

GAZIFERE INC.  
CLASSIFICATION OF O&M EXPENSE  
December 31, 2016

(THOUSANDS 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 | Col. 16  | Col. 17  | Col. 18   | Col. 19 | Col. 20 | Col. 21 |                    |
|----------|---------------------------|----------|------------------|----------|---------|---------|---------------------|------------------------|--------|--------|----------|-----------|------------|--------------|-------------------|---------|----------|----------|-----------|---------|---------|---------|--------------------|
|          |                           | TOTAL    | ANNUAL COMMODITY | SEASONAL | PEAK    | ANNUAL  | UPSTREAM TRANSPORT. | PEAK/ DELIVER- ABILITY | SPACE  | ANNUAL | CAPACITY | COMMODITY | DSM DIRECT | DSM INDIRECT | WEATHER NORMALIZE | METERS  | STATIONS | SERVICES | CUST PLNT | RESID.  | COM/IND | TOTAL   | READINGS PROCESSED |
| 1.       | Gas Purchased             | 34,001.6 | 15,794.5         | 1,179.9  | 2,485.5 | 1,460.3 | 10,456.8            | 919.0                  | 851.2  | -      | 485.1    | 369.3     | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
|          | DISTRIBUTION COSTS        |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
|          | OPERATING COSTS           |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 2.1      | Chart Processing          | 38.6     | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 38.6               |
| 2.2      | System Ops.               | 1,270.1  | -                | -        | -       | -       | -                   | -                      | -      | -      | 915.0    | -         | -          | -            | -                 | -       | -        | -        | 355.2     | -       | -       | -       | -                  |
| 2.3      | Deferral/YFactor Accounts | (471.7)  | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | (50.6)    | -          | -            | (421.0)           | -       | -        | -        | -         | -       | -       | -       | -                  |
|          | MAINTENANCE COSTS         |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 2.4      | Mains                     | 1,458.8  | -                | -        | -       | -       | -                   | -                      | -      | -      | 1,050.9  | -         | -          | -            | -                 | -       | -        | -        | 407.9     | -       | -       | -       | -                  |
| 2.       | Total Dist. Costs         | 2,295.9  | 0.0              | 0.0      | 0.0     | 0.0     | 0.0                 | 0.0                    | 0.0    | 0.0    | 1,965.8  | (50.6)    | 0.0        | 0.0          | (421.0)           | 0.0     | 0.0      | 0.0      | 763.1     | 0.0     | 0.0     | 0.0     | 38.6               |
|          | CUSTOMER SERVICE          |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
|          | OPERATING COSTS           |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 3.1      | Heating Equip.            | 462.0    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 462.0              |
| 3.2      | Other Service Work        | 939.0    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 939.0              |
| 3.3      | Appliance Insp.           | 225.7    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 225.7              |
| 3.4      | Locks/Unlocks/Exch        | 937.5    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 937.5              |
|          | MAINTENANCE COSTS         |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 3.5      | Service Lines             | 502.0    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | 502.0    | -        | -         | -       | -       | -       | -                  |
| 3.       | Total Customer Service    | 3,066.3  | 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               | 0.0     | 502.0    | 0.0      | 0.0       | 0.0     | 0.0     | 2,564.3 | -                  |
|          | SALES PROMOTION           |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 4.1      | Residential               | 633.7    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | 633.7   | -       | -       | -                  |
| 4.2      | Commercial                | 589.6    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | 589.6   | -       | -                  |
| 4.3      | Res./Comm.                | 0.0      | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 4.4      | General Promotions        | 86.2     | -                | -        | -       | -       | -                   | -                      | -      | -      | 86.2     | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 4.5      | DSM Program               | 382.4    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | 382.4     | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 4.6      | DSM General               | 531.6    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | 531.6      | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 4.7      | Deferral/YFactor Accounts | 0.0      | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 4.       | Total Promotions          | 2,223.5  | 0.0              | 0.0      | 0.0     | 0.0     | 0.0                 | 0.0                    | 0.0    | 0.0    | 86.2     | 0.0       | 382.4      | 531.6        | 0.0               | 0.0     | 0.0      | 0.0      | 0.0       | 633.7   | 589.6   | 0.0     | -                  |
|          | CUSTOMER ACCOUNTING       |          |                  |          |         |         |                     |                        |        |        |          |           |            |              |                   |         |          |          |           |         |         |         |                    |
| 5.1      | Billing                   | 3,545.4  | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 3,545.4            |
| 5.2      | Enquiry                   | 0.0      | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | -                  |
| 5.3      | Readings                  | 856.7    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 856.7              |
| 5.4      | Credit                    | 781.9    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 781.9              |
| 5.5      | Uncollectibles            | 148.3    | -                | -        | -       | -       | -                   | -                      | -      | -      | -        | -         | -          | -            | -                 | -       | -        | -        | -         | -       | -       | -       | 148.3              |
| 5.       | Total Cust. Acctg.        | 5,332.3  | 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               | 0.0     | 0.0      | 0.0      | 0.0       | 0.0     | 0.0     | 4,475.6 | 856.7              |
| 6.       | Total O and M             | 46,919.7 | 15,794.5         | 1,179.9  | 2,485.5 | 1,460.3 | 10,456.8            | 919.0                  | 851.2  | 0.0    | 2,537.2  | 318.7     | 382.4      | 531.6        | (421.0)           | 0.0     | 0.0      | 502.0    | 763.1     | 633.7   | 589.6   | 7,039.9 | 895.4              |

GAZIFERE INC.  
CLASSIFICATION OF GAS COSTS  
December 31, 2016

(THOUSANDS OF DOLLARS)

| ITEM<br>NO. | Col. 1          | Col. 2              | Col. 3   | Col. 4                   | Col. 5  | Col. 6                 | Col. 7                        | Col. 8                    | Col. 9 | Col. 10  | Col. 11                  |
|-------------|-----------------|---------------------|----------|--------------------------|---------|------------------------|-------------------------------|---------------------------|--------|----------|--------------------------|
|             | TOTAL COST      | ANNUAL<br>COMMODITY | SEASONAL | PEAK                     | ANNUAL  | UPSTREAM<br>TRANSPORT. | PEAK /<br>DELIVER-<br>ABILITY | SPACE                     | ANNUAL | CAPACITY | COMMODITY                |
|             |                 | ---GAS COSTS---     |          | ----- TRANSMISSION ----- |         |                        |                               | ----- STORAGE COSTS ----- |        |          | ----- DISTRIBUTION ----- |
| 1.1         | DIST'N (BLOCKS) | 2,310.8             | -        | -                        | 1,386.5 | 924.3                  | -                             | -                         | -      | -        | -                        |
| 1.2         | STORAGE         | 1,789.9             | -        | -                        | -       | -                      | 929.2                         | 860.7                     | -      | -        | -                        |
| 1.3         | LOAD BALANCING  | 12,064.6            | -        | 1,193.0                  | 298.3   | -                      | 10,573.3                      | -                         | -      | -        | -                        |
| 1.4         | FUEL GAS        | 0.0                 | -        | -                        | -       | -                      | -                             | -                         | -      | -        | -                        |
| 1.5         | GAS SUPPLY      | 15,970.4            | 15,970.4 | -                        | -       | -                      | -                             | -                         | -      | -        | -                        |
| 1.6         | NIAGARA GAS     | 1,380.7             | -        | -                        | 828.4   | 552.3                  | -                             | -                         | -      | -        | -                        |
| 1.          | TOTAL           | 33,516.5            | 15,970.4 | 1,193.0                  | 2,513.2 | 1,476.6                | 10,573.3                      | 929.2                     | 860.7  | 0.0      | 0.0                      |
| 2.1         | UUF ADJUSTMENT  | 0.0                 | (176.0)  | (13.1)                   | (27.7)  | (16.3)                 | (116.5)                       | (10.2)                    | (9.5)  | 0.0      | 0.0                      |
| 2.          | SUB-TOTAL       | 33,516.5            | 15,794.5 | 1,179.9                  | 2,485.5 | 1,460.3                | 10,456.8                      | 919.0                     | 851.2  | 0.0      | 0.0                      |
| 3.1         | A & G           | 485.1               | -        | -                        | -       | -                      | -                             | -                         | -      | -        | 485.1                    |
| 3.          | TOTAL           | 34,001.6            | 15,794.5 | 1,179.9                  | 2,485.5 | 1,460.3                | 10,456.8                      | 919.0                     | 851.2  | 0.0      | 485.1                    |

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