

Corning Natural Gas Corporation

Cost Allocation Manual

Dated: _____, 20__

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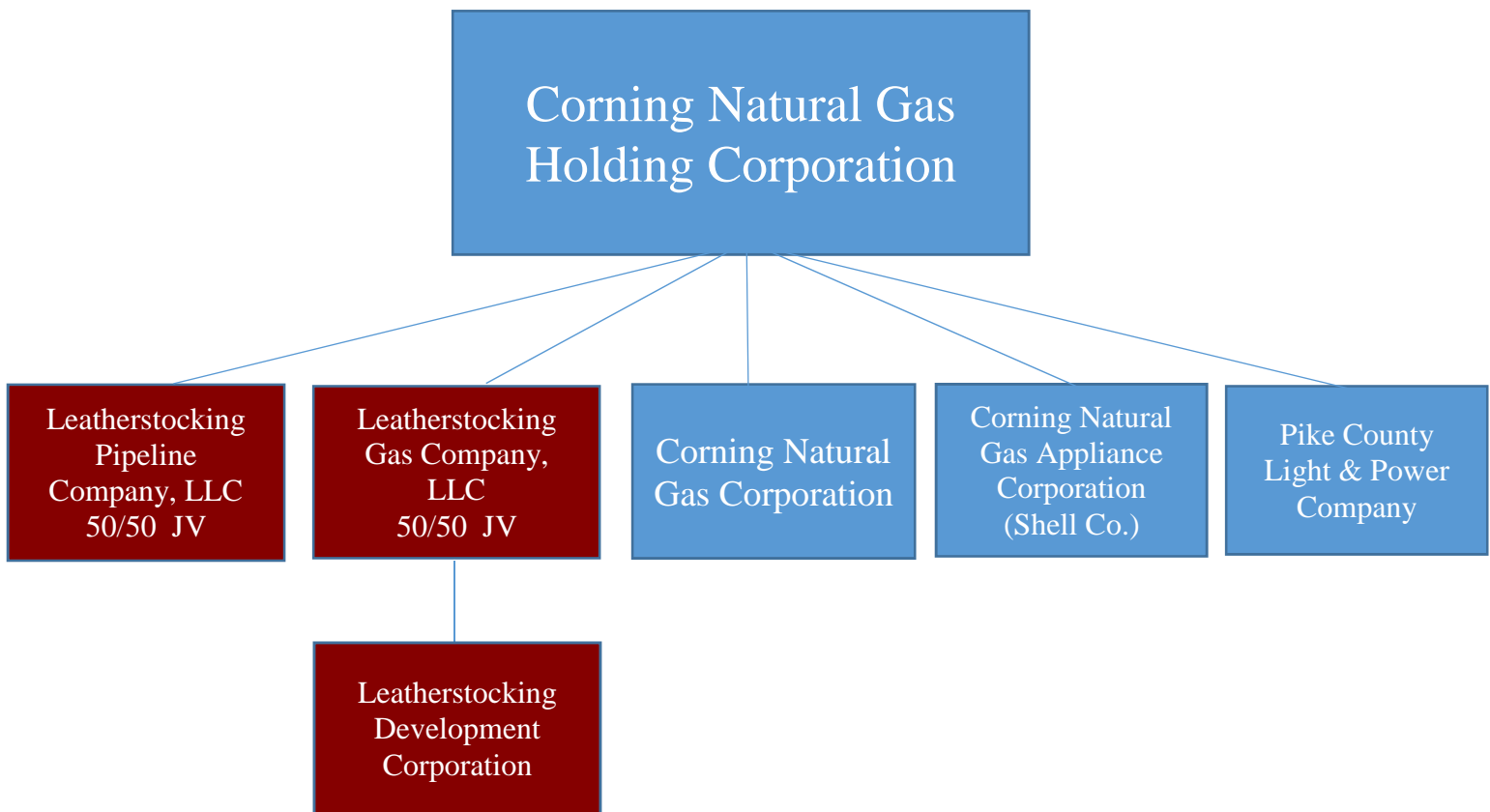
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I. INTRODUCTION

The purpose of the Cost Allocation Manual (“CAM” or “Manual”) is to serve as a guide as to how to charge utility and non-utility segments of the Corning Natural Gas Holding Corporation (“CNGHC”) organization that request services from a company within the organization that provides these services. As used herein, the term “Service Company” refers to the company providing services and the term “Client Company” refers to the company receiving services. The allocation methods included in the guidelines should not result in subsidization of utility and non-utility members of the CNGHC organization. Figure I shows the current corporate structure.

Figure I- Current Corporate Structure



CNGHC does not have a separate service company entity for providing corporate shared services. Instead the utility entity, Corning Natural Gas Corporation (“CNGC”), is responsible not only for its utility operations, but for providing corporate shared services for the utility and non-utility segments of the CNGHC organization (“Client Companies”). Except as otherwise expressly provided in this CAM, CNGC functions as the Service Company as contemplated herein. Except where the context requires otherwise, the terms “CNGC” and “Service Company” may be used interchangeably.

The provision of shared services to the individual Client Companies by the Service Company will be set forth in individual Affiliate Service Agreements (“ASA” or “Agreement”), in the form included in Appendix A to this Manual, that will be filed with the appropriate utility regulatory commissions as necessary.

CNGC will provide certain administrative, management or other services to Client Companies within the CNGHC organization as described in Section III. Such services shall be provided to the Client Companies at the request of each Client Company. Each Client Company requesting services shall sign an ASA.

II. RESPONSIBILITY FOR MAINTAINING THE CAM

The Chief Financial Officer (“CFO”) of CNGHC or the CFO’s designee, has overall responsibility for the cost allocation policies and procedures described herein. The CFO or the CFO’s designee, will have the day-to-day responsibility for maintaining the CAM and ensuring that accounting records reflect the policies and procedures described in the CAM. The cost allocators in the CAM shall be updated at least annually based on the preceding year ended

December 31st data. However, if a significant and material event occurs during the year, the Company will update the allocators to reflect such an event during the year.

It should be noted that Leatherstocking Gas Company, LLC (“Leatherstocking Gas”) will have customer billing, revenue reporting, fleet management, and customer billing software services provided by Mirabito Holdings, Inc. (“MHI”), an affiliate of Mirabito Regulated Industries, LLC (“MRI”), CNGHC’s joint venture partner in Leatherstocking Gas. Therefore, CNGC will not provide those services to Leatherstocking Gas at this time.

III. SERVICES

This section provides a description of all services available to Client Companies under the ASA. CNGC will provide the following services to Client Companies at the request of the Client Companies.

- A. Accounting.** Provide the organization, direction and resources to Client Company for accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary systems, the preparation and analysis of financial reports, and the processing of certain accounts such as accounts payable and accounts receivable. Coordinate the examination of accounting records with the independent public accountants.

- B. Auditing.** Periodically audit the accounting and other records and processes maintained by Client Company and coordinate their examination, where applicable, with that of independent public accountants. The audit staff will report on their examination and submit recommendations, as appropriate, on improving methods of internal control and accounting procedures.

- C. Budgets & Financial Strategy.** Provide the organization, direction and resources to Client Company for the study, planning and reporting of 5-year financial business plan and financial strategy, operation and maintenance costs, and capital expenditures, economic analyses, special projects and benchmarking.
- D. Business Operations.** Perform general business and operations support services, including business, plant and facilities operation, physical security, maintenance and management including physical security, fleet and mail services.
- E. Corporate Governance.** Provide organization, direction, resources to ensure compliance with SEC, regulatory, financial, and shareholder reporting requirements
- F. Customer Services.** Provide organization, direction, resources and systems dedicated to customer service, including billing, remittance, credit, collections, customer relations, call centers and metering.
- G. Employee Benefits/Pension Investment.** Provide central administration for employee benefit and pension plans of Client Company. Advise and assist Client Company in the administration of such plans and prepare and maintain records of employee and company accounts under such plans, together with such statistical data and reports as are pertinent to the plans.
- H. Sales and Transportation.** Plan, formulate, implement and administer Client Company's sales and transportation programs, as well as provide associated sales services to assist Client Company with improving customer satisfaction, load retention, growth of gas and electric sales and deliveries.

- I. Executive and Administrative.** Direct and advise Client Company in the solution of major problems and in the formulation and execution of the general plans and policies of Client Company. Advise and direct Client Company as to operations, issues arising out of or required by the various Federal and State regulatory requirements, business, public utilities and corporation laws, the selection of management and administrative personnel, the representation of Client Company before regulatory bodies, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other related matters.
- J. External Affairs.** Formulate and support public relations, advertising, and external/internal communications programs and the administration of corporate contribution and community affairs programs.
- K. Gas and Electric Supply.** Direct and advise Client Company in all matters relating to gas and electric supply including planning, supply portfolio design, interstate and local gas acquisition, gas hedging, gas and electric scheduling, contract support and regulatory support. Also, provide customer requirements forecasting in support of daily, monthly, seasonal and long-range usage and financial estimates.
- L. Human Resources.** Provide the organization, direction and resources to Client Company for the formulation and administration of human resources policies and programs relating to the Client Company's payroll, labor relations, personnel administration, training, wage and salary administration and employee services and health and workers' compensation. Direct and administer all medical and health activities of Client Company.

- M. Information Technology, Electronic Transmission and Computer Services.** Provide the organization and resources for the operation of an information technology function including the development, implementation and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications and support of individual applications in Client Company. Develop, implement, and process those computerized applications for Client Company that can be economically best accomplished on a centralized basis.
- N. Legal.** Provide legal services in connection with, or in support of, any of the other services provided hereunder including, but not limited to, general corporate matters.
- O. Operations.** Direct and advise Client Company in the study, planning, engineering and construction of plant facilities of the Client Company as a whole, and advise, assist and manage the planning, engineering (including maps and records), field customer service, construction, operations, maintenance, employee safety, environmental and other compliance activities of Client Company. Develop long-range operational programs for the Client Company.
- P. Rates and Regulatory Affairs.** Provide the organization, direction and resources to Client Company for the submission and support of all state and federal regulatory filings and programs and manage their relationships with state and federal commissions, federal, state and local governments, agencies and legislative bodies. Prepare and support all regulatory filings including base rate case, gas and electric cost recovery and tariff filings. Advise and direct the analysis of rate structure, and the formulation of rate policies. Provide the organization, direction and resources to Client Company for

proceedings before regulatory bodies involving the rates and operations of Client Company where such rates and operations directly or indirectly affect Client Company. Provide the organization, direction and resources to Client Company to create and manage various universal service programs in compliance with regulatory requirements.

Q. Risk Management. Provide the organization, direction and resources to Client Company for securing requisite insurance, in the purchase and administration of all property, casualty and other insurance, and in providing risk prevention advice.

R. Software Pooling. Accept from Client Company ownership of and rights to use, assign, license or sub-license all software owned, acquired or developed by or for Client Company which Client Company can and does transfer or assign to it. Preserve and protect the rights to all such software to the extent reasonable and appropriate under the circumstances; license Client Company, on a non-exclusive, no-charge or at-cost basis, to use all software which Service Company has the right to sell, license or sub-license; and, at the relevant Client Company's expense, permit Client Company to enhance any such software and license others to use all such software and enhancements to the extent that Service Company shall have the legal right to so permit, provided however that, in no case, shall the Client Company be billed by the Service Company for enhancements made by the Client Company to the extent that such billings would be in excess of what the Service Company paid the Client Company to acquire the right to use enhancements.

S. Supply Chain. Direct and advise Client Company in the procurement of real and personal property, materials, supplies and services, conduct purchase and lease negotiations, prepare procurement agreements and administer programs of material control.

- T. Tax.** Provide the organization, direction and resources to Client Company for the preparation of Federal and other tax returns, and generally advise Client Company as to any problems involving taxes.
- U. Treasury/Finance.** Provide direction and services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and other risk management activities; investment and commercial banking relationships; oversight of ratepayer trust funds and general financing activities.

IV. COST OF SERVICES AND ALLOCATION METHODOLOGIES

- A.** The services provided by Service Company will be provided at the lower of fully allocated cost or market price and will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis.¹ The primary basis for charges is the “Direct Charge” method. The cost of services provided by the Service Company that cannot be charged directly to the Client Company receiving the service will be allocated among the Client Company and Service Company by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the service.
- B.** The costs of rendering service by Service Company will include all costs of doing business. Costs of doing business include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital and taxes.

¹ If market price is lower than the fully allocated cost, the Client Company will obtain service from a third party, rather than from the Service Company. The Service Company, therefore, may provide some services at market price.

- 1.** Service Company will maintain a separate record of each department's costs of rendering services. The costs of services of each department will include:
 - a.** Those expenses that are directly attributable to such department, and
 - b.** An appropriate portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department (excluding building rents and other facilities charges), which shall be allocated to the department in accordance with the allocation procedures set forth in this Agreement.

 - 2.** The costs of rendering services of a department will include:
 - a.** Those incremental out-of-pocket expenses that are incurred for the direct benefit and convenience of Client Company, and
 - b.** Service Company overhead expenses that are attributable to maintaining the corporate existence of Service Company (including building rents and other facilities charges), and all other incidental overhead expenses including those auditing fees, internal auditing department expenses and accounting department expenses attributable to Service Company.

 - 3.** Service Company will establish annual budgets for controlling the expenses of each department.
- C.** The charges to Client Company for a particular service will be determined by multiplying the hours reported by employees in rendering such service to Client Company by the hourly rates applicable to such employees.

- D.** To the extent appropriate and practical, the foregoing computations of hourly rates and charges may be determined for groups of employees within reasonable salary range limits.
- E.** Those expenses of Service Company that are not included in the annual expense of a department under Section IV.B, above, will be charged to Client Company receiving service as follows:
- 1.** Incremental out-of-pocket costs incurred for the direct benefit and convenience of a Client Company will be charged directly to such Client Company.
 - 2.** Service Company overhead expenses referred to in Section IV.B, above, will be charged to the Client Company either on the proportion of direct charges to that Client Company or, if such allocation is not possible, under the allocation formulas set forth in this Manual.
- F.** Monthly bills will be issued for the Services rendered to the Client Company on an actual basis. Service Company shall provide to Client Company, upon request, proof of the costs of services.
- G.** The following table shows the formulas (by Service Department and Function) that shall be used to allocate the costs of services, which are not directly charged. These allocators shall be updated at least annually based on the preceding year ended December 31st data. However, if a significant and material event occurs during the year the Company will update the allocators to reflect such an event. The Company will use a general allocator for functions that do not have a direct cost causation, such as governance costs, investor relations, etc. The general allocator (“Massachusetts Formula”) will be developed using

an average of plant, revenues and payroll expense for the preceding year ended December 31st. The provider of particular Services (*i.e.*, CNGC or MHI) will be identified upon entry into the ASA.

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Accounts Payable Processing – Non-payroll corporate disbursement services including accounting distribution to the general ledger. Resolve problems associated with invoice processing and maintain the accounts payable system.	Number of accounts payable documents processed during the preceding year ended December 31 st .
Fixed Assets Accounting.	Fixed assets added, retired or transferred during the preceding year ended December 31 st .
Accounts Receivable Processing.	Number of invoices processed during the preceding year ended December 31 st .
General Accounting- Accounting practices, general ledger maintenance and financial report preparation and analysis.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Accounting Research - Provide accounting research and consulting to ensure compliance with existing and proposed financial reporting, and regulatory accounting requirements.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Supplier Services - Provide customer services support to gas and electric distribution/supplier, administer and maintain electronic Data Interface function and invoice suppliers.	Total cost based on hours for this service will be allocated to the Client Company.
Billing - Provide billing functions for residential, commercial, industrial, governmental customers.	Number of bills processed during the preceding year ended December 31 st .
Revenue Reporting - Perform and manage revenue reporting functions.	Total revenues billed during the preceding year ended December 31 st .
Billing Exceptions - Process Billing Exceptions.	Total revenues billed during the preceding year ended December 31 st .
Remittance Processing - Processing customer payments and deposit funds.	Total revenues billed during the preceding year ended December 31 st .
Arrears Management - Coordinate and perform arrears, credit and bankruptcy functions. Manage outside collection agencies.	Total revenues billed during the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Revenue Protection Administration - Perform revenue reporting and compliance functions.	Total revenues billed during the preceding year ended December 31 st .
Bill Administration/Forms Administration - Design standardized customers' bills, envelopes, and forms.	Total revenues billed during the preceding year ended December 31 st .
Identify revenue enhancements and cost reductions.	Total revenues billed during the preceding year ended December 31 st .
Calculate customer external and internal invoices and operate and maintain systems to render, collect and account for these invoices.	Total revenues billed during the preceding year ended December 31 st .
Plant Accounting/ Property Record: Support management in the maintenance and perpetuation of the Plant and Depreciation accounting records, as required.	Total fixed assets during the preceding year ended December 31 st .
Plant Accounting/Inside Plant: To prepare the appropriate inside plant accounting entries and complete the functions necessary to perpetuate the Continuing Property Record for Inside Plant Property and Equipment.	Total fixed assets during the preceding year ended December 31 st .
Plant Accounting/ Outside Plant: Prepare and process the appropriate and necessary accounting entries and fix asset database transactions to perpetuate the Continuing Property Record for outside plant facilities and equipment.	Total fixed assets during the preceding year ended December 31 st .
Regulatory Services: Coordinate, prepare and file in all jurisdictions regulatory filings required for ratemaking purposes.	Total cost based on hours for this service will be allocated to the Client Company.
<i>Auditing</i>	
Audit Services - Perform internal audit services based on risk levels and/or requests financial, performance analysis, safeguarding of assets, computer-related and fraud investigations.	Service will be provided by outside Auditing firm.

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Internal Auditing: Services will meet the Standards for the Professional Practices of Internal Auditing as promulgated by the Institute of Internal Auditors and the Standards for the performance of Environmental, Health and Safety Audits promulgated by the Environmental Auditing Roundtable.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
<i>Budgets and Financial Strategy:</i>	
Budgets and Financial Strategy.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
<i>Business and Operations Services:</i>	
Facility Services related to the operation and maintenance of buildings and furniture.	Square footage of office space as of the preceding year ended December 31 st .
Fleet Administration.	Total cost based on hours for this service will be allocated to the Client Company.
<i>Corporate Governance:</i>	
Executive Management - Consultation and services in management and administration of all aspects of the business.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
<i>Customer Services:</i>	
Customer Payment (Remittance) Processing.	Number of bills processed during the preceding year ended December 31 st .
Customer service- is responsible for the call center, policy and compliance, billing, meter reading and collections, electric meter shops, revenue protection, new business services, quality assurance and energy services operations.	Total revenues billed during the preceding year ended December 31 st .
<i>Employee Benefits/Pension Investment:</i>	
Employee Benefits/Pension Investments.	Total payroll cost distributed during the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Manage employee compensation and benefits - provide management and supervision for employee compensation.	Total payroll cost distributed during the preceding year ended December 31 st .
Manage Workers Compensation - provide management and supervision for workers compensation and disability programs.	Total payroll cost distributed during the preceding year ended December 31 st .
Provide Employment services - by providing staffing relocation and employment expertise.	Total payroll cost distributed during the preceding year ended December 31 st .
Regulatory Services: Coordinate, prepare and file in all jurisdictions regulatory filings required for ratemaking purposes.	Total cost based on hours for this service will be allocated to the Client Company.
Financial Services/ Corporate Budget: Develop current years' monthly operating budget and forecast. Develop income statements, source and use statements and balance sheets.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Labor Relations - Overall responsibility for labor relations matters and strategy within the company.	Total payroll cost distributed during the preceding year ended December 31 st .
Facilities: Maintain all operating facilities.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Energy Forecasting: Provide periodic forecasts of gas and electric energy requirements and revenues for all operating areas.	Gas and electric volumes purchased for the preceding year ended December 31 st .
<i>Sales and Transportation:</i>	
Fleet Administrative Services: Create a vehicle and equipment replacement program and administer all federal and state tax registration and licensing requirements.	Total cost based on hours for this service will be allocated to the Client Company.
<i>Executive and Administrative:</i>	
Stores Accounting: Report and record all billing adjustments associated to purchases. Report and record all associated storage cost applicable	Total material issued for the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Rate Engineering: To design and implement gas rates that address competitive issues, meet regulatory requirements, and balance the interest of ratepayers and shareholders.	Average of plant, revenues and payroll expense for the preceding year ended December 31st
<i>External Affairs:</i>	
Shared Projects.	Annual planned expenses for the current year.
<i>Gas Supply, Energy Services and Marketing:</i>	
Gas and electric Supply – Includes supply planning, gas acquisition, gas hedging, gas scheduling, and procurement contract support.	Gas and electric volumes purchased for the preceding year ended December 31 st .
Act as an agent to provide for management of gas and electric supply dispatching services. Provide forecasts of customer loads.	Gas and electric volumes purchased for the preceding year ended December 31 st .
Manage the gas and electric supply portfolio in a manner that results in the lowest reasonable cost of gas for the companies.	Gas and electric volumes purchased for the preceding year ended December 31 st .
<i>Human Resources:</i>	
Human Resources.	Total payroll cost distributed during the preceding year ended December 31 st .
Payroll Processing.	Total payroll cost distributed during the preceding year ended December 31 st .
<i>Human Resources:</i>	
Compensation: Develop, install and administer compensation programs, conduct major internal organization and job evaluation studies, develop analysis and comparisons to demonstrate appropriate base and total compensation pay levels, develop and write policy and procedure, review organization charts and function responsibility, and review all personnel change authorizations.	Total payroll cost distributed during the preceding year ended December 31 st .
Employee Benefits: Provide management and supervision for employee and executive compensation and benefits.	Total payroll cost distributed during the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Human Resources: Provide tuition support to employees, corporate recruitment, employee verification, new hire/termination process; maintain internal and external job postings.	Total payroll cost distributed during the preceding year ended December 31 st .
Training: Provide quality career development, operations and safety training to all employees.	Total payroll cost distributed during the preceding year ended December 31 st .
<i>Information Technology, Electronic Transmission, and Computer Services:</i>	
LDC Computer Applications.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Other Computer Applications.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Network Computer Applications.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Telecommunications Applications including maintenance on shared use facilities.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Software.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
<i>Information Technology, Electronic Transmission, and Computer Services:</i>	
Data Center: Operate Data Center; Operate on-line applications; run batch jobs; keep management informed of major problems; print reports, bills, checks, etc.; responsible for disaster recovery.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Software Maintenance: Implement vendor software upgrades and Implement enhancements to existing applications.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Help Desk: Install network management software; provide onsite support dispatched by Help Desk; Oversee equipment installs.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Information Resources Management Services: Arrange for IT Training; project planning, maintain applications, respond to system failures of all types, system administration, application enhancements, develop new applications and test new applications.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Technology Support: Develop strategic technology plan, manage desktops, and provide e-mail and other productivity products.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Telecommunications Administration Services: Pay Telecommunication bills, place orders for equipment, negotiate contracts; negotiate major contracts for telecommunications service.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
<i>Legal:</i>	
Provide Governmental Affairs Support - Activities associated with developing and maintaining relationship with government institutions; includes lobbying, litigation, and other support activities.	Average of plant, revenues and payroll expense for the preceding year ended December 31st.
Human Resources, Employee Benefits, Tax, International, Regulatory, Non-Utility, Environmental, Real Estate, Corporate, Claims Legal Consultation and case management.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Provide legal services that are high in quality, responsive to client needs, timely, and cost effective.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
<i>Operations (includes the study and planning of field work for the client companies. Field work may include construction of facilities, field customer service, safety, environmental, and compliance activities)</i>	
Distribution Reliability and Asset Records - Services include public works coordination, reliability reporting to regions and PUC.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
Design standards - Services include line material construction standards, distribution line and underground maintenance practices and support, new business process support, and service practices.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Equipment Repair/Testing - services include the maintenance, testing, and repair of utility equipment.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Perform facility design and project management and pipeline material standards, right-of-way and survey services, pipeline maintenance plan coordination, practices and support.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Perform planning and protection support for pipeline and facility and overview and interconnection coordination for distribution system.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Capital Budget and Equipment Support or equipment specifications and procurement/repair activities for major equipment.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
Infrastructure review and maintenance of pipeline.	Total capital expenditures plus total operating expenses less purchased gas and electric expense, for the preceding year ended December 31 st .
<i>Rates and Regulatory Affairs:</i>	
Rates and Regulatory Affairs.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Regulator Interface and Process Improvement Supplier - Liaison to ensure Customer Choice requirements and develop and execute plans to improve supplier services processes.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
<i>Rates and Regulatory Affairs:</i>	
Regulatory Interface and Process Improvement Regulatory - respond to regulatory complaints from customers and develop and execute plans to improve regulatory compliance processes.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
<p>Regulatory Activities and Consulting - Manage regulatory activities and interfaces, including tariff development and interpretation. Monitor and participate in regulatory affairs at the local, state and federal levels.</p>	<p>Average of plant, revenues and payroll expense for the preceding year ended December 31st.</p>
<i>Supply Chain:</i>	
<p>Purchasing.</p>	<p>Dollar value of purchases for the preceding year ended December 31st.</p>
<p>Materials Management.</p>	<p>Material inventory purchases as of the preceding year ended December 31st.</p>
<i>Tax:</i>	
<p>Tax Accounting and Compliance.</p>	<p>The sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.</p>
<p>Tax Department: review all services on a timely basis based on established due dates prescribed by federal, state, and local taxing regulations.</p>	<p>The sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.</p>
<p>Tax consulting and research - conduct tax research and tax consulting to assure compliance with statutes, while evaluating alternative tax strategies within the constraints of regulations that provide additional shareholder value to the company.</p>	<p>The sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.</p>
<p>Tax Compliance - Prepare and process all schedules and information associated with corporate and subsidiary tax returns, audits, and tax litigation, assuring compliance with tax regulations and statutes.</p>	<p>The sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.</p>

Service Department or Function Provided to a Client Company	Basis of Allocation
<i>Accounting:</i>	
<i>Treasury/ Finance:</i>	
Treasury and Cash Management.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Payment processing: All payments will be opened and processed to thru receivable systems with 24 hours of receipt.	Based on revenue billed, for the preceding year ended December 31 st .
Real estate: Provide management oversight of all real estate activities.	Total fixed assets during the preceding year ended December 31 st .
Pension Administration: Prepare reports summarizing the funds, their performance, asset allocation, and activity during the period.	Total payroll cost distributed during the preceding year ended December 31 st .
Risk Management/Insurance Department: Evaluate exposure and implement insurance programs.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Investor Services: Ensure shareholder satisfaction with financial information	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .
Disbursements: Ensure that all disbursements are made on the date required.	Average of plant, revenues and payroll expense for the preceding year ended December 31 st .