Peak	100%	27.2%	11.5%	8.7%	2.9%	3.1%	7.7%	18.9%	2.3%	29.3%
4	Non-Coincident Peak excl. R6	100%	38.5%	16.3%	12.3%	4.1%	4.5%	10.9%	26.7%	3.2%	0.0%
5	Delivery Demand	100%	31.5%	13.2%	10.0%	3.2%	1.9%	9.0%	10.5%	1.3%	32.6%
6	Delivery Demand excl. R6	100%	46.8%	19.6%	14.8%	4.8%	2.8%	13.4%	15.6%	1.9%	0.0%
7	Delivery Demand Adj. R6	100%	37.0%	15.5%	11.7%	3.8%	2.2%	10.6%	12.3%	1.5%	20.9%
8	Volumes	100%	19.4%	8.7%	6.1%	2.6%	0.8%	3.9%	2.3%	0.6%	64.2%
9	Volumes excl. R6	100%	54.3%	24.4%	17.0%	7.4%	2.3%	10.8%	6.4%	1.8%	0.0%
10	Weighted Customer Services	100%	85.9%	11.0%	9.3%	1.8%	1.4%	0.1%	1.3%	0.2%	0.0%
11	Weighted Customer Services excl. R6	100%	85.9%	11.0%	9.3%	1.8%	1.4%	0.1%	1.3%	0.2%	0.0%
12	Weighted Customer Meters	100%	72.0%	20.8%	17.2%	3.6%	2.9%	0.4%	3.4%	0.3%	0.1%
13	Weighted Customer Meters excl. R6	100%	72.1%	20.9%	17.2%	3.6%	2.9%	0.4%	3.4%	0.3%	0.0%
14	Weighted Customer Billing	100%	91.9%	6.4%	5.7%	0.8%	0.5%	0.4%	0.4%	0.3%	0.1%
15	Weighted Customer Billing excl. R6	100%	92.0%	6.4%	5.7%	0.8%	0.5%	0.4%	0.4%	0.3%	0.0%
16	Unweighted Customer	100%	92.5%	6.5%	5.7%	0.8%	0.5%	0.0%	0.4%	0.0%	0.0%
17	Unweighted Customer excl. R6	100%	92.5%	6.5%	5.7%	0.8%	0.5%	0.0%	0.4%	0.0%	0.0%
18	Bad Debt & Collection	100%	21.1%	23.5%	17.3%	6.2%	0.1%	0.0%	0.0%	0.0%	55.4%
19	Bad Debt & Collection excl. R6	100%	47.2%	52.6%	38.8%	13.8%	0.1%	0.0%	0.0%	0.0%	0.0%
20	Direct Assignment to IGPC	100%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
21	Direct Assignment to Residential	100%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	Commercial Meters	100%	0.0%	74.7%	61.7%	13.0%	10.5%	1.4%	12.4%	1.1%	0.0%
23	Admin & General - Capital	100%	58.4%	13.7%	10.9%	2.8%	1.7%	5.0%	6.1%	0.7%	14.3%
24	Admin & General - OM&A	100%	66.2%	14.1%	11.3%	2.8%	1.5%	3.4%	4.0%	0.5%	10.2%
25	Distribution Revenue	100%	63.5%	15.8%	11.6%	4.3%	1.4%	4.4%	4.0%	0.8%	10.1%
26	Distribution Revenue excl. R6	100%	70.6%	17.6%	12.8%	4.8%	1.6%	4.9%	4.4%	0.9%	0.0%





### Schedule 15 Analysis of Allocated Costs (\$)

					(Ψ)						
		Α	В	C = D + E	D	Ε	F	G	Н	I	J
	Cost by Type	Total	Rate 1 - Residential	Rate 1 – General Service	Rate 1 - Commercial	Rate 1 - Industrial	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6
1	Commodity	621,310	322,116	134,610	101,948	32,663	10,751	90,814	53,607	6,732	2,680
2	Demand	1,760,236	740,968	308,395	233,411	74,984	42,683	205,581	236,750	28,816	197,044
3	Customer	4,961,854	4,045,133	696,508	575,581	120,927	76,878	19,332	89,164	10,723	24,115
4	Direct	704,658	-	-	-	-	-	-	-	-	704,658
5	Total	8,048,058	5,108,217	1,139,513	910,940	228,573	130,312	315,727	379,521	46,271	928,497
6	Customers (connections)		9,578	671	590	81	50	5	46	4	1
7	Customer Cost per customer per month (\$ / Cx / Month)		35.19	86.50	81.30	124.41	128.13	322.19	161.53	223.39	60,731.15
8	Proposed Fixed Monthly Charge (\$ / Cx / Month)		24.00	23.50	23.50	23.50	24.43	243.35	24.93	198.98	74,499.05