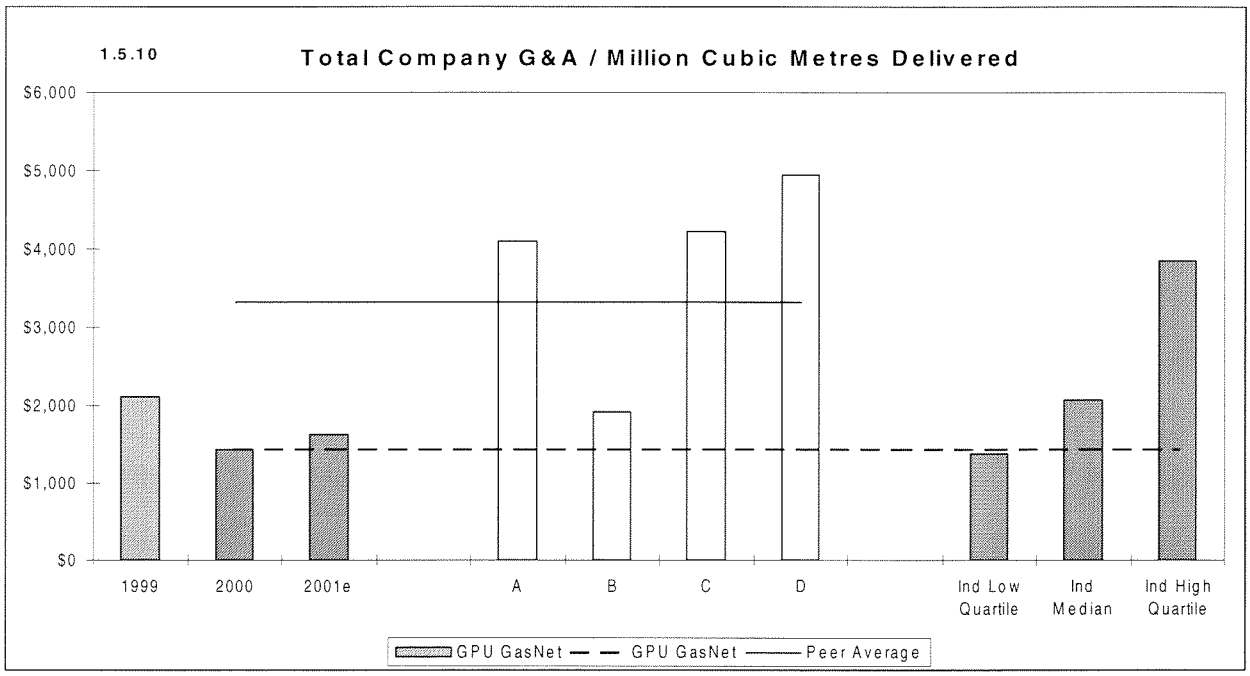
GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

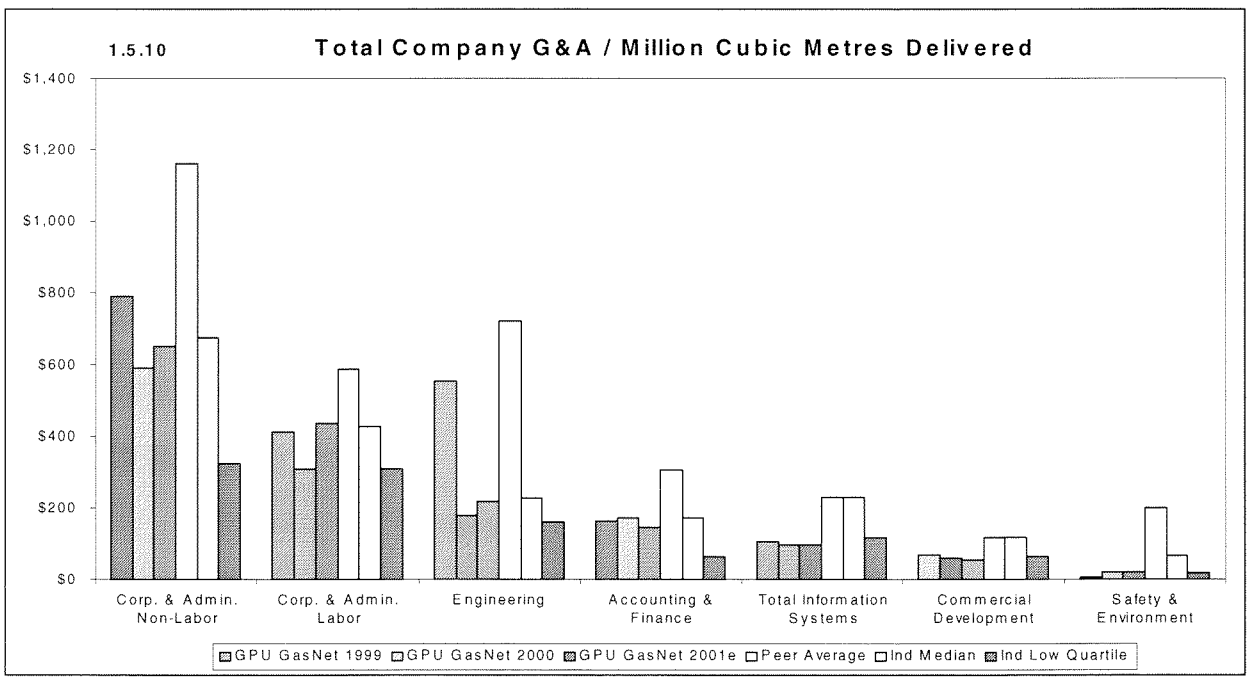
Overall Expense Profile

1. Labor or staff-related expenses (the G&A associated with staff in the various functions). This includes the salaries, benefits, and direct staff related expenses. Capital Engineering staff expenses are also included in this category, however the actual costs of construction related to expansions and major projects including contractors and outside services are included in capital, not expense.
2. Non-labor related expenses that include such expenses as building rent, business insurance, phone system expenses, office equipment, affiliate company charges that are not service driven and other non-labor related expenses.

General & Administration Expense per Million Cubic Metres Delivered



General & Administration Expense per Million Cubic Metres Delivered - 2000 Pareto



General & Administration Expense per Million Cubic Metres Delivered

There is generally a higher correlation between G&A expenses and volumes delivered than other normalizing factors such as million cubic metre-kilometers. Accordingly, we will focus on this comparison measure when comparing GPU GasNet's unit costs to other companies' costs.

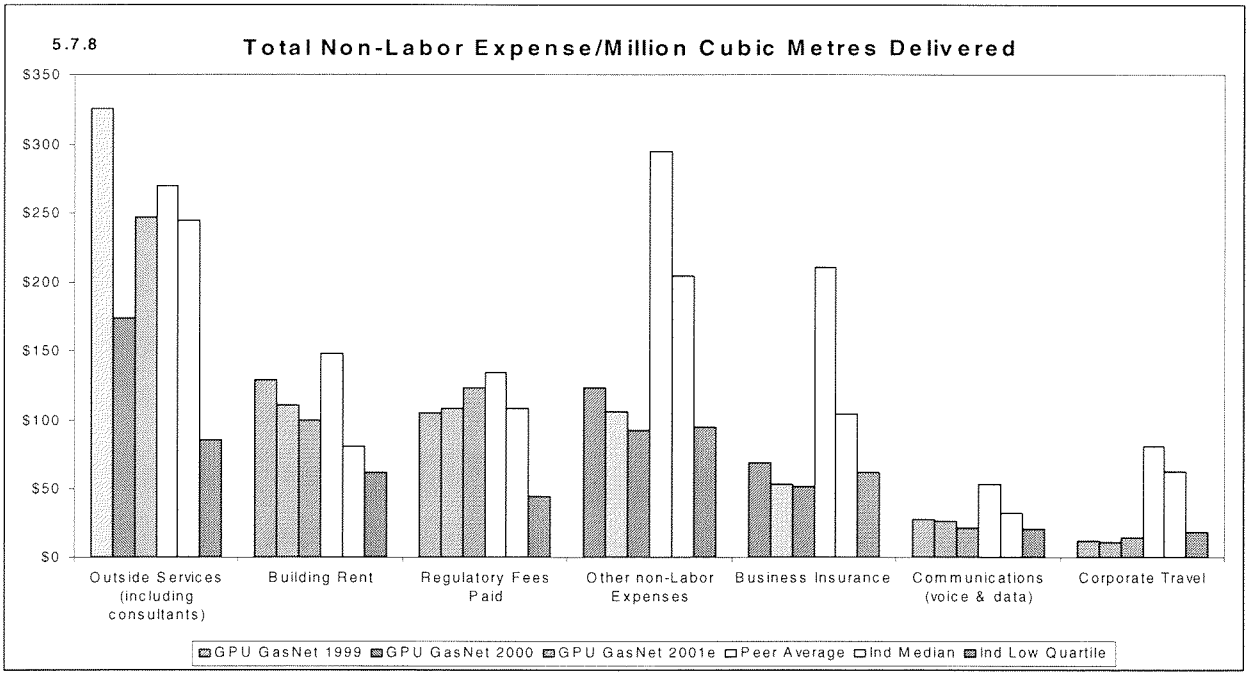
- GPU GasNet's overall G&A expenses per million cubic metres delivered amounted to $1,431 in 2000. The average of the peer group was $3,322 per million cubic metres delivered, much higher than GPU GasNet's unit cost.
- GPU GasNet's 2000 unit costs fell very close to the lowest or best quartile of all participating companies.
- Overall costs per million cubic metres delivered are expected to rise in 2001 but would remain well below the peer average and lower than the all company median.
- Note the decline in unit costs since 1999.

General & Administration Expense per Million Cubic Metres Delivered - 2000 Pareto

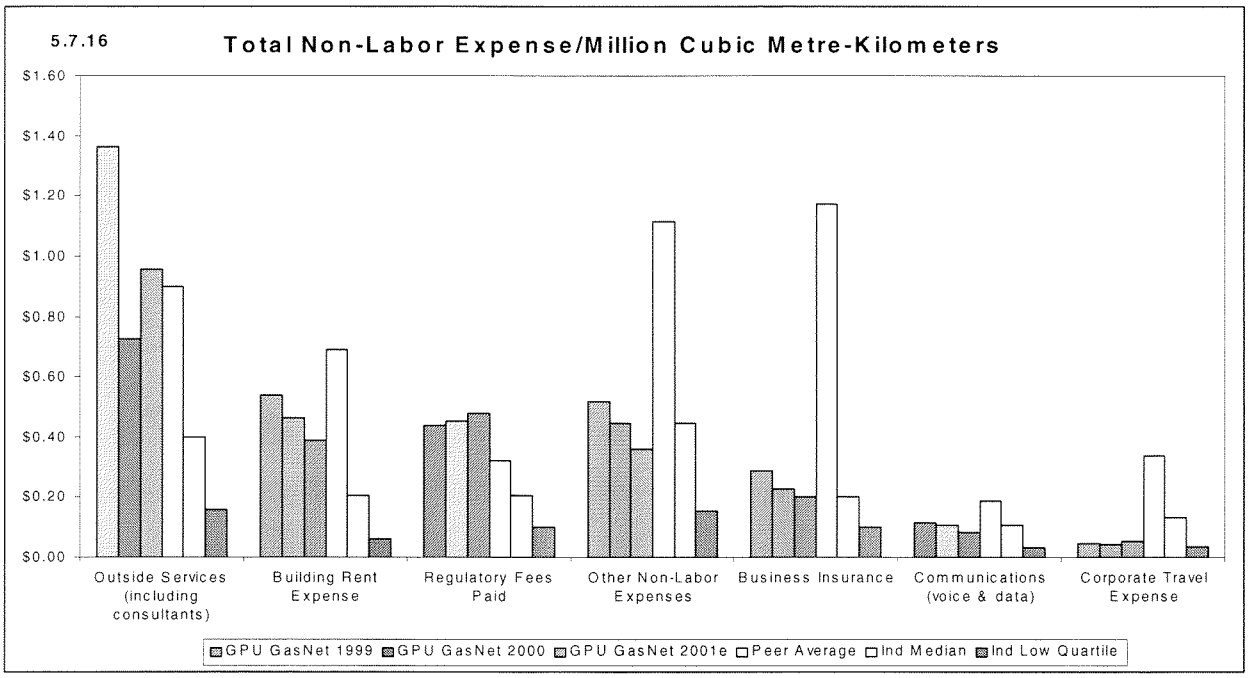
All major G&A cost categories report lower than peer average and close to or lower than study median costs in 2000 and 2001, a good result.

- Corporate & Administration Non-Labor costs are lowest of the peers in 2000. These costs fall below the all company median in 2000 and would remain below the median level despite increasing expense levels in 2001.
- Corporate & Administration Labor expenses are lowest of the peers and fall within the lowest or best quartile of all participating companies in 2000. Higher costs in 2001 would drive the unit costs to above the all company median level.
- Engineering and Accounting & Finance costs per million cubic metres delivered are lower than their respective peer averages and lower than or in line with all company median results.
- Information Systems costs amounted to $98 per million cubic metres delivered in 2000, lowest of the peer group and falling within the lowest quartile of all participating companies.
- Commercial Development and Safety & Environment categories report unit costs that fall below their respective peer averages and are close to or within all company best quartiles in all years.

Corporate & Administration Non-Labor Expense Profile



Corporate & Administration Non-Labor Expense Profile



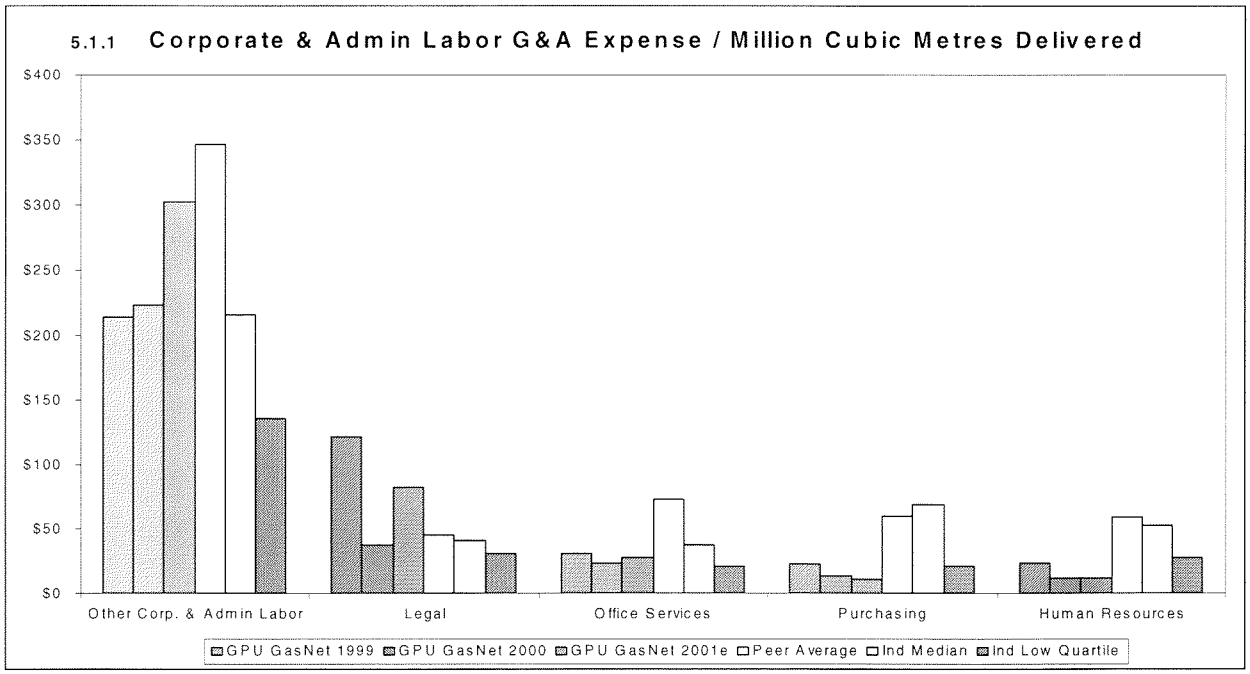
Corporate and Administration Non-Labor Expense

Corporate and Administration non-labor expenses cover such items as business insurance, communication costs etc. The graphs on the previous page provide a breakdown of GPU GasNet's non-labor costs on both a cost per million cubic metres delivered and per million cubic metre-kilometers basis.

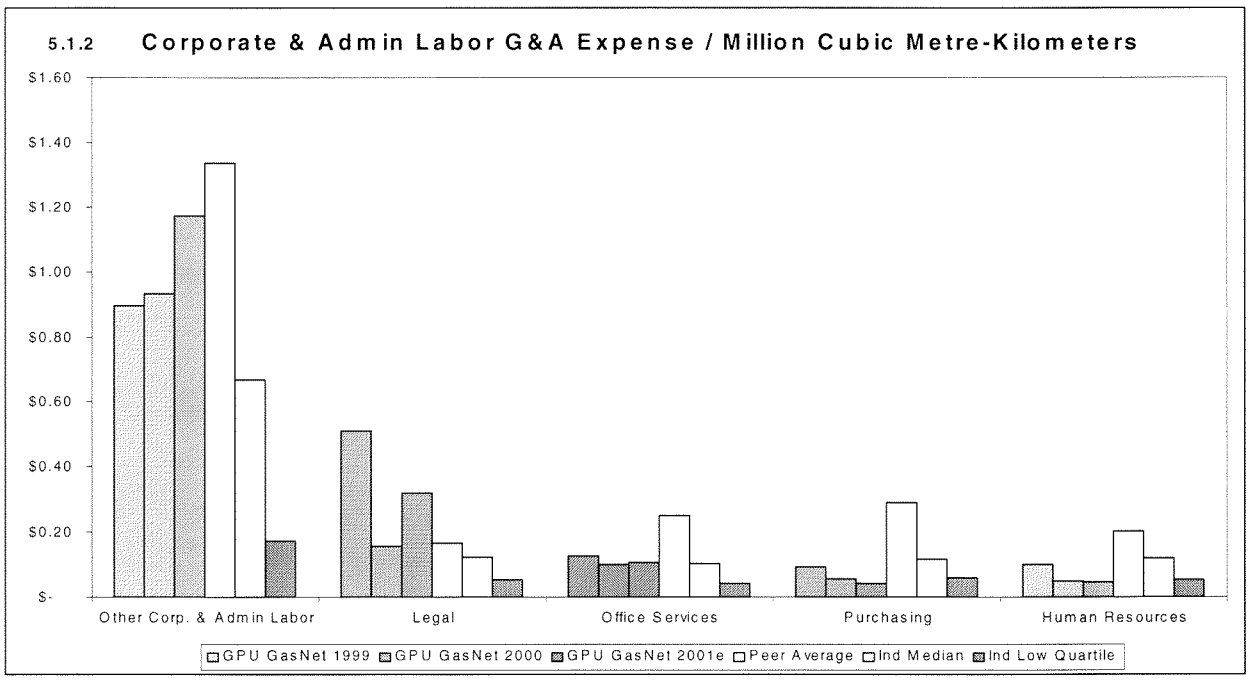
GPU GasNet reports non-labor expenses totaling some $3,251,575 in 2000. Overall absolute expenses are expected to increase by close to 13% in 2001.

- Outside Services costs per million cubic metres delivered, (including costs associated with the five year tariff reset), are below peer average levels in 2000 and 2001. Relative to other companies in the study, GPU GasNet's costs are below the all study median level in 2000, but rise slightly above the study median in 2001.
- Building Rent costs, (occupancy costs), are declining over time and are below peer average levels in all years. Costs per million cubic metres delivered are higher than the study median in all years.
- Regulatory fees represent GPU GasNet's third largest non-labor cost driver and costs per million cubic metres delivered are lower than peer and all company results in 2000. Costs are expected to rise above the study median level in 2001.
- All other Non-Labor categories ("Other", Insurance, Communications and Travel), report costs per million cubic metres delivered that are below their respective peer averages and are close to or lower than their respective all company median values.
- The largest gaps to peer and all company norms on a cost per million cubic metre-kilometer basis are in the Outside Services and Regulatory Fees categories.

Corporate & Administration Labor Expense Profile



Corporate & Administration Labor Expense Profile



Corporate and Administration Labor Expense

The Corporate and Administration function includes Human Resources, Office Services, Legal, Purchasing, and Other general corporate and administration staff.

GPU GasNet reports 11.85 Corporate & Administration staff with an associated labor expense of $1,704,663.

The graphs on the opposite page provide a breakdown of GPU GasNet's C&A labor costs per million cubic metres delivered and per million cubic metre-kilometers. The cost drivers are presented in descending order of magnitude to allow for easy identification of the major expense drivers.

We believe that costs per million cubic metres delivered provides the best comparison between GPU GasNet's costs and those of other companies.

- As shown, "Other" C&A expense is GPU GasNet's largest cost driver and reported costs per million cubic metres delivered are lower than the peer average but slightly higher than the all company median in 2000. These unit costs are expected to increase in 2001 and would fall within the highest quartile of all participating companies. We understand that much of the increase in 2001 is related to consulting fees for the upcoming tariff reset.
- Legal costs are the second largest Non-Labor category and are lower than peer and all company median costs per million cubic metres delivered in 2000. Legal costs have varied over the 1999 to 2001 time frame. 1999 costs were high because of contract reviews, agreement preparation, access arrangement and tariff issues. Expenses are expected to increase in 2001, due to IPO and regulatory issues.
- Office Services expenses are the third largest cost driver in this category of G&A expense. Costs on both comparison bases are lower than the average of the peer group and are close to or below all company median values. Staff activity levels, (the number of company G&A staff per Office Services staff) are in line with study results (Tables Page 8, Item 5.3.6).
- Purchasing and Human resources costs per million cubic metres delivered are below their respective peer averages and fall within their respective all company lowest or best quartiles. Each HR staff manages 104.6 company staff, much better than the average of 63.6 company staff per HR staff (see Tables, Item 5.2.6).
- Results on a cost per million cubic metre-kilometer basis are similar to those on a volume delivered basis.

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FUNCTIONAL EFFICIENCIES

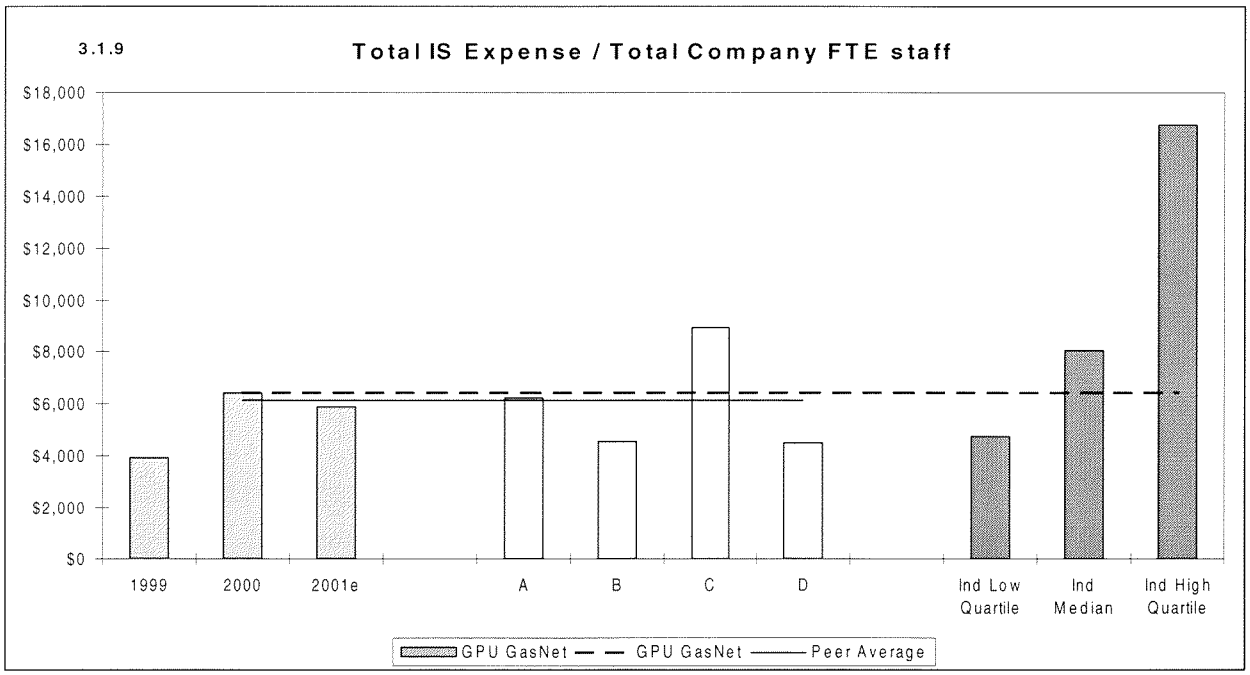
The graphics in the preceding section provide a detailed breakdown of the G&A expenses associated with the various business functions. This section highlights some additional key results from each of the major functions analyzed in the study.

Safety and Environmental

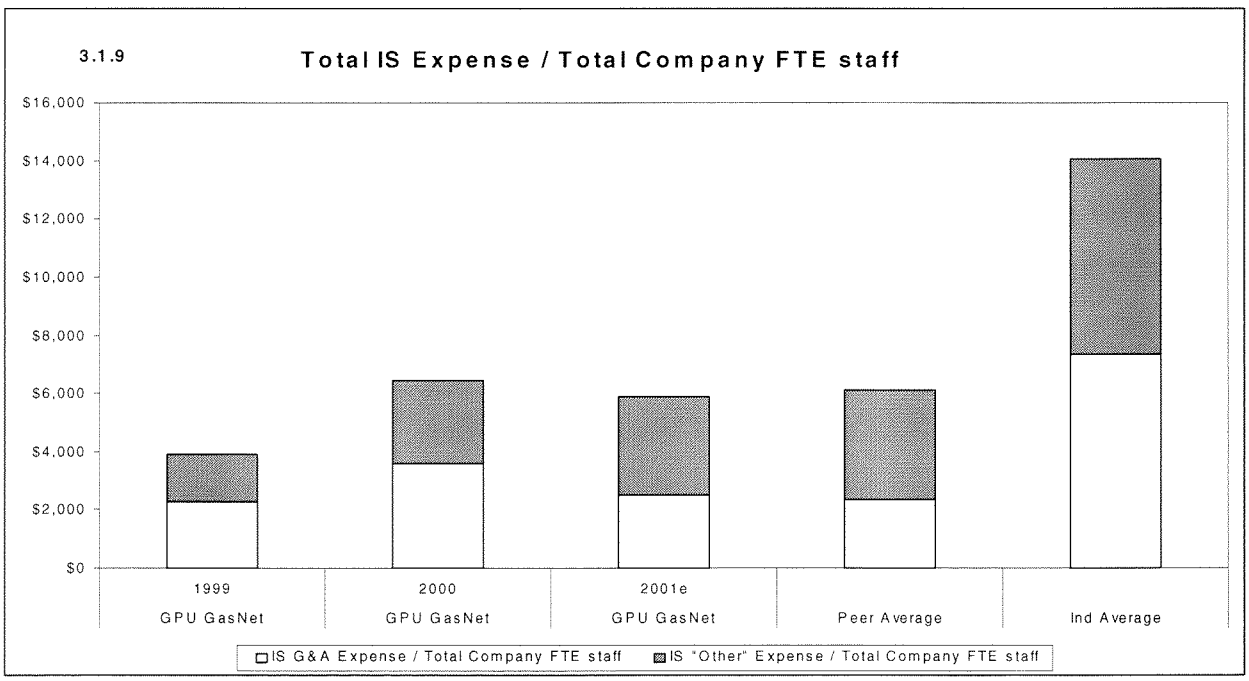
Safety & Environment Effectiveness Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
S&E G&A / 106M3 Delivered	$7.34	$20.01	$22.35	$200.65	$66.32	2nd Lowest
S&E G&A / 106M3-Kms	$0.031	$0.084	$0.087	$0.436	$0.141	2nd Lowest
Number of Lost Time Injuries	1.00	0.00	0.00	1.25	0.00	n/a
Recordable Injury Frequency	2.98	2.64	6.66	0.96	0.68	Highest
Motor Vehicle Accidents Frequency Rate	1.15	3.03	2.44	2.99	0.00	Mid Range

- GPU GasNet reports a recordable injury frequency rate of 2.64 in 2000, higher than the study median.
- Considering motor vehicle accidents, GPU GasNet's accident frequency rate is much higher than study results. We note that GPU GasNet utilizes a very rigorous reporting methodology.

Information Systems - Expense per Company Staff



Information Systems Expense Profile



Information Systems (IS)

The graphs on the opposite page provide some additional metrics related to GPU GasNet's Information Systems expenses.

- GPU GasNet's Information Systems costs per volume delivered within best quartile.
- One important driver of Information Systems expenses is the number of company employees. As shown in the graph on the top of the previous page, GPU GasNet spends an average amount per company staff relative to the peer group and slightly less than the all company median.
- The graph at the bottom of the previous page shows that GPU GasNet incurs about 45% of its IS expenses in the "Other" category - this represents expenses related to outsourcing, hardware and software. This result is very close to the peer and all company percentage split.

Commercial Development

Commercial Development - Staff Activity

Commercial Development Effectiveness Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
Commercial Development G&A / 106M3 Delivered	$68.97	$61.40	$54.66	$117.65	$117.45	2nd Lowest
Commercial Development G&A / 106M3-Kms	$0.289	$0.257	$0.212	$0.297	$0.277	Lowest
Commercial Development G&A Expense / Total Revenues	0.5%	0.4%	0.4%	0.4%	0.5%	Mid Range
Number of Receipt Points / Commercial Development Staff	2.1	2.1	1.7	3.4	1.8	Mid Range
Number of Delivery Points / Commercial Development Staff	38.6	40.0	33.3	29.5	7.8	2nd Highest
Number of Customers / Commercial Development Staff	3.1	4.2	3.3	6.1	2.9	2nd Highest

Commercial Development

GPU GasNet's spend on Commercial Development is expected to decrease in 2001. Costs per million cubic metres delivered were low relative to the peer and all company groups.

- As shown in the table opposite, Commercial Development G&A expense as a percent of revenue is in line with peer and all company results.
- Staff activity levels are generally better than or in line with study median values; the number of receipt points, delivery points and customers per staff are higher than study median values.

Accounting & Finance - Staff Activity

Accounting & Finance Effectiveness Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
Acctg & Finance G&A/106M3 Delivered	$164.55	$172.89	$144.90	$307.25	$172.89	2nd Lowest
Acctg & Finance G&A/106M3-Kms	$0.689	$0.724	$0.562	$0.829	$0.393	2nd Highest
106M3 Delivered / Accounting & Finance Staff	600	672	808	477	624	2nd Highest
# of Billling Inv Processed / A&F Staff	33.6	58.7	84.9	46.5	34.8	2nd Highest
# of Vendor Inv Processed / A&F Staff	1,192.3	693.7	824.3	1,445.6	761.3	Mid Range
# of A&F Staff / Million Dollars Revenue	0.12	0.10	0.09	0.14	0.08	Mid Range

Technical Services Engineering

Technical Services Engineering Effectiveness Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
Tech Serv Eng. G&A Exp/106M3 Delivered	$145.31	$82.65	$61.90	$252.15	$112.32	Lowest
Tech Serv Eng. G&A Exp/106M3-Kms	$0.608	$0.346	$0.240	$0.698	$0.346	Lowest
Compressors / Tech. Serv. Engineer	1.2	2.4	2.7	2.0	1.3	2nd Highest
Horsepower / Tech. Serv. Engineer	2,775	6,612	6,748	4,275	6,686	2nd Highest
Measurement Stations / Tech. Serv. Engineer	10.1	20.3	21.4	11.1	13.6	2nd Highest
Pipeline Kms / Tech. Srv. Eng. FTE	161	327	328	248	256	2nd Highest

Capital Projects Engineering

Capital Projects Engineering Effectiveness Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
Cap. Projects Eng. G&A / Expansion CAPEX	1.4%		11.7%	5.0%	7.8%	
Expansion CAPEX / Cap. Projects Engineering Staff	$3,444,898		$438,768	$3,150,787	$1,461,780	
Cap. Projects Eng. G&A / Expansion+O&M CAPEX	1.4%	8.2%	10.1%	4.3%	5.4%	Highest
Expansion+O&M CAPEX / Cap. Projects Engineering Staff	$3,471,778	$636,195	$506,911	$2,863,018	$1,683,169	Lowest

Accounting & Finance

GPU GasNet's Accounting & Finance costs per million cubic metres delivered compare well to peer and all company results.

The table on the opposite page provides some additional staff activity indicators in this area.

- As shown, GPU GasNet's volume delivered per A&F staff is slightly better than the study median in 2000 and 2001.
- Billing invoices processed per A&F staff and vendor invoices per staff are in line with or better than study norms.
- Considering A&F staff per million dollars of revenue, GPU GasNet's results are in line with the study median.

Technical Services Engineering - Staff Activity

GPU GasNet's Technical Services Engineering G&A expenses are well below the peer average and in line with or better than study median values.

- Staff activity levels are in line with study norms considering horsepower and compressors per Technical Services Engineering staff. Measurement stations per staff are better than the study median.
- Pipeline kilometers managed per engineering staff is better than the all company level.

Capital Project Engineering - Staff Activity

GPU GasNet reported 10.14 Capital Projects Engineering staff in 2000, fewer than its peers but close to the study median value. There was no expansion capital spending in 2000.

- There is a wide variation in GPU GasNet's results between 1999 and projected 2001 levels.
- 1999 results indicate an efficient use of engineering staff relative to the size of the capital program.
- GPU GasNet's G&A expenses as a percent of capital expenditures and dollars managed per engineer were better than study median results in 1999, however these results decreased in 2000 and are expected to decline further in 2001.

DIRECT OPERATIONS & MAINTENANCE & FUEL EXPENSE

Operations and Maintenance expenses include the Direct Operations and Maintenance of the pipeline system. It includes activities such as gas control, gas measurement, compressor operation and maintenance, maintenance of right of way, and measurement and pipeline maintenance.

Analysis of Expenses

Operations and Maintenance expenses are analyzed by function including the following:

- Operations & Maintenance Management
- Direct Measurement and Pipeline Operations & Maintenance
- Direct Compression Operations & Maintenance
- Fuel Management

Overall O&M Staff Activity Levels

Direct O&M Staff	GPU GasNet	GPU GasNet	GPU GasNet	Peer Average	Study Median	GPU GasNet
Staff Activity Indicators	1999	2000	2001e	2000	2000	Rank-Peer Group
Total Kilometers Driven / Direct O&M Staff	31,585	31,756	32,624	40,446	22,857	2nd Lowest
106M3 Delivered / Direct O&M Staff	99.0	138.6	148.3	137.9	109.5	2nd Highest
Pipeline Kilometers / Direct O&M Staff	37.7	48.5	50.7	60.0	33.0	2nd Lowest

O&M Management Staff Activity Levels

O&M Management Staff	GPU GasNet	GPU GasNet	GPU GasNet	Peer Average	Study Median	GPU GasNet
Staff Activity Indicators	1999	2000	2001e	2000	2000	Rank-Peer Group
Direct O&M Staff / O&M Management Staff	20.4	19.9	19.1	7.1	8.6	Highest
O&M Management Expense / Direct O&M Staff	$4,383	$6,697	$7,916	$25,170	$11,000	2nd Lowest
O&M Expense (excl. Fuel) / O&M Management Staff	$3,684,555	$3,817,822	$4,915,300	$1,541,150	$1,029,228	Highest
106M3 Delivered / O&M Management Staff	2,016	2,754	2,830	846	1,170	Highest

Overall Direct O&M Staff Activity Levels

Overall staff activity includes all direct staff involved in measurement and pipeline as well as compressor related activities. Management staff activity levels are examined separately - see below.

- GPU GasNet reports a slightly higher than average number of kilometers driven per O&M staff relative to the all company group. At an average speed of 60 kilometers per hour and based on a 2,000 hour work year, each O&M staff would spend about 27% of his/her time behind the wheel. This is a reasonable amount given the geography covered by GPU GasNet's system.
- Million cubic metres delivered per direct O&M staff are in line with peer and all company activity levels.
- GPU GasNet's staff are managing a slightly higher than average number of pipeline kilometers per staff member. As shown, GPU GasNet reports 49 pipeline kilometers per staff compared to the study median of 33.0 kilometers per O&M staff. This activity indicator is expected to improve slightly in 2001.

O&M Management Staff Activity Levels

Management staff includes those persons above the second line supervision level who are managing the pipeline operations.

- GPU GasNet's ratio of direct staff to management staff, span of control, is much better than the industry norm. GPU GasNet reports a ratio of 19.9 direct staff per management staff compared to the study median of 8.6 direct staff per management staff. Many companies target a ratio of 10 direct staff per management staff.
- Management related expenses per direct O&M staff are well below (better than) peer and study norms. GPU GasNet reports management expenses of $6,697 per direct O&M staff in 2000, below the study median of $11,000 per direct O&M staff.
- Dollars managed by GPU GasNet's management staff is much better than the peer average and the study median.
- GPU GasNet reports million cubic metres delivered per management staff that is well above (better than) industry norms.

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MEASUREMENT AND PIPELINE (M&PL) O&M EXPENSE

GPU GasNet reports 36.05 staff and expenses of $5,355,931 associated with operating and maintaining Measurement and Pipeline (M&PL) assets.

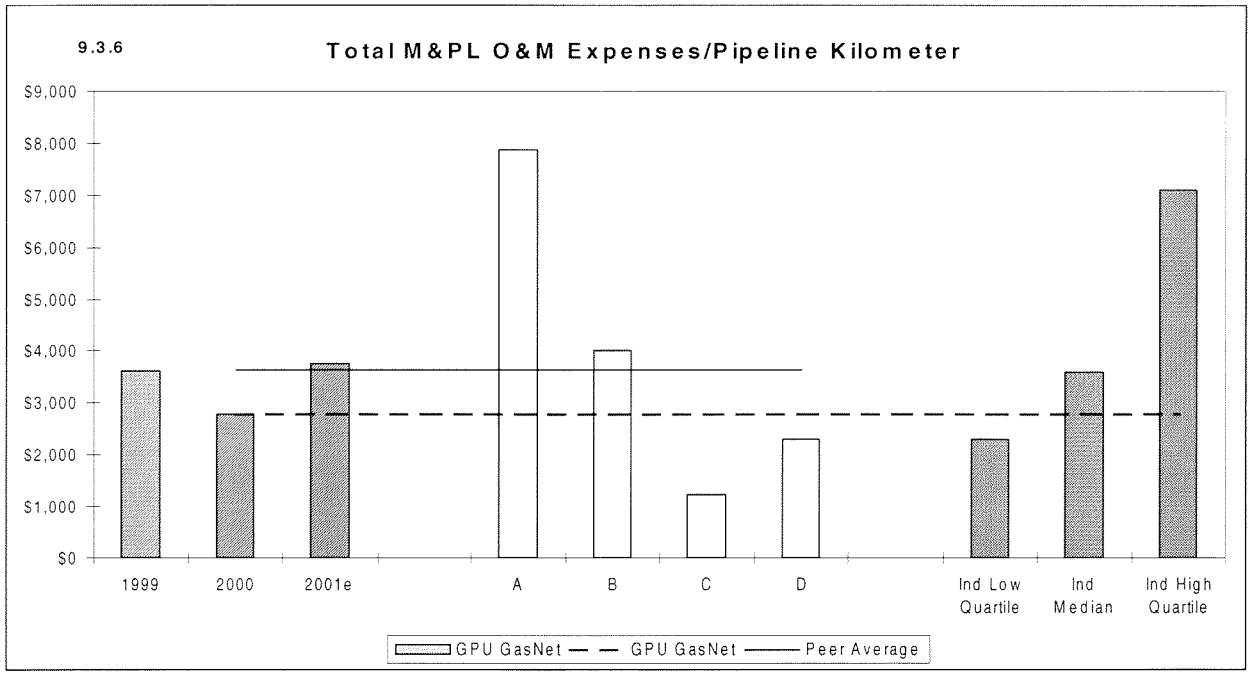
Profile

Profile	1999	2000	2001e	2000	2000	Rank-Peer Group
Number of Meter Stations	120	120	126	75	90	2nd Highest
# of EFM Stations	118	120	126	70	60	2nd Highest
Number of EFM Stations/Total Stations	98%	100%	100%	92%	81%	Highest
EFM's / EFM Stations	1.0	1.0	1.0	1.2	1.2	2nd Lowest
Number of EFM calibrations / EFM	1.6	1.5	1.4	2.7	3.1	Mid Range

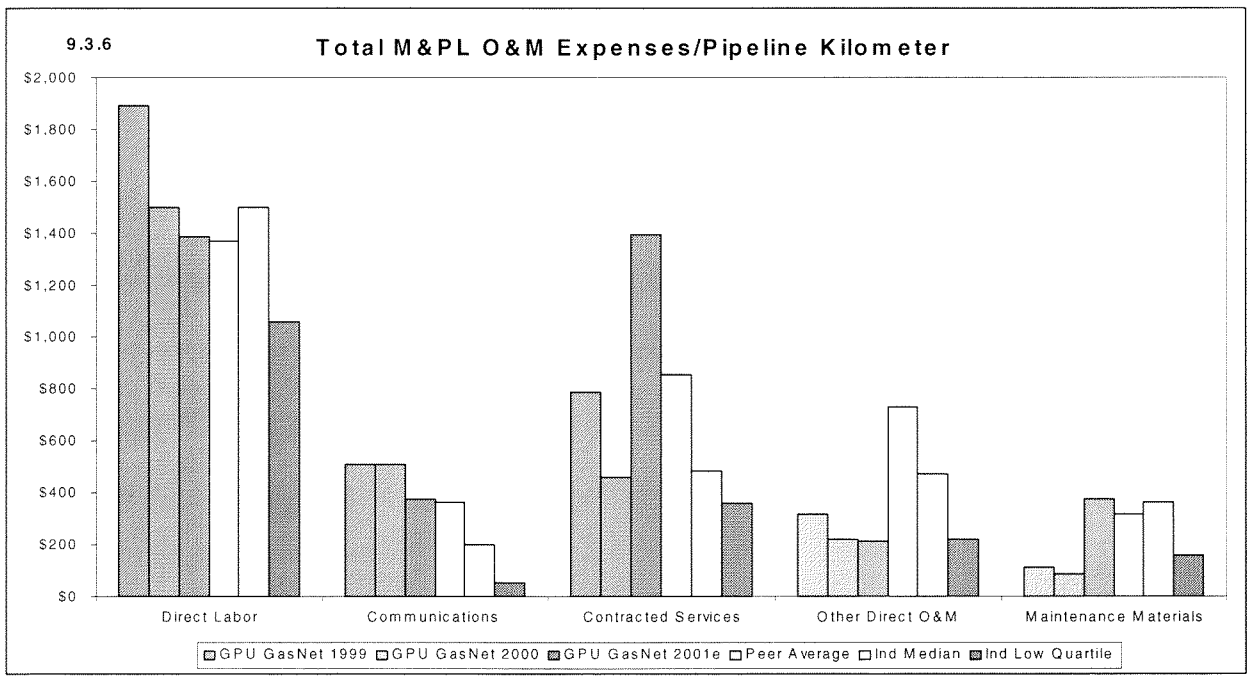
GPU GasNet has a relatively complex system compared with many other companies. It has a larger number of meter stations but is more automated, with a higher percentage of EFM's than its peers and other companies.

We understand that meter calibration guidelines are specified by the independent system operator and also note that GPU GasNet calibrates its meters less frequently than many other companies in the study. It is also important to note that GPU GasNet utilize high technology ultrasonic and coriolis meters which reduces the requirement for calibration. In addition, local market settlement issues necessitate continuous interrogation of EFM sites.

M&PL Expenses per Pipeline Kilometer



M&PL Expenses per Pipeline Kilometer – 2000 Pareto



Total M&PL Expense per Pipeline Kilometer

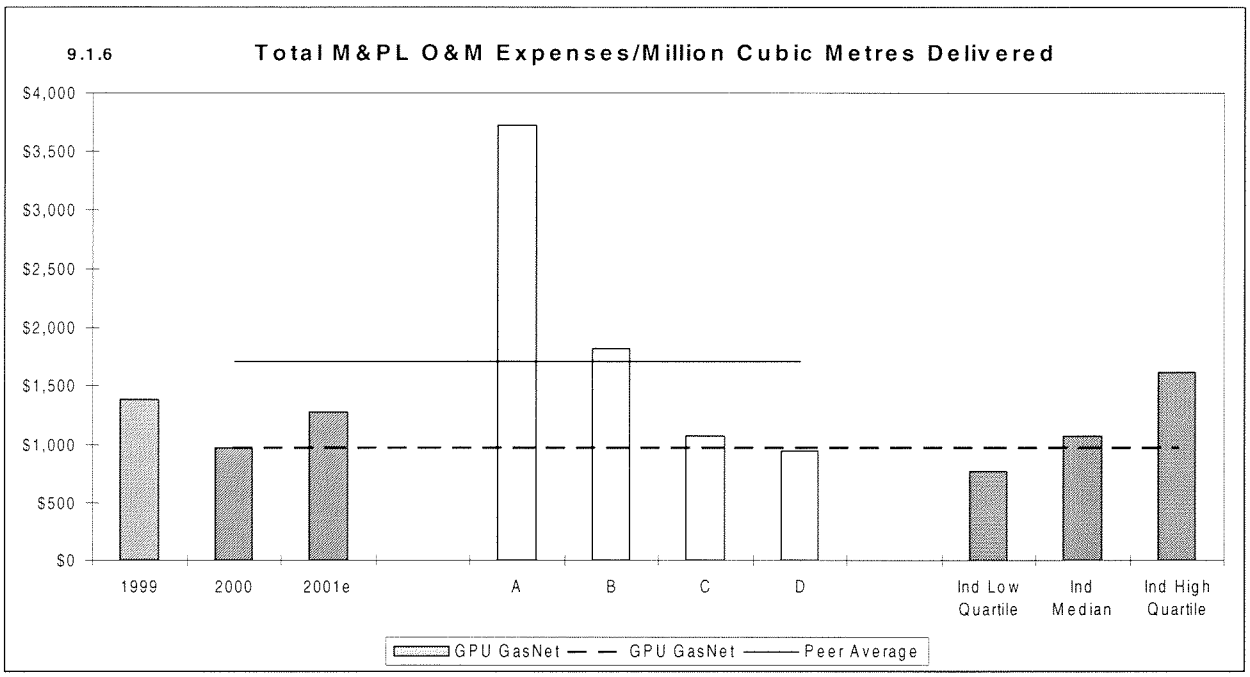
The graph opposite shows GPU GasNet's overall Measurement & Pipeline expenses per pipeline kilometer compared to its peers and the all company group.

- GPU GasNet's total O&M expenses in 2000 were reported as $2,777 per pipeline kilometer, lower than the average of the peer group and the all company median in 2000.
- Total M&PL expenses per pipeline kilometer are expected to increase in 2001 to a level that would be close to the peer average and the median value of the all company group.

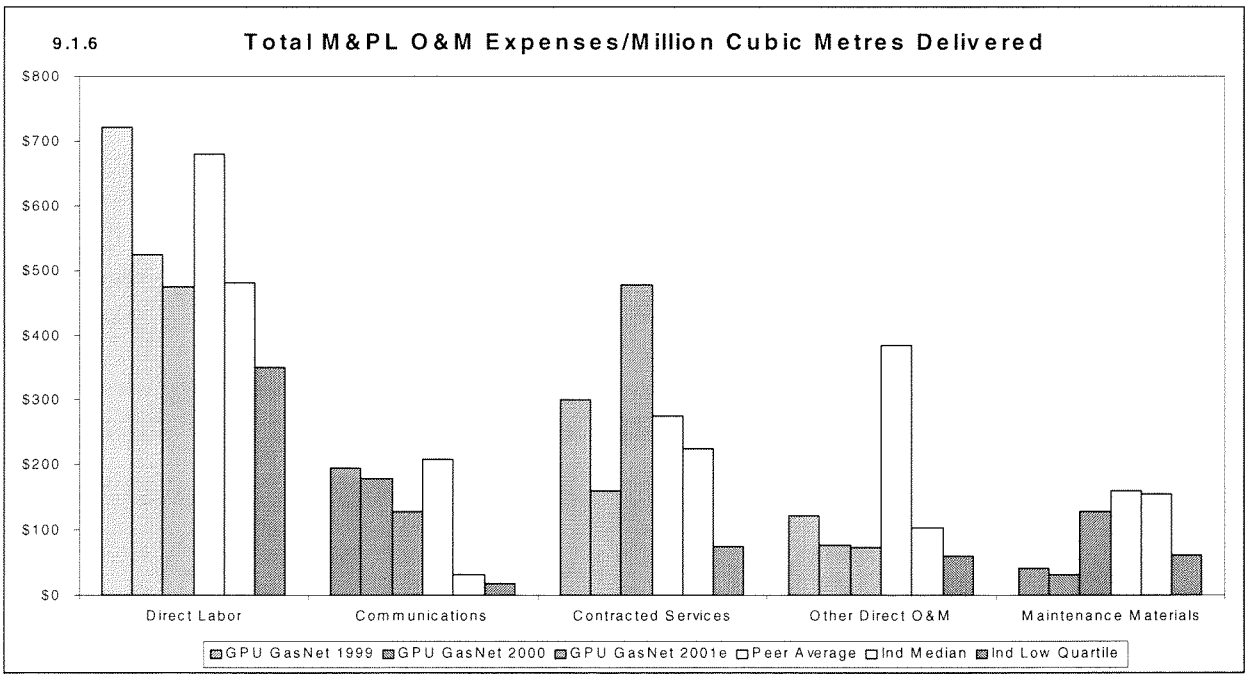
Total M&PL Expense per Pipeline Kilometer - 2000 Pareto

- Labor expense, the largest cost driver of GPU GasNet's overall M&PL expenses, is higher than the peer average in 2000 but represents the all company median value. Labor costs are expected to decline in 2001 and would be close to the peer average level and fall between the all company median and lowest quartile values.
- Communications expenses are declining over time but are higher than peer and all company levels in 1999 and 2000. GPU GasNet has a higher level of metering automation and a higher number of delivery points than many of its peers. Costs in 2001 are expected to be close to the peer average level.
- Contracted Services expenses are below peer and all company median levels in 2000 but are expected to rise above these levels in 2001. The increase is driven by costs associated with the pigging program.
- "Other" costs are close to best quartile in 2000 and 2001.
- Maintenance Materials costs are low relative to its peers and all company levels in 1999 and 2000. Costs are expected to rise in 2001 and would be slightly above the average of the peers and the all company median.

M&PL Expenses per Million Cubic Metres Delivered



M&PL Expenses per Million Cubic Metres Delivered - 2000 Pareto



M&PL Expenses per Million Cubic Metres Delivered

GPU GasNet's overall M&PL expenses per million cubic metres delivered are detailed in the graph on the preceding page.

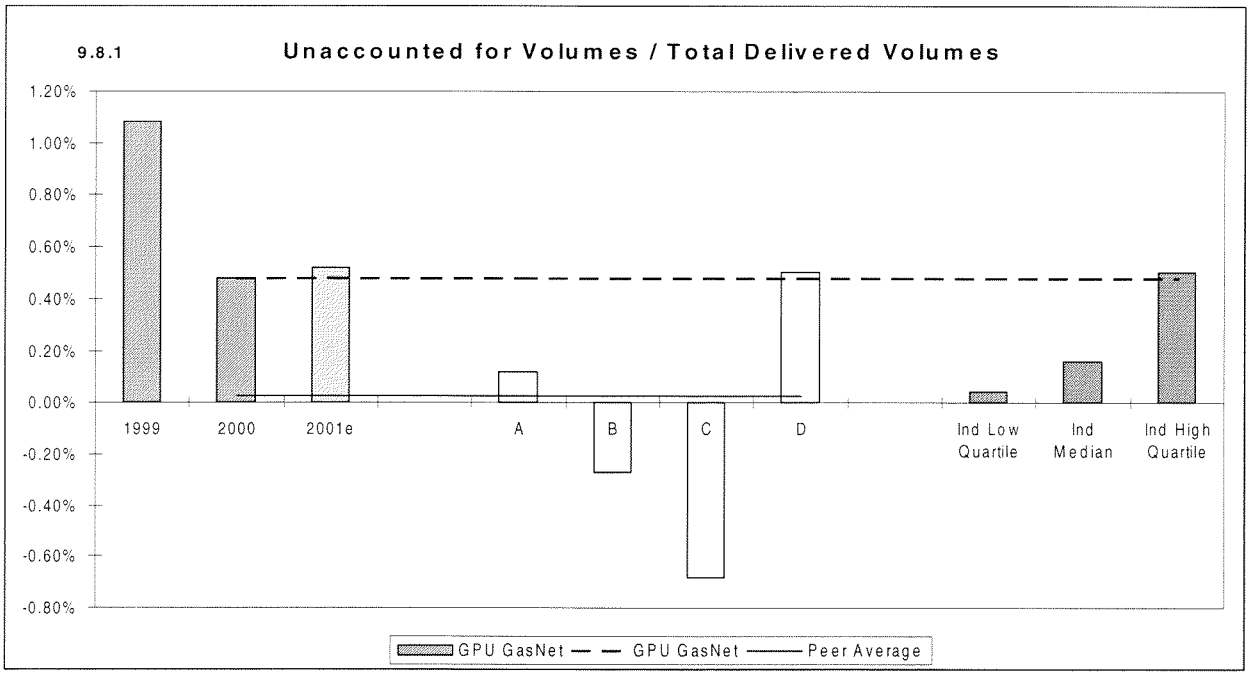
- GPU GasNet's M&PL expenses in 2000 amounted to $972 per million cubic metres delivered This result is the second lowest of the peers and well below the average of the peer group.
- GPU GasNet's expense level is slightly below the all company median value in 2000.
- M&PL costs per million cubic metres delivered are expected to rise in 2001 to a level between the all company median and the highest quartile. This increase is largely driven by GPU GasNet's pigging program.

M&PL Expenses per Million Cubic Metres Delivered - 2000 Pareto

The graph on the bottom of the previous page provides a breakdown of GPU GasNet's M&PL expenses per million cubic metres delivered.

- GPU GasNet's 2000 Direct Labor costs are lower than the peer average and declining toward all company median level over the 2000 and 2001 time period.
- Communications expenses are GPU GasNet's second largest M&PL expense and are lower than peer results and are declining over time (as initial investment costs are written off). These costs are high relative to the all company group, probably reflecting the continuous interrogation of EFM sites required by local market settlement issues.
- Contracted Services expense amounted to $161 per million cubic metres delivered in 2000, lower than the average cost of the peer group and falling between the all company median and lowest or best quartile. These expenses are expected to increase significantly in 2001 to poorest quartile levels, however we note that GPU GasNet has adopted a strategy of outsourcing as many M&PL functions as possible.
- "Other" direct and Maintenance Materials costs fall below their respective peer averages and all company median levels in 2000 and 2001.

M&PL Unaccounted for Volumes



M&PL Staff Activity Indicators

Measurement & Pipeline	GPU GasNet	GPU GasNet	GPU GasNet	Peer Average	Study Median	GPU GasNet
Staff Activity Indicators	1999	2000	2001e	2000	2000	Rank-Peer Group
106M3 Delivered / M&PL Staff	107	153	165	147	162	2nd Highest
Pipeline Kilometers / M&PL Staff	41	54	56	67	54	2nd Lowest
Measurement Stations / M&PL Staff	2.6	3.3	3.7	2.2	2.4	2nd Highest
Number of Charts per Month / M&PL Staff	0.0	0.0	0.0	0.1	8.0	n/a
Number of Landowners/Direct M&PL Staff	57.1	74.3	78.7	76.1	26.7	Mid Range

M&PL Unaccounted for Volumes

- The graph on the opposite page shows that GPU GasNet reported a percentage of 0.48% lost or unaccounted for volumes in 2000.
- The peer group reports a very wide range of loss and gain factors.
- The study median is a loss of 0.16% of volumes delivered, lower than GPU GasNet's result. We understand that a major receipt meter is not under GPU GasNet's control and this contributes to the loss factor.
- Many companies strive to attain an unaccounted for volume factor of less than 0.25% of volumes delivered.

M&PL Staff Activity Indicators

The table on the previous page provides some detail concerning M&PL staff activity levels.

- GPU GasNet reports million cubic metres delivered per M&PL staff that is consistent with peer and all company results.
- GPU GasNet is managing its pipeline assets with an average level of M&PL staff. GPU GasNet reports 53.5 pipeline kilometers per M&PL staff, very close to the study median and the results reported by its peers.
- Measurement stations per staff are higher (better) than that reported by other companies as is the number of landowners per staff.

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COMPRESSION O&M EXPENSE

GPU GasNet reports 3.70 staff associated with operating and maintaining compression assets in 2000. Fuel and Power costs represent about 25% of overall compression expenses.

Compression Profile

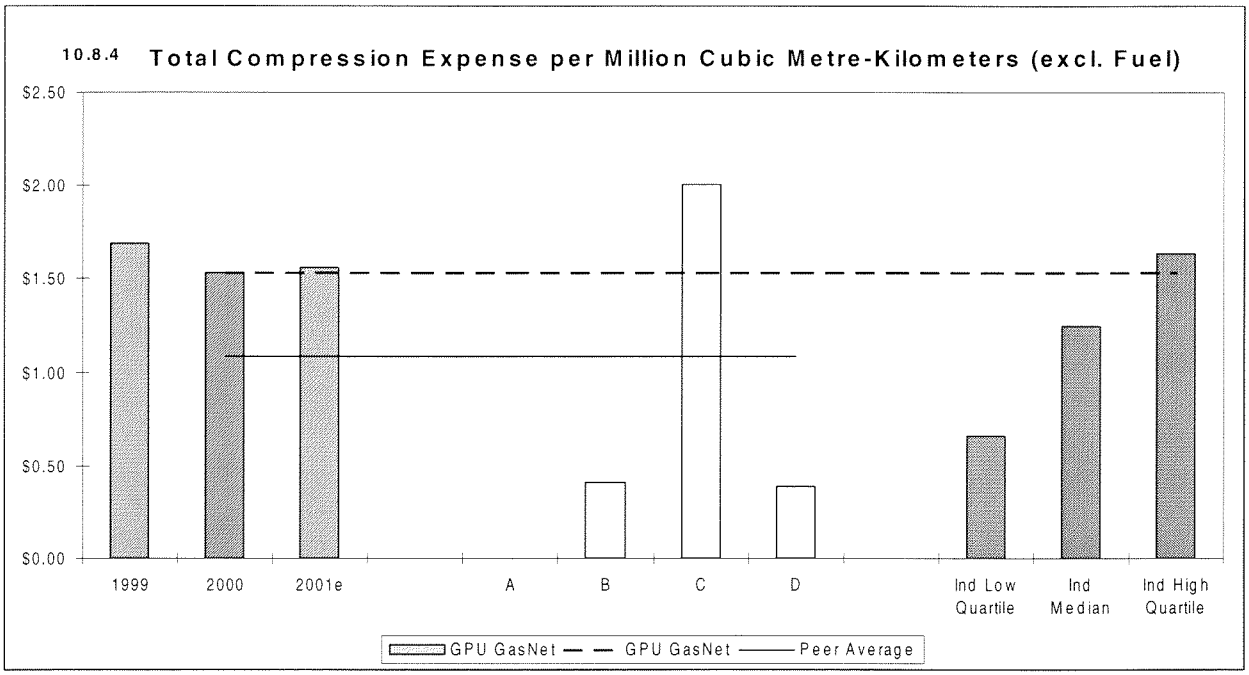
Compression Profile	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
Reciprocating Horsepower / Total Horsepower	0%	0%	2%	26%	22%	n/a
Turbine Horsepower / Total Horsepower	100%	100%	98%	80%	82%	Highest
Electric Horsepower / Total Horsepower	0%	0%	0%	0%	0%	n/a
Total Horsepower	33,108	39,013	39,813	32,258	70,545	Highest
Total Number of Compressors	14	14	16	13	23	2nd Highest
Average Horsepower per Compressor	2,365	2,787	2,488	3,542	3,401	2nd Highest
Total Horsepower per Compressor Location	8,277	9,753	7,963	7,986	11,402	2nd Highest
Total Horsepower per Pipeline Kilometer	17	20	21	15	19	Highest
Number of Manned Compressor Locations	0	0	0	2	3	n/a
Compressor Utilization Factor	3%	3%	8%	18%	38%	2nd Lowest

GPU GasNet has less compression than many other companies in the study, both in terms of overall horsepower installed and in average horsepower per compressor. In addition a high percentage of GPU GasNet's compressors are turbines, which has implications for fuel usage and costs relative to other companies in the study. The compression profile is similar to that of the peer group.

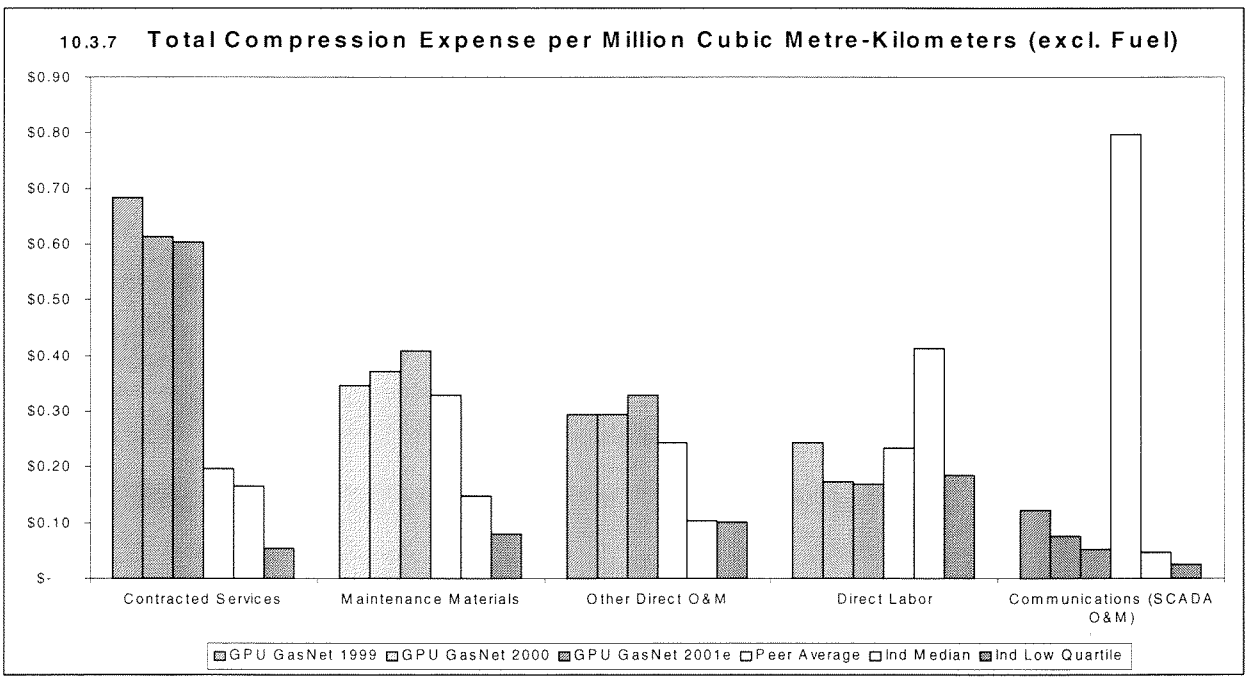
GPU GasNet has a very low compressor utilization factor, reflecting its seasonal demand patterns. This results in its compressors being utilized only during the winter months for peak period delivery and drives GPU GasNet's unit costs higher as fixed costs must be spread over units that are utilized a small percentage of the available time.

It is also important to note that some of the companies in the study operate long haul systems with considerable horsepower and high compressor utilization rates. This tends to put GPU GasNet at a competitive disadvantage when its costs are compared to the all company group.

Compression Expense per Million Cubic Metre-Kilometers – excluding Fuel



Compression Expense per Million Cubic Metre-Kilometers - 2000 Pareto



Compression Expenses per Million Cubic Metre-Kilometers

The primary normalizing factor employed to analyze compressor related costs is volume-distance (million cubic metre-kilometers). This is particularly true of medium to long haul pipeline systems such as GPU GasNet. Note that compression expenses have been analyzed without the Fuel component – Fuel will be examined separately later in the report.

The graph on the preceding page shows GPU GasNet's overall Compression expenses per million cubic metre-kilometers relative to its peers and other companies.

- As shown, GPU GasNet reports higher compression costs relative to its peers and other companies. GPU GasNet's expenses, at $1.53 per million cubic metre-kilometers, are the second highest of the three reporting peers.
- Relative to the all company group, GPU GasNet's costs fall between the median and highest (poorest) quartile in 2000. These costs are expected to rise slightly between 2000 and 2001.
- GPU GasNet's low compressor utilization impacts these costs.

Compression Expenses per Million Cubic Metre-Kilometers - 2000 Pareto

The graph at the bottom of the previous page provides a breakdown of GPU GasNet's compression expenses per million cubic metre-kilometers relative to its peers and the all company median and best quartile values.

- Contracted Services expenses are GPU GasNet's largest compression cost driver in 2000. As shown, these costs are much higher than peer and all company results in 2000 but are expected to decrease slightly in 2001. Note that in-house labor costs are lower than peer and all company results and when Labor and Contracted Services costs are considered together, GPU GasNet's results are slightly less than the all company median value in 2000.
- Maintenance Material costs are higher than peer and all company results and rising over time.
- "Other " direct compression expenses are higher than the peer average and fall within the highest (poorest) quartile of all participating companies. Costs are rising in 2001.
- Direct Labor costs are below peer average levels and fall within the lowest or best quartile of all participating companies. This result is consistent with GPU GasNet's strategy of outsourcing compressor related functions.
- Communications costs are declining toward the all company median level.

Compression Staff Activity Indicators

Compression Staff Activity Indicators	GPU GasNet 1999	GPU GasNet 2000	GPU GasNet 2001e	Peer Average 2000	Study Median 2000	GPU GasNet Rank-Peer Group
106M3 Delivered/Compressor O&M Staff	1,257	1,489	1,470	929	416	Highest
Total HorsePower/Compressor O&M Staff	8,256	10,544	10,341	8,409	2,868	2nd Highest
Compressor O&M Expense (Excl. Fuel)/Compressor Staff	$715,975	$732,177	$963,221	$404,575	$326,945	Highest
Compressor O&M Staff/Compressor	0.3	0.3	0.2	1.2	1.9	Mid Range
Compressor O&M Staff/Compressor Location	1.0	0.9	0.8	2.1	5.0	Mid Range

- GPU GasNet reports a high level of volumes (million cubic metres) delivered per compressor O&M staff compared to its peers and the all company group.
- Total horsepower per compression staff is slightly higher than the peer average and well above the all company median.
- Overall compression expense per staff is higher than peer and all company norms.
- The number of O&M staff per compressor and staff per compressor location are lower (better) peer and study norms - i.e. GPU GasNet is managing its compressor units with staff levels that are lower than other companies.

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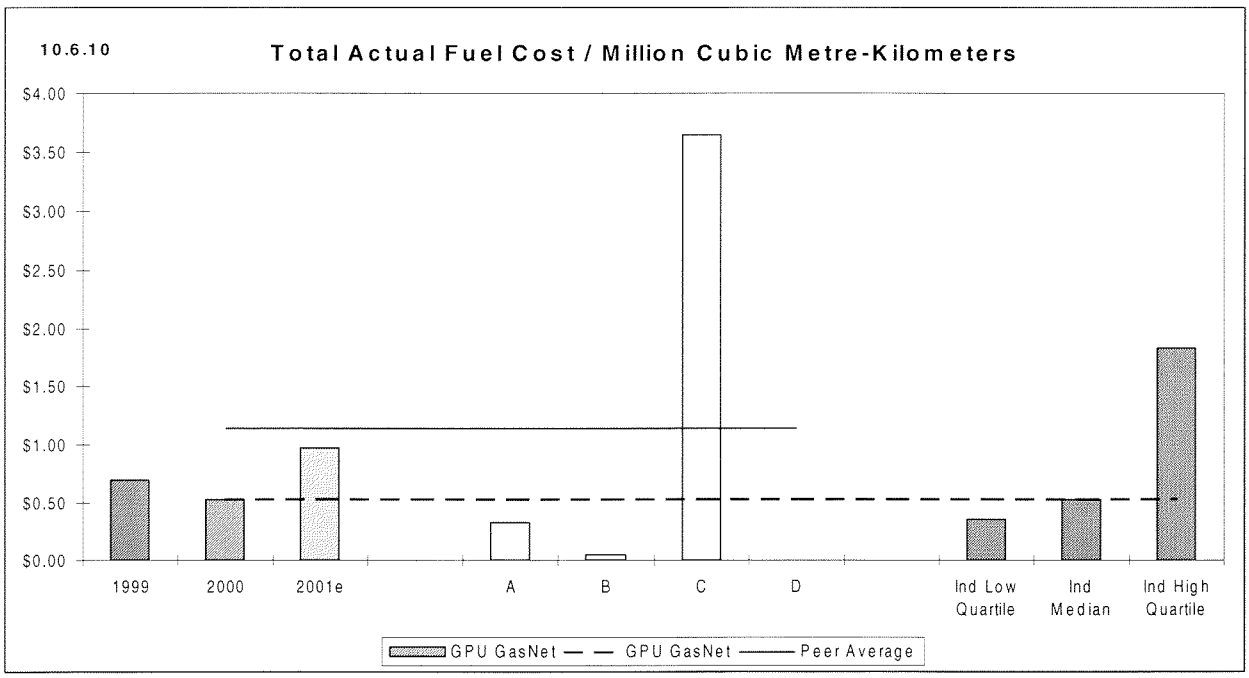
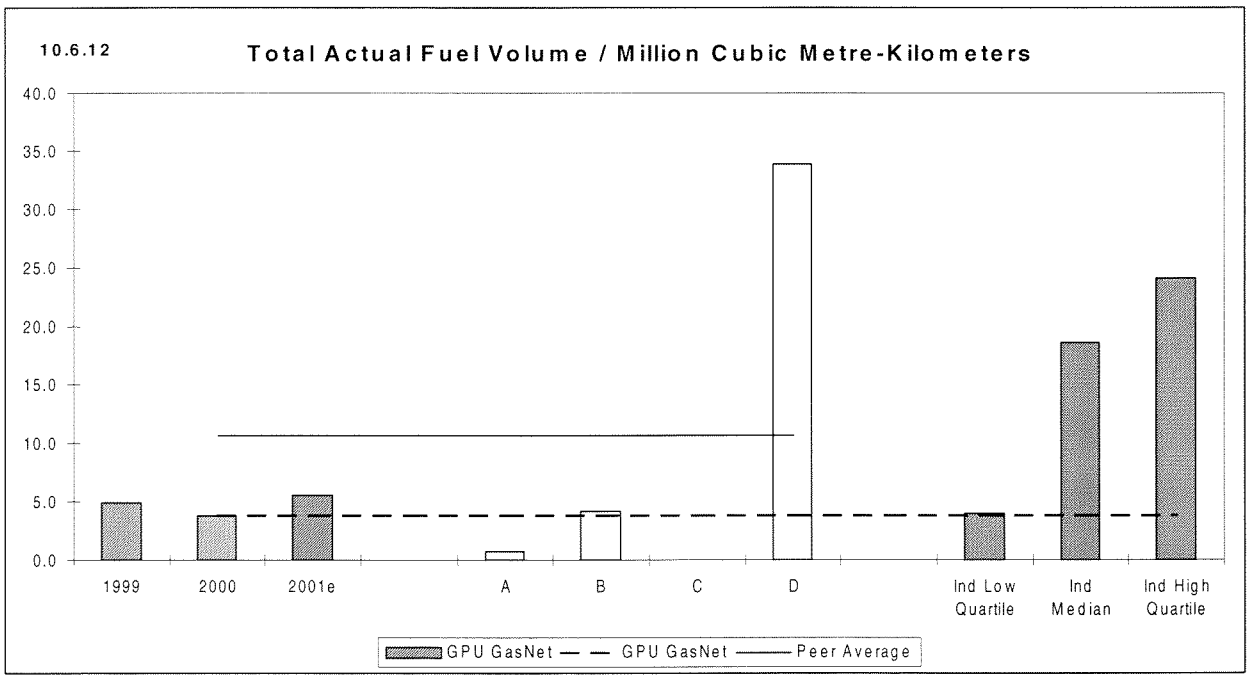
Fuel Expense per Million Cubic Metre-Kilometers



Fuel Usage - Cubic Metres per Million Cubic Metre-Kilometers



Fuel Expense per Million Cubic Metre-Kilometers

The graph on the top of the previous page shows GPU GasNet's fuel expense per million cubic metre-kilometers compared to its peers and the all company low, median, and high quartile values.

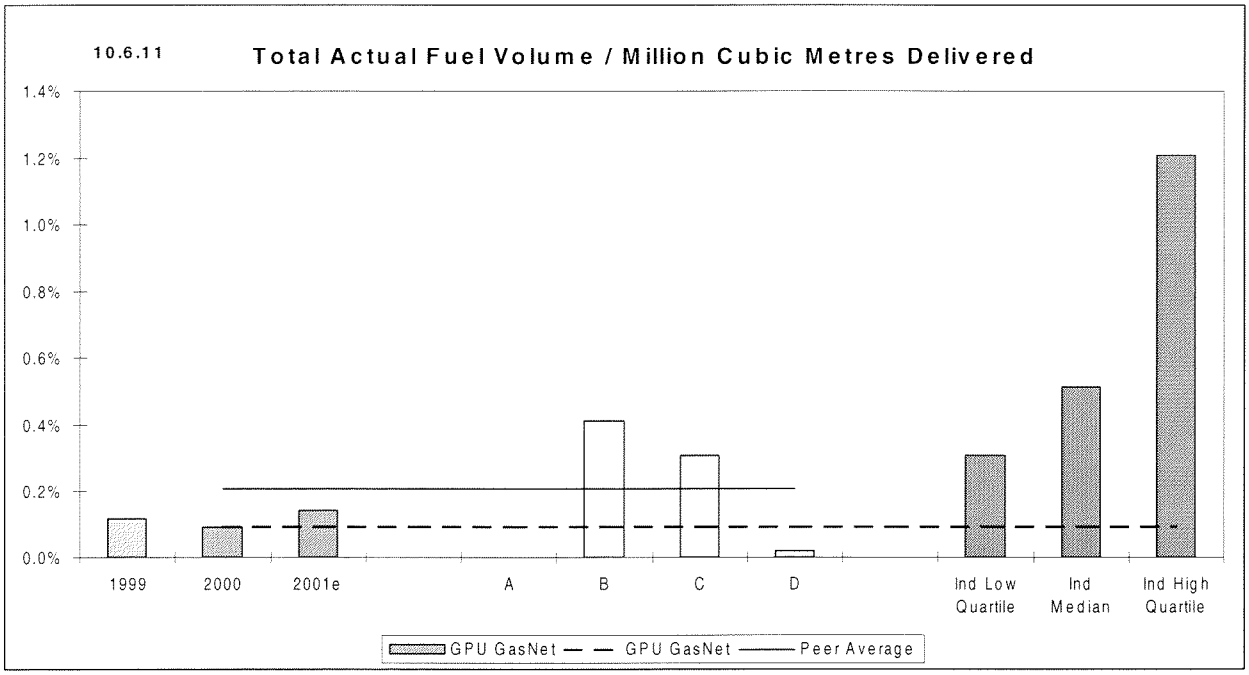
- GPU GasNet's fuel expense was $0.53 per million cubic metre-kilometers in 2000, second highest of the peers and representative of the all company median value.
- Fuel costs and usage are expected to rise in 2001 as this was the first year that compression was required to fill the WUGS underground storage facility. It is also important to note that GPU GasNet must pay market prices for fuel gas, whereas many other companies use an imputed price since the cost is passed through.

Fuel Usage – Cubic Metres per Million Cubic Metre-Kilometers

The graph on the bottom of the preceding page provides GPU GasNet's fuel usage (cubic metres per million cubic metre-kilometers) relative to its peers and others.

- GPU GasNet reports fuel usage of 3.8 cubic metres per million cubic metre-kilometers in 2000, within the lowest quartile of all participating companies.
- As noted above the rise in usage was driven by the need to fill underground storage in 2001.

Fuel Usage - Volume as a Percent of Million Cubic Metres Delivered



Fuel Usage - Volume as a Percent of Million Cubic Metres Delivered

The graph on the bottom of the previous page shows the actual fuel volume consumed as a percent of total million cubic metres delivered from the system.

- Reflecting low compressor utilization, GPU GasNet's fuel consumed amounted to 0.09% of its overall volume of gas delivered from the system, much lower than that of the peer group.
- GPU GasNet's fuel usage is also significantly lower than the study median value of 0.5% of volumes delivered.
- We note that compressor operations are controlled by the independent system operator, VENCorp.

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