

Peoples Natural Gas Company LLC
§ 53.52 (c)

- (2) A detailed balance sheet of the utility as of the close of the period referred to in subsection (b)(2).

* * * * *

Refer to Exhibit No. 1, Schedule No. 2 (53.53 III.A.1).

Peoples Natural Gas Company LLC
§ 53.53 III.A

1. Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.

* * * * *

Response: See attached Pages 2 and 3 for a comparative balance sheet of Peoples Natural Gas Company LLC at September 30, 2017 and September 30, 2018.

Peoples Natural Gas Company LLC
53.53.III.A.1
Combined Comparative Balance Sheet

Line No	Account Description	SEPTEMBER 30, 2017	SEPTEMBER 30, 2018
ASSETS & OTHER DEBITS			
UTILITY PLANT:			
1	101.0 Plant in Service	\$ 2,492,851,998.83	\$ 2,672,004,472.00
2	101.1 Property Under Capital Leases	-	-
3	105.0 Plant Held for Future Use	4,939.68	4,939.68
4	114.0 Plant Acquisition Adjustments	284,894,602.41	284,894,602.41
5	107.0 Construction Work in Progress	28,337,993.44	17,490,079.24
6	108.0 Accumulated Depreciation-Utility Plant	(829,538,130.51)	(860,756,724.68)
7	111.0 Accumulated Amortization-Utility Plant	(48,352,682.24)	(54,130,820.17)
8	117.3 Gas Stored in Reservoirs and Pipelines	-	-
9	TOTAL UTILITY PLANT	\$ 1,928,198,721.61	\$ 2,059,506,548.48
OTHER PROPERTY & INVESTMENTS:			
10	121.0 Non-Utility Property	\$ 17,171.56	\$ 17,171.56
11	122.0 Accumulated Depreciation-Non-Utility Property	(9,321.87)	(9,321.87)
12	124.0 Other Investments	3,733,190.00	3,733,190.00
13	128.0 Other Special Funds	229,200.00	229,200.00
14	TOTAL OTHER PROPERTY & INVESTMENTS	\$ 3,970,239.69	\$ 3,970,239.69
CURRENT & ACCRUED ASSETS:			
15	131.0 Cash	\$ 736,950.91	\$ 1,147,522.66
16	134.0 Other Special Deposits	1,012,514.82	1,137,514.82
17	135.0 Working Funds	-	-
18	136.0 Temporary Cash Investments	-	-
19	141.0 Notes Receivable	-	-
20	142.0 Customer Accounts Receivable	52,174,773.04	61,998,551.52
21	143.0 Other Accounts Receivable	5,049,564.28	3,939,400.84
22	144.0 Accumulated Provision for Uncollectible	(8,211,320.11)	(6,604,674.42)
23	145.0 Notes Receivable from Associated Companies	-	-
24	146.0 Accounts Receivable from Associated Companies	1,960,781.73	2,687,121.99
25	154.0 Plant Materials & Operating Supplies	3,104,030.48	3,403,146.09
26	164.1 Gas Stored - Current	32,959,662.56	36,981,383.71
27	165.0 Prepayments	4,429,447.94	6,392,952.46
28	173.0 Accrued Utility Revenues	10,484,177.07	11,003,815.52
29	174.0 Miscellaneous Current & Accrued Assets	5,888,910.95	11,495,430.04
30	175.0 Derivative Instrument Assets-Current Portion	-	-
31	TOTAL CURRENT & ACCRUED ASSETS	\$ 109,589,493.67	\$ 133,582,165.23
DEFERRED DEBITS:			
32	181.0 Unamortized Debt Expense	\$ 4,404,234.87	\$ 6,262,145.93
33	182.3 Other Regulatory Assets	151,852,128.08	144,229,913.13
34	186.0 Miscellaneous Deferred Debits	1,321,315.76	1,688,595.35
35	190.0 Accumulated Deferred Income Taxes	52,813,897.00	71,959,570.45
36	191.0 Unrecovered Purchased Gas Costs	23,107,291.49	(234,343.14)
37	TOTAL DEFERRED DEBITS	\$ 233,498,867.20	\$ 223,905,881.72
38	TOTAL ASSETS & OTHER DEBITS	\$ 2,275,257,322.17	\$ 2,420,964,835.12

Peoples Natural Gas Company LLC
53.53.III.A.1
Combined Comparative Balance Sheet

Line No	Account Description	SEPTEMBER 30, 2017	SEPTEMBER 30, 2018
LIABILITIES & OTHER CREDITS			
PROPRIETARY CAPITAL:			
39	201.0 Common Stock Issued	\$ -	\$ -
40	211.0 Miscellaneous Paid-In Capital	794,774,910.37	834,774,910.37
41	216.0 Unappropriated Retained Earnings	95,301,593.39	177,378,495.30
42	219.0 Accumulated Other Comprehensive Income	-	-
43	TOTAL PROPRIETARY CAPITAL	\$ 890,076,503.76	\$ 1,012,153,405.67
LONG-TERM DEBT:			
44	223.0 Advances from Associated Companies	\$ 643,148,600.00	\$ 873,076,100.00
45	TOTAL LONG-TERM DEBT	\$ 643,148,600.00	\$ 873,076,100.00
OTHER NON-CURRENT LIABILITIES:			
46	227.0 Obligations under Capital Lease-Noncurrent	\$ -	\$ -
47	228.2 Accumulated Provision for Injuries and Damages	814,547.14	814,547.14
48	228.3 Accumulated Provision for Pensions and Benefits	23,701,103.44	25,147,236.94
49	228.4 Accumulated Miscellaneous Operating Provision	95,894.38	95,894.38
50	230.0 Asset Retirement Obligation	38,526,002.83	36,499,726.21
51	TOTAL OTHER NON-CURRENT LIABILITIES	\$ 63,137,547.79	\$ 62,557,404.67
CURRENT & ACCRUED LIABILITIES:			
52	232.0 Accounts Payable	\$ 96,425,215.61	\$ 82,108,942.04
53	233.0 Notes Payable to Associated Companies	265,606,630.74	2,290,659.00
54	234.0 Accounts Payable to Associated Companie	6,370,544.78	14,416,554.93
55	235.0 Customer Deposits	3,424,444.49	2,974,555.78
56	236.0 Taxes Accrued	11,816,202.40	22,038,988.83
57	237.0 Interest Accrued	41,902.54	34,786.26
58	238.0 Dividends Declared	-	-
59	241.0 Tax Collections Payable	179,706.00	139,557.12
60	242.0 Miscellaneous Current & Accrued Liabilities	8,642,269.13	12,221,440.59
61	243.0 Obligations under Capital Lease-Current	-	-
62	244.0 Derivative Instrument Liabilities-Current	-	-
63	TOTAL CURRENT & ACCRUED LIABILITIES	\$ 392,506,915.69	\$ 136,225,484.55
DEFERRED CREDITS:			
64	252.0 Customer Advances for Construction	\$ 104,152.00	\$ 119,302.51
65	255.0 Accumulated Deferred Investment Tax Credit	-	-
66	253.0 Other Deferred Credits	15,486,745.20	13,549,706.46
67	254.0 Other Regulatory Liabilities	601,482.73	111,852,140.26
68	282.0 Accumulated Deferred Income Taxes-Other Property	256,524,242.00	193,964,458.00
69	283.0 Accumulated Deferred Income Taxes-Other	13,671,133.00	17,466,833.00
70	TOTAL DEFERRED CREDITS	\$ 286,387,754.93	\$ 336,952,440.23
71	TOTAL LIABILITIES & OTHER CREDITS	\$ 2,275,257,322.17	\$ 2,420,964,835.12

Peoples Natural Gas Company LLC
§ 53.52 (c)

- (6) A brief description of a major change in the operating or financial condition of the utility occurring between the date of the balance sheet required by paragraph (2) and the date of transmittal of the tariff, revision or supplement. As used in this paragraph, a major change is one which materially alters the operating or financial condition of the utility from that reflected in paragraphs (1)—(5).

* * * * *

Peoples had no major changes in operating or financial condition between the historical test year September 30, 2018 and the rate case filing on January 28, 2019.

Peoples Natural Gas Company LLC
§ 53.53 II.A

18. Set forth amount of total cash (all cash accounts) on hand from balance sheets for last 24-calendar months preceding test year-end.

* * * * *

Month / Year	Cash and temporary investments
October-16	\$ 999,941
November-16	\$ 654,767
December-16	\$ 1,011,288
January-17	\$ 1,066,728
February-17	\$ 1,233,526
March-17	\$ 539,570
April-17	\$ 663,524
May-17	\$ 604,499
June-17	\$ 539,109
July-17	\$ 1,075,647
August-17	\$ 648,788
September-17	\$ 736,951
October-17	\$ 766,641
November-17	\$ 894,557
December-17	\$ 1,726,852
January-18	\$ 2,201,577
February-18	\$ 2,494,606
March-18	\$ 2,269,531
April-18	\$ 3,502,171
May-18	\$ 1,597,406
June-18	\$ 1,094,994
July-18	\$ 749,238
August-18	\$ 1,008,022
September-18	\$ 1,147,523

Peoples Natural Gas Company LLC
§ 53.53 II.A

23. List details and sources of “Other Property and Investment,” “Temporary Cash Investments” and “Working Funds” on test year-end balance sheet.

* * * * *

For “Other Property and Investment” refer to Exhibit No. 1, Schedule No. 7 (53.53 III.A.2).

For “Temporary Cash Investments” and “Working Funds” refer to Exhibit No. 1, Schedule No 8 (53.53 III.A.3).

Peoples Natural Gas Company LLC
§ 53.53 I.C

1. Provide test year monthly balances for “Current Gas Storage” and notes financing such storage.

* * * * *

Please see the schedule below for Current Gas Storage. Gas storage is financed utilizing the Intercompany Demand Note Agreement with PNG Companies as discussed at Exhibit No. 16, Schedule No. 15 (53.53.II.A.17).

Month	Year	Inventory of Gas Stored Underground - Current		
		Peoples	Equitable	Combined
October	2017	\$ 5,688,035	\$ 30,187,563	\$ 35,875,598
November	2017	\$ 6,227,175	\$ 26,253,395	\$ 32,480,570
December	2017	\$ 4,028,134	\$ 19,109,034	\$ 23,137,168
January	2018	\$ 2,341,421	\$ 11,948,486	\$ 14,289,907
February	2018	\$ 1,583,315	\$ 7,782,958	\$ 9,366,273
March	2018	\$ 1,052,431	\$ 1,617,503	\$ 2,669,934
April	2018	\$ 742,775	\$ 4,811,381	\$ 5,554,156
May	2018	\$ 1,167,605	\$ 10,427,042	\$ 11,594,646
June	2018	\$ 1,635,689	\$ 15,152,960	\$ 16,788,649
July	2018	\$ 2,005,305	\$ 20,420,398	\$ 22,425,703
August	2018	\$ 2,912,493	\$ 25,696,305	\$ 28,608,798
September	2018	\$ 6,451,753	\$ 30,529,631	\$ 36,981,384
Total		\$ 35,836,130	\$ 203,936,655	\$ 239,772,786
12 Month Average		\$ 2,986,344	\$ 16,994,721	\$ 19,981,065

**Inventory of
Gas Stored Underground - Current**

Month	Year	Peoples	Equitable	Combined
October	2018	\$ 8,015,001	\$ 34,223,231	\$ 42,238,232
November	2018	\$ 7,131,311	\$ 29,502,031	\$ 36,633,342
December	2018	\$ 5,618,934	\$ 21,950,663	\$ 27,569,597
January	2019	\$ 2,654,796	\$ 13,409,887	\$ 16,064,683
February	2019	\$ 1,580,152	\$ 7,974,847	\$ 9,554,999
March	2019	\$ 1,026,649	\$ 3,795,043	\$ 4,821,692
April	2019	\$ 1,196,551	\$ 7,655,918	\$ 8,852,469
May	2019	\$ 1,466,129	\$ 11,937,631	\$ 13,403,760
June	2019	\$ 1,862,567	\$ 16,623,403	\$ 18,485,970
July	2019	\$ 2,296,761	\$ 21,465,955	\$ 23,762,716
August	2019	\$ 4,352,498	\$ 26,144,287	\$ 30,496,786
September	2019	\$ 6,983,869	\$ 30,221,227	\$ 37,205,096
Total		\$ 44,185,217	\$ 224,904,122	\$ 269,089,339
12 Month Average		\$ 3,682,101	\$ 18,742,010	\$ 22,424,112

**Inventory of
Gas Stored Underground - Current**

Month	Year	Peoples	Equitable	Combined
November	2019	\$ 8,645,694	\$ 29,071,696	\$ 37,717,390
December	2019	\$ 6,582,929	\$ 21,550,438	\$ 28,133,367
January	2020	\$ 16,916,061	\$ 13,162,418	\$ 30,078,479
February	2020	\$ 11,430,805	\$ 7,824,587	\$ 19,255,392
March	2020	\$ 7,704,490	\$ 3,719,541	\$ 11,424,031
April	2020	\$ 8,738,196	\$ 7,328,091	\$ 16,066,287
May	2020	\$ 10,330,356	\$ 11,301,188	\$ 21,631,545
June	2020	\$ 12,810,090	\$ 15,653,536	\$ 28,463,626
July	2020	\$ 15,535,969	\$ 20,113,486	\$ 35,649,455
August	2020	\$ 18,146,856	\$ 24,488,493	\$ 42,635,349
September	2020	\$ 20,190,886	\$ 28,296,493	\$ 48,487,380
October	2020	\$ 22,237,009	\$ 31,610,608	\$ 53,847,617
Total		\$ 159,269,343	\$ 214,120,575	\$ 373,389,918
12 Month Average		\$ 13,272,445	\$ 17,843,381	\$ 31,115,826

Peoples Natural Gas Company LLC
§ 53.53 III.A

2. Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.

* * * * *

	<u>Peoples Division</u>	<u>Equitable Division</u>	<u>Combined</u>
<u>Account 121.0 – Non-Utility Property</u>			
Total Account 121.0	\$17,171.56	\$0.00	\$17,171.56
<u>Account 122.0 – Accumulated Provision</u> <u>for Depreciation and Amortization of</u> <u>Nonutility Property</u>			
Total Account 122.0	(\$9,321.87)	\$0.00	(\$9,321.87)
<u>Account 124.0 – Other Investments</u>			
Strategic Investment Fund, Inc. (1500 Shares of C Class units)	\$1,500,000.00	\$0.00	\$1,500,000.00
Pennsylvania Development Credit Corp.	\$1.00	\$0.00	\$1.00
Western Pennsylvania Development Credit Corp	\$1.00	\$0.00	\$1.00
Power of 32 Site Development	<u>\$2,233,188.00</u>	<u>\$0.00</u>	<u>\$2,233,188.00</u>
Total Account 124.0	\$3,733,190.00	\$0.00	\$3,733,190.00
<u>Account 128.0 – Other Special Funds</u>			
Total Account 128.0	\$206,478.00	\$22,722.00	\$229,200.00

Peoples Natural Gas Company LLC
§ 53.53 III.A

3. Supply the amounts and purpose of Special Cash Accounts of all types, such as:
 - a. Interest and Dividend Special Deposits.
 - b. Working Funds other than general operating cash accounts.
 - c. Other special cash accounts and amounts (Temporary cash investments).

* * * * *

a. Account 134.0 – Other Special Deposits-Miscellaneous-BFR Disbursement Fund-Commercial

The \$1,137,514.82 in the BFR Disbursement Fund-Commercial account at September 30, 2018 represents the balance remaining after the disbursement of \$630,000.00 of boiler fuel rider (BFR) funds disbursed in accordance with Docket No. I-79110324, F.3. This amount is for Peoples Division only; Equitable Division has no such accounts.

b. Account 135.0 – Working Funds

There is no balance in Working Funds at September 30, 2018 for either Peoples Division or Equitable Division.

c. Account 136.0 – Temporary Cash Investment

There is no balance in Temporary Cash Investments at September 30, 2018 for either Peoples Division or Equitable Division.

Peoples Natural Gas Company LLC
§ 53.53 III.A

4. Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on balance sheet.

* * * * *

12 Months Ended September 30, 2018

Line No.	Description	Balance
Account 143 - Other Accounts Receivable		
1	Accounts Receivable Damages and Relocations	\$ 2,004,655.92
2	Accounts Receivable Estimate	\$ 1,287,473.42
3	Account Receivable - Other	\$ 647,271.50
4		\$ 3,939,400.84
Account 146 - Accounts Receivable from Associated Companies		
5	LDC Holdings LLC	\$ 20.52
6	Peoples Gas KY LLC	\$ 14,421.56
7	PNG Gathering LLC	\$ 27,084.78
8	PNG Companies LLC	\$ 77,925.87
9	Peoples Gas WV LLC	\$ 108,816.85
10	Peoples Gas Co LLC	\$ 2,458,852.41
11		\$ 2,687,121.99
12	Total	\$ 6,398,253.25

Peoples Natural Gas Company LLC
§ 53.53 III.A

5. Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

* * * * *

In accordance with the generally accepted accounting principle of matching revenues and expenses, the balance in 144.1 Accumulated Provision for Uncollectible Accounts – Utility Customers was established to recognize those accounts in the receivable balance estimated to be uncollectible.

Accumulated Provision for Uncollectable Accounts
Accruals, Charge-offs and Recoveries for 12 months ended
September 30, 2016, 2017 and 2018

Equitable Division					
Account 144.1	Beginning				Ending
Utility Customers	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	7,527,898	197,457	(5,003,383)	1,233,879	3,955,851
9/30/2017	3,955,851	1,650,703	(5,808,037)	778,712	577,229
9/30/2018	577,229	4,805,710	(6,305,211)	914,326	(7,946)
Account 144.3	Beginning				Ending
Other	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	65,102	11,000	(15,395)	950	61,657
9/30/2017	61,657	51,400	(139,412)	53,665	27,310
9/30/2018	27,310	27,367	(304)	3,246	57,618

**Accumulated Provision for Uncollectable Accounts
Accruals, Charge-offs and Recoveries for 12 months ended
September 30, 2016, 2017 and 2018**

Peoples Division					
Account 144.1	Beginning				Ending
Utility Customers	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	5,784,654	8,013,336	(7,691,192)	1,613,582	7,720,380.57
9/30/2017	7,720,381	6,360,274	(8,451,379)	1,826,184	7,455,459.41
9/30/2018	7,455,459	6,354,680	(9,053,566)	1,718,185	6,474,758.43
Account 144.3	Beginning				Ending
Other	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	312,701	250,000	(411,931)	43,452	194,222
9/30/2017	194,222	133,000	(205,171)	29,271	151,322
9/30/2018	151,322	29,061	(106,589)	6,450	80,243

**Accumulated Provision for Uncollectable Accounts
Accruals, Charge-offs and Recoveries for 12 months ended
September 30, 2016, 2017 and 2018**

Combined					
Account 144.1	Beginning				Ending
Utility Customers	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	13,312,552	8,210,793	(12,694,575)	2,847,461	11,676,231
9/30/2017	11,676,231	8,010,977	(14,259,416)	2,604,896	8,032,688
9/30/2018	8,032,688	11,160,390	(15,358,777)	2,632,511	6,466,813
Account 144.3	Beginning				Ending
Other	Balance	Accrual	Charge-offs	Recoveries	Balance
9/30/2016	377,803	261,000	(427,326)	44,402	1,110,532
9/30/2017	255,879	184,400	(344,583)	82,936	867,798
9/30/2018	178,632	56,428	(106,893)	9,696	137,862

Peoples Natural Gas Company LLC
Combined
§ 53.53 III.A

6. Provide a list of prepayments and give an explanation of special prepayments.

* * * * *

Balances as of September 30, 2018

Line No.	Description	Balance
Account 165 - Prepayments		
1	Computer Software & Telecommunications Maintenance	\$2,436,552.90
2	Postage	\$1,137,841.06
3	Advertising and Sponsorships	\$895,930.50
4	PA PUC 2018 Assessment	\$664,714.00
5	Leases	\$445,272.73
6	Health Insurance Benefits Expenses	\$317,000.15
7	Vendor Prepayment	\$244,947.94
8	Insurance Premiums Amortized	\$125,693.18
9	Pittsburgh Downtown Partnership	\$125,000.00
10	Total Account 165	\$6,392,952.46

Note:

All of the above are considered routine prepayments required by either contract or statute. None are considered special prepayments.

Peoples Natural Gas Company LLC
Combined
§ 53.53 III.A

7. Explain in detail any other significant (in amount) current assets listed on balance sheet.

* * * * *

Peoples Natural Gas Company LLC
Combined
53.53 III.A.7
Balances at September 2018

Line No.	Description	Balance
Account 142 - Customer Accounts Receivable		
1	<i>Accounts receivable for gas service</i>	\$61,998,551.52
2	Total Account 142	\$61,998,551.52
Account 164.1 - Gas Stored Underground - Current		
3	<i>Value of gas inventory in storage</i>	\$36,981,383.71
4	Total Account 164.1	\$36,981,383.71
Account 173 -Accrued Utility Revenues		
5	<i>Unbilled Gas Service</i>	\$11,003,815.52
6	Total Account 173	\$11,003,815.52
Account 174 - Miscellaneous Current and Accrued Assets		
7	Exchange Gas - Nonaffiliated Imbalance <i>Value of imbalance transactions owed to Peoples Natural Gas Company</i>	\$60,606.66
8	Advanced Transportation Gas <i>Value of the third party gas stored on the Peoples Natural Gas Company system</i>	\$3,499,244.18
9	Construction Overhead Clearing <i>Overheads to be applied to capital projects</i>	\$7,935,579.20
10	Total Account 174	\$11,495,430.04

Peoples Natural Gas Company LLC
53.53 III.A

8. Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:
- a. Origin of these accounts.
 - b. Probable changes to this account in the near future.
 - c. Amortization of these accounts currently charged to operations or to be charged in the near future.
 - d. Method of determining yearly amortization for the following accounts:
 - Temporary Facilities
 - Miscellaneous Deferred Debits
 - Research and Development
 - Property Losses
 - Any other deferred accounts that effect operating results.

* * * * *

Refer to pages 2 and 3.

Peoples Natural Gas Company LLC
Attachment 1: 53.53 III.A.8
As of September 30, 2018

Line No.	Description	Balance
Account 181 - Unamortized Debt Expense		
1	Issue Exp - Med Term Notes <i>Relates to debt issuance and recoverable financing costs to be amortized over the term of the outstanding debt</i>	\$6,262,145.93
2	Total Account 181	\$6,262,145.93
Account 182 - Other Regulatory Assets		
3	Universal Service Program <i>This rider recovers costs related to the Company's universal services programs and shall be applicable to residential customers, except for any residential ratepayer served under the Company's Customer Assistance Program.</i>	\$3,258,602.80
4	Distribution System Improvement Change (DSIC) <i>Peoples received approval to reconcile DSIC revenues in the following dockets. Each docket approves standard tariff language that complies with Act 11 and authorizes the reconciliation. PNG – P-2013-2344596; PED- P-2013-2342745</i>	\$850,660.53
5	FAS 112 Post Employment Benefits - Current & Deferred <i>Reflects the timing difference between cash (paygo) accounting and the accrual treatment prescribed under ASC 712, Compensation - Nonretirement Postemployment Benefits</i>	\$8,415,986.14
6	FAS 109/ASC 740 (Income Taxes) <i>Represents the future effects on income taxes for temporary differences between the basis of assets and liabilities for financial reporting and tax purposes. It is industry standard in Pennsylvania for regulated entities to recover such costs (mainly depreciation timing differences) through base rates.</i>	\$81,418,199.00
7	Rate Case Expense <i>Reflects the expenses incurred in support of the Peoples base rate filing submitted in 2018</i>	\$718,867.28
8	Accumulated Other Comprehensive Income - Pension/OPEB <i>Peoples has the authority to recognize a regulatory asset (or liability) to record the charges (or credits) that would otherwise be recorded in equity under ASC 715 to recognize the funded status of its Defined Benefit Pension Plan and its OPEB Plan., Docket #P-2013-2341935</i>	\$5,226,351.52
9	Gas Cost Recovery-PA Public Utilities Commission (GCR-PAPUC) <i>To recover the balance of Peoples gas cost per the 2003 1307f proceeding over 15 years, as agreed, because of the large amount. Recovery started in 2004 and will go through 2019. The Company was given the approval to recover such costs from the ratepayer during the 2003 rate case, Docket # R-00038170, A-122250F0019 and P-0032021.</i>	\$842,487.20
10	Asset Retirement Obligation <i>Rates charged to customers include a provision for the cost of future activities to remove assets that are expected to be incurred at the time of retirement. Costs are recovered over a five-year period after being incurred.</i>	\$43,498,758.66
11	Total Account 182	\$144,229,913.13

Peoples Natural Gas Company LLC
As of September 30, 2018

Line No.	Description	Balance
Account 186 - Miscellaneous Deferred Debits		
12	Preliminary Survey & Investigations <i>Expenses for preliminary engineering related to Combined Heat & Power expansion projects</i>	\$330,000.00
13	Other Work-In-Progress <i>Deferred expenses incurred in support of Mt Energy</i>	\$691,965.68
14	Other Deferred Charges <i>Primarily pending lease construction incentives receivable</i>	\$652,710.23
15	Order 636 Transition Costs <i>Relates to FERC Order 636 Pipeline Transition Costs that will be recovered at a future date. In 1993 pipeline suppliers transitioned from merchants to transporters. The balances were passed on to utilities companies. Utility Companies in turn were allowed to recover pipeline transition costs through the ratepayers. Since July 2003, PNG's Transition Cost Surcharge rate has been set to zero because of the small balance in this account</i>	\$13,919.44
16	Total Account 186	\$1,688,595.35
Account 190 - Accumulated Deferred Income Taxes		
17	Accumulated Deferred Income Tax <i>This account is used to record deferred income tax, federal and state, related to income reported for accounting purposes but which has been deferred for tax purposes until subsequent years. Included in this balance are deferred income taxes associated with gas purchase costs, payroll related liabilities, net operating losses and other related regulatory assets.</i>	\$71,959,570.45
18	Total Account 190	\$71,959,570.45
Account 191 - Unrecovered Purchased Gas Costs		
19	Deferred Gas - (Over)/Under - Collections of purchased gas costs <i>Reflects (Over)/Under-collections of purchased gas costs. The rate application for over/under recoveries of purchased gas costs is in accordance with 1307(f) Rider B of the Company's Tariff</i>	(\$234,343.14)
20	Total Account 191	(\$234,343.14)

Peoples Natural Gas Company LLC
 § 53.53 III.A

9. Explain the nature of accounts payable to associated companies, and note amounts of significant items.

* * * * *

Accounts payable to associated companies is comprised of interest, labor and associated costs, cash receipts and payments.

Peoples Natural Gas Company LLC
As of September 30, 2018

Line No.	Description	Balance
Account 233 - Notes Payable to Associated Companies		
1	Revolver Line of Credit	\$ 2,290,659.00
2	Total Account 233	\$ 2,290,659.00
Account 234 - Accounts Payable to Associated Companies		
3	Peoples Gas West Virginia LLC	\$ 71,627.62
4	Peoples Gas Kentucky LLC	4,295.72
5	Peoples Gas Homeworks LLC	239,237.37
6	Peoples Gas Company LLC	151,367.66
7	PNG Companies LLC	2,489,111.14
8	Total Convenience Payments	2,955,639.51
9	PNG Companies LLC - Service Company Billings	3,600,337.19
10	PNG Companies LLC - Interest	7,860,578.23
11	Total Account 234	\$ 14,416,554.93

Peoples Natural Gas Company LLC
§ 53.53 III.A

10. Provide details of other deferred credits as to their origin and disposition policy (e.g.—amortization).

* * * * *

As of September 30, 2018

Line No.	Description	Balance
	Account 252 - Customer Advances for Construction	
1	Customer Advances for Construction <i>Related to contributions from customers to aid in the construction of line extensions for the purpose of gas distribution</i>	\$ 119,302.51
2	Total Account 252	\$ 119,302.51
	Account 253 - Other Deferred Credits	
3	Deferred Credit - Current <i>Amortization of losses on subleases of the 225 North Shore building</i>	\$ 857,569.04
4	Defer Lease Obligation <i>Relates to amortizable lease incentives for the rental of the 375 North Shore building</i>	\$ 2,707,599.12
5	Accrued Other Incentive Pay - Long Term <i>Amounts accrued and deferred related to the long term incentive program</i>	\$ 227,623.21
6	OPEB ME 158 Benefit Obligation - Non Current <i>Relates to Other Post Retirement Benefits for Salaried employees based on Hewitt's Studies as defined by FAS 158 which requires recognition of over/under funding of OPEB.</i>	\$ 8,150,499.74
7	Deferred Credit - Non Current <i>Amortization of losses on subleases of the 225 North Shore building</i>	\$ 1,606,415.35
8	Total Account 253	\$ 13,549,706.46

Peoples Natural Gas Company LLC
§ 53.53 III.A

11. Supply basis for Injury and Damages reserve and amortization thereof.

* * * * *

Account 228.2 Accumulated Provision for Injuries and Damages balance as of September 30, 2018:

Reserve for Injuries and Damages \$814,547.14

This amount represents the reserve for third party injuries and damages. This reserve is evaluated on a quarterly basis and includes identified accruals for known, probable future expenses, as determined by the Legal Department. At the time the accrual is determined, operating expense is charged and operation reserve (Account 228.2) is credited with the dollar value of the estimated exposure. As each claim or case is resolved, that was established as part of the reserve, the costs are charged directly to the operating reserve account.

Peoples Natural Gas Company LLC
§ 53.53 III.A

12. Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on balance sheet.

* * * * *

Response:

The following are the significant reserves appearing on the balance sheet other than depreciation, bad debts and injury and damages as of September 30, 2018.

Line No.	Description	Balance
Account 228.3 - Accumulated Provision for Pension and Benefits		
1	Workers Compensation Reserve - Non Current <i>This account represents the noncurrent portion of the reserve for Worker's Compensation as defined by FAS 112.</i>	(\$6,881,856.38)
2	OPEB SE 158 Benefit Obligation - Non Current <i>Relates to the net underfunded status of the Other Post Retirement Benefits for PNG Plan based on Aon's actuarial study.</i>	(\$2,912,924.60)
3	Pension Benefit Obligation - Non Current <i>Relates to the net underfunded status of the PNG and EGC Pension plans based on Aon's actuarial studies.</i>	(\$14,465,697.33)
4	Reserve for Medical Costs - IBNR <i>Relates to the estimated medical costs incurred but not yet reported in the Company's self-funded plan.</i>	(\$886,758.63)
5	Total Account 228.3	(\$25,147,236.94)
Account 242.0 - Miscellaneous Current and Accrued Liabilities		
6	Workers Compensation Reserve - Current <i>This account represents the noncurrent portion of the reserve for Worker's Compensation as defined by FAS 112.</i>	(\$1,553,179.87)
7	OPEB SE 158 Benefit Obligation - Current <i>Relates to the net underfunded status of the Other Post Retirement Benefits for EGC Plan based on Aon's actuarial study.</i>	(\$1,769,037.60)
8	Total Account 242.0	(\$3,322,217.47)
Account 253.0 - Other Deferred Credits		
9	OPEB SE 158 Benefit Obligation - Non Current <i>Relates to the net underfunded status of the Other Post Retirement Benefits for EGC Plan based on Aon's actuarial study.</i>	(\$8,150,499.74)
10	Total Account 253.0	(\$8,150,499.74)

Peoples Natural Gas Company LLC
§ 53.53 III.A

13. Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.

* * * * *

Combined	31-Dec-15	31-Dec-16	31-Dec-17	30-Sep-18
Beginning of Year Balance	\$ 31,500,941	\$ 30,138,546	\$ 62,339,536	\$ 123,194,650
Net Income (Loss)	\$ 84,637,605	\$ 72,200,990	\$ 73,655,114	\$ 54,183,845
Dividends	\$ (86,000,000)	\$ (40,000,000)	\$ (12,800,000)	\$ -
End of Year Balance	\$ 30,138,546	\$ 62,339,536	\$ 123,194,650	\$ 177,378,495

Peoples Natural Gas Company LLC
Combined
§ 53.53 III.E

1. If Unrecovered Fuel Cost policy is implemented, provide the following:
 - a. State manner in which amount of Unrecovered Fuel Cost on balance sheet at the end of the test year was determined, and the month in test year in which such fuel expense was actually incurred. Provide amount of adjustment made on the rate case operating account for test year-end unrecovered fuel cost. (If different than balance sheet amount, explain.)
 - b. Provide amount of Unrecovered Fuel Cost that appeared on the balance sheet at the opening date of the test year, and the manner in which it was determined. State whether this amount is in the test year operating account.

* * * * *

Refer to page 2 of 2 for Account 191 balances at the beginning and end of the historic test year. Account 191 - Unrecovered Purchased Gas Costs represents the cumulative balance of deferred gas cost over/under collection. The monthly calculation is determined by comparing gas cost revenue collected to eligible gas cost expenses incurred and the difference is deferred.

Account 191 Beginning Balance September 30, 2016	\$	(509,623.29)
October-2016	\$	562,588.10
November-2016	\$	4,330,418.64
December-2016	\$	3,579,289.18
January-2017	\$	(2,184,263.02)
February-2017	\$	(1,203,017.91)
March-2017	\$	(2,008,366.48)
April-2017	\$	2,470,134.89
May-2017	\$	4,939,130.71
June-2017	\$	4,801,249.39
July-2017	\$	1,572,401.21
August-2017	\$	3,552,702.87
September-2017	\$	3,204,647.20
Total	\$	23,616,914.78

Account 191 Ending Balance September 30, 2017	\$	23,107,291.49
--	-----------	----------------------

Account 191 Beginning Balance September 30, 2017	\$	23,107,291.49
October-2017	\$	(3,315,614.06)
November-2017	\$	(4,550,721.39)
December-2017	\$	(13,335,300.86)
January-2018	\$	(2,941,156.88)
February-2018	\$	(6,039,370.80)
March-2018	\$	(6,989,451.29)
April-2018	\$	(2,767,512.62)
May-2018	\$	274,514.27
June-2018	\$	1,879,542.63
July-2018	\$	5,553,764.71
August-2018	\$	4,189,047.27
September-2018	\$	4,700,624.39
Total	\$	(23,341,634.63)

Account 191 Ending Balance September 30, 2018	\$	(23,343.14)
--	-----------	--------------------

Peoples Natural Gas Company LLC
§ 53.53 III.E

2. Provide details of items and amounts comprising the accounting entries for Deferred Fuel Cost at the beginning and end of the test year.

* * * * *

Refer to the response to Exhibit No. 1, Schedule No. 19 (53.53 III.E.1).

Peoples Natural Gas Company LLC
§ 53.53 III.E

32. Provide a schedule showing the calculation of any deferred fuel costs shown in Account 174. Also, explain the accounting, with supporting detail, for any associated income taxes.

* * * * *

Peoples does not reflect deferred gas costs in Account 174. Refer to the response to Exhibit No. 1, Schedule No. 19 (53.53 III.E.1) for deferred fuel costs.

Peoples Natural Gas Company LLC
§ 53.52 (d)

- (1) If a utility renders more than one type of public service, such as electric and gas, information required by § § 53.51—53.53 (relating to information furnished with the filing of rate changes), except subsection (c)(2), relates solely to the kind of service to which the tariff or tariff supplement is applicable. In subsection (c)(2), the book value of property used in furnishing each type of public service, as well as the depreciation reserve applicable to the property, shall be shown separately.

* * * * *

Not applicable.

Peoples Natural Gas Company LLC
§ 53.53 II.A

20. Provide latest available balance sheet and income statement for Company, Parent and System (consolidated).

* * * * *

Refer to Exhibit No. 1, Schedule No. 2 (53.53 III.A.1) for the balance sheet and to Exhibit No. 2, Schedule No. 5 (53.53 III.A.18) for the income statement for Peoples Natural Gas Company LLC. Refer to Exhibit No. 16, Schedule No. 2 (53.53.II.A.2) for the PNG Companies financial statements.