

Monthly Cost of Gas Forecast

The table below provides a forecast of the Monthly Cost of Gas (MCG) for a rolling 12 month period. The forecast should be viewed as an approximate snapshot of what the total monthly cost of gas (including both commodity cost at the wellhead and transportation to the Company's system) would look like over the 12-month period, based upon the market information available at the time of calculation.

FORECAST for 12 Months Ending (TME) April 2017						
MONTH	SC1 Res	SC2 Res /Comm	SC2 Ind	SC3	SC12 DG	SC13 DG
	Per Therm	Per Therm	Per Therm	Per Therm	Per Therm	Per Therm
May-2016	0.18227	0.17992	0.17992	0.16580	0.12579	0.17992
Jun-2016	0.18923	0.18688	0.18688	0.17276	0.13276	0.18688
Jul-2016	0.23033	0.22797	0.22797	0.21385	0.17385	0.22797
Aug-2016	0.20010	0.19774	0.19774	0.18362	0.14362	0.19774
Sep-2016	0.19370	0.19113	0.19113	0.17571	0.13202	0.19113
Oct-2016	0.19925	0.19668	0.19668	0.18126	0.13757	0.19668
Nov-2016	0.23801	0.23544	0.23544	0.22002	0.17633	0.23544
Dec-2016	0.26006	0.25749	0.25749	0.24207	0.19838	0.25749
Jan-2017	0.29125	0.28868	0.28868	0.27326	0.22957	0.28868
Feb-2017	0.29432	0.29175	0.29175	0.27633	0.23264	0.29175
Mar-2017	0.29472	0.29215	0.29215	0.27674	0.23305	0.29215
Apr-2017	0.27737	0.27480	0.27480	0.25938	0.21570	0.27480

This MCG forecast was developed based upon an algorithm that approximates the mechanics of the actual Monthly Cost of Gas calculation filed by the Company with the Public Service Commission. This calculation takes into consideration the main pricing components of non-Canadian and Canadian firm purchases, and withdrawals from storage based on forecasted commodity rates for the month in question. The prices for these components are weighted by the respective monthly component quantities in dth in order to develop the Average Commodity Cost of Gas. The Average Demand Cost of Gas is based on forecasted annual contract demand dth for interstate pipeline transportation and storage demand and capacity contract demands. These annual contract demands are then priced at forecasted rates expected to be in effect for the month in question. This results in the Average Demand Cost of Gas which is then added to the Average Commodity Cost of Gas. The total Average Cost of Gas is then multiplied by the Company's allowed loss factor. Any allowed regulatory adjustments are then added resulting in the total Monthly Cost of Gas per therm (MCG).

The forecast is based upon the New York Mercantile Exchange (NYMEX) future's strip from the initial month of the forecast, looking forward 12 months. Therefore, it is important for anyone utilizing this information to note that the forecast is subject to change in accordance with the volatility of the gas market. This forecast is in no way a prediction or guarantee of a future pricing level; it represents only a potential market trend based upon the information available at the time of publication. For this reason, a new 12-month forecast shall be developed with each ensuing month. **Prudence must be used at all times in the application of this information.**