

**TECUMSEH GAS**  
**FUNCTIONAL ALLOCATION OF COST OF SERVICE**  
**2017 TEST YEAR**

| Item No.                             | Description                             | Col.1<br>Functional<br>Allocation<br>T/C | Col.2<br>Pool | Col.3<br>Utility<br>Return &<br>Expenses | Col.4<br>Transmission<br>&<br>Compression | Col.5<br>Pool<br>Storage |
|--------------------------------------|---|--|---------------|--|---|--------------------------|
| <b>RATE BASE RETURN AMOUNT</b>       |   |  |               |  |   |                          |
|                                      |   |  |               | (\$000)                                  | (\$000)                                   | (\$000)                  |
| 1.1                                  | Utility Return                          | 45%                                      | 55%           | 16,567.1                                 | 7,455.2                                   | 9,111.9                  |
| 1.                                   | Total Return                            | 0%                                       | 0%            | 16,567.1                                 | 7,455.2                                   | 9,111.9                  |
| <b>EXPENSES - OPERATION</b>          |   |  |               |  |   |                          |
| 2.1.1                                | Labour                                  | 75%                                      | 25%           | 1,516.9                                  | 1,137.7                                   | 379.2                    |
| 2.1.2                                | Supplies & Other                        |  | 10%           | 590.8                                    | 531.7                                     | 59.1                     |
| 2.1.3                                | Hydro                                   | 100%                                     | 0%            | 374.0                                    | 374.0                                     |                          |
| 2.1.4                                | Lease Rentals                           | 0%                                       | 100%          | 1,646.3                                  |   | 1,646.3                  |
| 2.1.5                                | Surface Rentals                         | 0%                                       | 100%          | 353.1                                    |   | 353.1                    |
| 2.1.6                                | Provision for LUF                       | 87%                                      | 13%           | 3,399.0                                  | 2,957.1                                   | 441.9                    |
| 2.1                                  | Subtotal                                |  |               | 7,880.1                                  | 5,000.5                                   | 2,879.6                  |
| <b>MAINTENANCE</b>                   |   |  |               |  |   |                          |
| 2.2.1                                | Company                                 | 80%                                      | 20%           | 1,536.3                                  | 1,229.0                                   | 307.3                    |
| 2.2.2                                | Contractor                              | 55%                                      | 45%           | 1,608.3                                  | 884.6                                     | 723.7                    |
| 2.2                                  | Subtotal                                |  |               | 3,144.5                                  | 2,113.6                                   | 1,031.0                  |
| <b>ADMINISTRATIVE &amp; GENERAL</b>  |   |  |               |  |   |                          |
| 2.3.1                                | General Office                          | 75%                                      | 25%           | 3,367.6                                  | 2,525.7                                   | 841.9                    |
| 2.3.2                                | Service Fees                            | 75%                                      | 25%           | 2,517.0                                  | 1,887.8                                   | 629.3                    |
| 2.3.3                                | Overhead Capitalized                    | 75%                                      | 25%           | (1,046.5)                                | (784.9)                                   | (261.6)                  |
| 2.3                                  | Subtotal                                |  |               | 4,838.2                                  | 3,628.6                                   | 1,209.6                  |
| <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                    |
| <b>2.</b>                            | <b>TOTAL EXPENSES</b>                   |  |               | <b>24,765.0</b>                          | <b>16,010.3</b>                           | <b>8,754.9</b>           |
| <b>3.</b>                            | <b>REVENUE REQUIREMENT BEFORE TAXES</b> |  |               | <b>41,332.1</b>                          | <b>23,465.5</b>                           | <b>17,866.8</b>          |

Witnesses: A. Kacicnik  
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