

Peoples Natural Gas Company LLC
§ 53.52 (b)

- (2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to the filing.

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Refer to Exhibit No. 2, Schedule No. 4 (53.53 III.A.17) for the operating income statement for the 12-month period ending September 30, 2018.

Peoples Natural Gas Company LLC
§ 53.52 (c)

- (5) A statement of operating income, setting forth the operating revenues and expenses by detailed accounts for the 12-month period ending on the date of the balance sheet required by paragraph (2).

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Refer to Exhibit No. 2, Schedule No. 4 (53.53 III.A.17); Exhibit No. 2, Schedule No. 5 (53.53 III.A.18); Exhibit No. 3, Schedule No. 15 (53.53 III.E.14); and Exhibit No. 4, Schedule No. 22 (53.53 III.E.34).

Peoples Natural Gas Company LLC
§ 53.53 II.A

22. Provide Operating Income claims under:

- i. Present rates
- ii. Pro forma present rates (annualized & normalized)
- iii. Proposed rates (annualized & normalized)

b. Provide Rate of Return on Original Cost and Fair Value claims under:

- i. Present rates
- ii. Pro forma present rates
- iii. Proposed rates

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- a. Refer to Exhibit No. 2, Schedule No. 4 (53.53 III.A.17), Proforma Fully Projected Future Test Year and the Proposed Fully Projected Future Test Year and notes thereto.
- b. Refer to Exhibit No. 8, Schedule No. 2 (53.53 I.A.2), Proforma Fully Projected Future Test Year and the Proposed Fully Projected Future Test Year, for Rate of Return on Original Cost and Fair Value Claim.

Peoples Natural Gas Company LLC
§ 53.53 III.A

17. Prepare a Statement of Income for the various time frames of the rate proceeding including:
- Col. 1—Book recorded statement for the test year.
 - 2—Adjustments to book record to annualize and normalize under present rates.
 - 3—Income statement under present rates after adjustment in Col. 2
 - 4—Adjustment to Col. 3 for revenue increase requested.
 - 5—Income statement under requested rates.
 - a. Expenses may be summarized by the following expense classifications for purposes of this statement:
 - Operating Expenses (by category)
 - Depreciation
 - Amortization
 - Taxes, Other than Income Taxes
 - Total Operating Expense
 - Operating Income Before Taxes
 - Federal Taxes
 - State Taxes
 - Deferred Federal
 - Deferred State
 - Income Tax Credits
 - Other Credits
 - Other Credits and Charges, etc.
 - Total Income Taxes
 - Net Utility Operating Income
 - Other Income & Deductions
 - Other Income
 - Detailed listing of Other Income used in Tax Calculation
 - Other Income Deduction
 - Detailed Listing
 - Taxes Applicable to Other Income and Deductions
 - Listing
 - Income Before Interest Charges
 - Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues
 - Total Interest
 - Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

Peoples Natural Gas Company LLC
Statement of Income at Present and Proposed Rates
Combined Divisions

Line No.	Description	Reference	Per Books		Proforma		Proforma		Proforma		Fully Projected	
			Historic Test Year 9.30.2018	Adjustments	Historic Test Year 9.30.2018	Adjustments	Future Test Year 9.30.2019	Adjustments	Future Test Year at Present Rates 10.31.2020	Adjustments (Page 7 of 7)	Future Test Year at Proposed Rates 10.31.2020	
1	Operating Revenues:	Ex. 3, Sch. 15, Att. B	\$ 738,937,028	\$ (59,446,952)	\$ 679,490,076	\$ (10,978,190)	\$ 668,511,886	\$ (1,492,496)	\$ 667,019,391	\$ 94,848,211	\$ 761,867,602	
	Operating Revenue Deductions:											
2	Gas Supply Expense	Ex. 3, Sch. 15, Att. C	322,150,174	(47,091,370)	275,058,804	(2,176,955)	272,881,849	(1,918,296)	270,963,553	-	270,963,553	
3	Operating and Maintenance Expense	Ex. 4, Sch. 1	171,205,194	(474,416)	170,730,778	13,533,011	184,263,789	7,763,840	192,027,630	2,212,976	194,240,606	
4	Depreciation and Amortization	Ex. 5, Table 1	62,062,529	(1,641,973)	60,420,556	9,477,026	69,897,582	9,491,093	79,388,675	-	79,388,675	
5	Net Salvage Amortized	Ex. 5, Table 4	6,288,212	(727,390)	5,560,822	1,016,443	6,577,265	660,209	7,237,474	-	7,237,474	
6	Taxes Other Than Income Taxes	Ex. 6, Sch. 2	9,797,979	129,973	9,927,952	281,063	10,209,015	222,199	10,431,213	-	10,431,213	
7	Total Operating Revenue Deductions		571,504,088	(49,805,176)	521,698,912	22,130,588	543,829,500	16,219,045	560,048,545	2,212,976	562,261,522	
8	Operating Income Before Income Taxes		167,432,940	(9,641,775)	157,791,164	(33,108,778)	124,682,386	(17,711,541)	106,970,845	92,635,235	199,606,080	
9	Income Taxes	Ex. 7, Sch. 8, Att. 1	45,241,199	(16,834,546)	28,406,652	(10,646,876)	17,759,776	(5,314,620)	12,445,156	23,016,885	35,462,041	
10	Operating Income		122,191,741	7,192,770	129,384,512	(22,461,902)	106,922,610	(12,396,921)	94,525,689	69,618,350	164,144,039	
	Other Income											
11	Interest Revenue		806,330	-	806,330	(806,331)	-	-	-	-	-	
12	Miscellaneous Nonoperating Income / Expense		858,883	-	858,883	(858,883)	-	-	-	-	-	
13	Total Other Income		1,665,214	-	1,665,214	(1,665,213)	-	-	-	-	-	
	Other Income Deductions											
14	Rent Expense - Nonutility Operations	Ex. 4, Sch. 1	153,980	-	153,980	(153,980)	-	-	-	-	-	
15	Charitable and Civic Contributions	Ex. 4, Sch. 1	3,049,097	(2,654,096)	395,001	(395,001)	-	-	-	-	-	
16	Expense - Civic, Political & Rel. Act	Ex. 4, Sch. 1	44,591	-	44,591	(44,591)	-	-	-	-	-	
17	Other Expense Miscellaneous	Ex. 4, Sch. 1	2,363,399	-	2,363,399	(2,363,399)	-	-	-	-	-	
18	Total Other Income Deductions		5,611,066	(2,654,096)	2,956,970	(593,571)	-	-	-	-	-	
19	Taxes Applicable to Other Income and Deductions		(463,796)	836,080	372,284	(372,284)	-	-	-	-	-	
	Interest Charges:											
20	Interest on Debt to Associated Companies	Page 5 of 7 of this schedule	35,029,723	(2,984,422)	32,045,301	4,430,749	36,476,051	3,776,278	40,252,328	-	40,252,328	
21	Other Interest Charges		496,275	-	496,275	(496,275)	-	-	-	-	-	
22	Amortization of Debt Discount and Expense		1,411,831	(1,411,831)	-	-	-	-	-	-	-	
23	AFUDC		(305,049)	305,049	-	-	-	-	-	-	-	
24	Total Interest Charges		36,632,781	(4,091,204)	32,541,577	3,934,474	36,476,051	3,776,278	40,252,328	-	40,252,328	
25	Net Income		\$ 82,076,903	\$ 13,101,991	\$ 95,178,895	\$ (27,095,735)	\$ 70,446,559	\$ (16,173,199)	\$ 54,273,360	\$ 69,618,350	\$ 123,891,711	
26	Rate Base	Ex. 8, Sch. 2	\$ 1,631,645,941		\$ 1,631,645,941		\$ 1,834,625,711		\$ 2,052,311,067		\$ 2,052,311,067	

Peoples Natural Gas Company LLC
Statement of Income at Present Rates
Peoples Division

Line No.	Description	Reference	Per Books		Proforma		Proforma		Proforma
			Historic Test Year 9.30.2018	Adjustments	Historic Test Year 9.30.2018	Adjustments	Future Test Year 9.30.2019	Adjustments	Fully Projected Future Test Year at Present Rates 10.31.2020
1	Operating Revenues:	Ex. 3, Sch. 15, Att. B	\$ 427,474,188	\$ (35,436,130)	\$ 392,038,058	\$ (4,304,536)	\$ 387,733,522	\$ (653,437)	\$ 387,080,085
	Operating Revenue Deductions:								
2	Gas Supply Expense	Ex. 3, Sch. 15, Att. C	184,215,936	(30,493,636)	153,722,300	(1,094,836)	152,627,464	(1,027,874)	151,599,591
3	Operating and Maintenance Expense	Ex. 5, Table 1	110,168,976	2,430,795	112,599,771	8,160,405	120,760,176	4,764,174	125,524,350
4	Depreciation and Amortization	Ex. 5, Table 2	38,255,596	(254,628)	38,000,968	5,985,128	43,986,096	4,957,836	48,943,932
5	Net Salvage Amortized	Ex. 5, Table 4	3,222,313	(376,221)	2,846,092	523,733	3,369,825	292,974	3,662,799
6	Taxes Other Than Income Taxes	Ex. 6, Sch. 2	6,283,519	269,283	6,552,802	175,690	6,728,492	137,431	6,865,923
7	Total Operating Revenue Deductions		342,146,340	(28,424,407)	313,721,933	13,750,120	327,472,053	9,124,541	336,596,594
8	Operating Income Before Income Taxes		85,327,848	(7,011,723)	78,316,125	(18,054,656)	60,261,469	(9,777,978)	50,483,491
9	Income Taxes	Ex. 7, Sch. 8, Att. 1	33,518,726	(19,883,455)	13,635,270	(5,886,118)	7,749,152	(2,648,744)	5,100,408
10	Operating Income		51,809,122	12,871,733	64,680,856	(12,168,538)	52,512,318	(7,129,235)	45,383,083
	Other Income								
11	Interest/Dividend Revenue		487,440	-	487,440	(487,440)	-	-	-
12	Miscellaneous Nonoperating Income / Expense		593,200	-	593,200	(593,200)	-	-	-
13	Total Other Income		1,080,640	-	1,080,640	(1,080,640)	-	-	-
	Other Income Deductions								
14	Charitable and Civic Contributions	Ex. 4, Sch. 1	1,773,314	(1,543,587)	229,727	(229,727)	-	-	-
15	Expense - Civic, Political & Rel. Act	Ex. 4, Sch. 1	34,098	-	34,098	(34,098)	-	-	-
16	Other Expense Miscellaneous	Ex. 4, Sch. 1	1,758,371	-	1,758,371	(1,758,371)	-	-	-
17	Total Other Income Deductions	Ex. 4, Sch. 1	3,565,782	(1,543,587)	2,022,196	(2,022,196)	-	-	-
18	Taxes Applicable to Other Income and Deductions		(1,266,026)	1,537,382	271,356	(271,356)	-	-	-
	Interest Charges:								
19	Interest on Debt to Associated Companies	Page 5 of 7 of this schedule	17,622,816	(984,496)	16,638,321	2,419,589	19,057,910	2,014,420	21,072,329
20	Other Interest Charges		303,098	-	303,098	(303,098)	-	-	-
21	Amortization of Debt Discount and Expense		926,768	(926,768)	-	-	-	-	-
22	AFUDC		(305,049)	305,049	-	-	-	-	-
23	Total Interest Charges		18,547,633	(1,606,214)	16,941,419	2,116,491	19,057,910	2,014,420	21,072,329
24	Net Income		\$ 32,042,373	\$ 14,484,152	\$ 46,526,526	\$ (13,072,117)	\$ 33,454,408	\$ (9,143,654)	\$ 24,310,754
25	Rate Base	Ex. 8, Sch. 2	\$ 847,170,947		\$ 847,170,947		\$ 958,550,340		\$ 1,074,396,848

Peoples Natural Gas Company LLC
Statement of Income at Present Rates
Equitable Division

Line No.	Description	Reference	Per Books		Proforma		Proforma		Proforma
			Historic Test Year 9.30.2018	Adjustments	Historic Test Year 9.30.2018	Adjustments	Future Test Year 9.30.2019	Adjustments	Fully Projected Future Test Year at Present Rates 10.31.2020
1	Operating Revenues:	Ex. 3, Sch. 15, Att. B	\$ 311,462,840	\$ (24,010,822)	\$ 287,452,018	\$ (6,673,654)	\$ 280,778,364	\$ (839,059)	\$ 279,939,305
	Operating Revenue Deductions:								
2	Gas Supply Expense	Ex. 3, Sch. 15, Att. C	137,934,238	(16,597,734)	121,336,504	(1,082,119)	120,254,385	(890,422)	119,363,963
3	Operating and Maintenance Expense	Ex. 4, Sch. 1	61,036,219	(2,905,212)	58,131,007	5,372,606	63,503,613	2,999,667	66,503,280
4	Depreciation and Amortization	Ex. 5, Table 1	23,806,933	(276,509)	23,530,424	3,824,010	27,354,434	4,382,752	31,737,186
5	Net Salvage Amortized	Ex. 5, Table 4	3,065,899	(351,169)	2,714,730	492,709	3,207,439	367,237	3,574,676
6	Taxes Other Than Income Taxes	Ex. 6, Sch. 2	3,514,460	(139,310)	3,375,150	105,373	3,480,523	84,768	3,565,291
7	Total Operating Revenue Deductions		229,357,748	(20,269,933)	209,087,815	8,712,579	217,800,394	6,944,001	224,744,395
8	Operating Income Before Income Taxes		82,105,092	(3,740,889)	78,364,203	(15,386,233)	62,977,970	(7,783,060)	55,194,910
9	Income Taxes	Ex. 7, Sch. 8, Att. 1	11,722,473	3,651,280	15,373,753	(5,639,653)	9,734,101	(2,598,814)	7,135,286
10	Operating Income		70,382,619	(7,392,169)	62,990,450	(9,746,580)	53,243,870	(5,184,246)	48,059,624
	Other Income								
11	Interest Revenue		318,891	-	318,891	(318,891)	-	-	-
12	Miscellaneous Nonoperating Income / Expense		265,683	-	265,683	(265,683)	-	-	-
13	Total Other Income		584,573	-	584,573	(584,573)	-	-	-
	Other Income Deductions								
14	Rent Expense - Nonutility Operations	Ex. 4, Sch. 1	153,980	-	153,980	(153,980)	-	-	-
15	Charitable and Civic Contributions	Ex. 4, Sch. 1	1,275,783	(1,110,509)	165,274	(165,274)	-	-	-
16	Expense - Civic, Political & Rel. Act	Ex. 4, Sch. 1	10,493	-	10,493	(10,493)	-	-	-
17	Other Expense Miscellaneous	Ex. 4, Sch. 1	605,028	-	605,028	(605,028)	-	-	-
18	Total Other Income Deductions		2,045,284	(1,110,509)	934,774	(934,774)	-	-	-
19	Taxes Applicable to Other Income and Deductions		802,230	(701,302)	100,928	(100,928)	-	-	-
	Interest Charges:								
20	Interest on Debt to Associated Companies	Page 5 of 7 of this schedule	17,406,907	(1,992,547)	15,414,360	1,988,927	17,403,287	1,737,592	19,140,879
21	Other Interest Charges		193,177	-	193,177	(193,177)	-	-	-
22	Amortization of Debt Discount and Expense		485,064	(485,064)	-	-	-	-	-
23	AFUDC		-	-	-	-	-	-	-
24	Total Interest Charges		18,085,148	(2,477,611)	15,607,537	1,795,750	17,403,287	1,737,592	19,140,879
25	Net Income		\$ 50,034,530	\$ (3,102,746)	\$ 46,931,784	\$ (11,091,202)	\$ 35,840,582	\$ (6,921,838)	\$ 28,918,744
26	Rate Base	Ex. 8, Sch. 2	\$ 784,850,716		\$ 784,850,716		\$ 875,328,268		\$ 975,919,654

Peoples Natural Gas Company LLC
Calculation of Proforma Interest Expense at Present and Proposed Rates

HISTORIC TEST YEAR				
Line No.	Description	Peoples	Equitable	Combined
1	Rate Base	\$ 847,170,947	\$ 784,850,716	\$ 1,631,645,941
2	Weighted Long Term Debt Cost	1.91%	1.91%	1.91%
3	Synchronized Interest Expense - LT	\$ 16,213,395	\$ 15,020,693	\$ 31,226,897
4	Weighted Short Term Debt Cost	0.05%	0.05%	0.05%
5	Synchronized Interest Expense - ST	\$ 424,926	\$ 393,667	\$ 818,404
6	Synchronized Interest Expense - Total	<u>\$ 16,638,321</u>	<u>\$ 15,414,360</u>	<u>\$ 32,045,301</u>

FUTURE TEST YEAR				
Line No.	Description	Peoples	Equitable	Combined
7	Rate Base	\$ 958,550,340	\$ 875,328,268	\$ 1,834,625,711
8	Weighted Long Term Debt Cost	1.94%	1.94%	1.94%
9	Synchronized Interest Expense - LT	\$ 18,551,597	\$ 16,940,933	\$ 35,506,989
10	Weighted Short Term Debt Cost	0.05%	0.05%	0.05%
11	Synchronized Interest Expense - ST	\$ 506,313	\$ 462,354	\$ 969,062
12	Synchronized Interest Expense - Total	<u>\$ 19,057,910</u>	<u>\$ 17,403,287</u>	<u>\$ 36,476,051</u>

FULLY PROJECTED FUTURE TEST YEAR				
Line No.	Description	Peoples	Equitable	Combined
13	Rate Base	\$ 1,074,396,848	\$ 975,919,654	\$ 2,052,311,067
14	Weighted Long Term Debt Cost	1.90%	1.90%	1.90%
15	Synchronized Interest Expense - LT	\$ 20,456,122	\$ 18,581,153	\$ 39,075,251
16	Weighted Short Term Debt Cost	0.06%	0.06%	0.06%
17	Synchronized Interest Expense - ST	\$ 616,207	\$ 559,727	\$ 1,177,078
18	Synchronized Interest Expense - Total	<u>\$ 21,072,329</u>	<u>\$ 19,140,879</u>	<u>\$ 40,252,328</u>

Peoples Natural Gas Company, LLC
Rate of Return on Rate Base
Twelve Months Ended October 31, 2020

<u>Line No.</u>	<u>Description</u>	<u>Combined</u>
1	Proforma Rate Base at Present Rates	\$ 2,052,311,067
2	Return on Rate Base	8.00%
3	Operating Income at Proposed Rates	\$ 164,144,039
4	Less: Net Operating Income at Present Rates	<u>\$ 94,525,689</u>
5	Operating Income Deficit	\$ 69,618,350
6	Revenue Conversion Factor	1.35264919
7	Additional Revenues	\$ 94,169,206
8	Additional Late Fees	<u>679,006</u>
9	Additional Revenue Requirement	\$ 94,848,211
	Revenue Conversion Factor:	
10	Operating Revenue	1.00000000
11	Less: Uncollectible	0.02350000
12	Plus: late payments	0.00721049
13	Income Before State Taxes	0.98371049
14	State Income Tax Effect Tax Rate	0.04869358
15	Less: State Income Tax	0.04790038
16	Income Before Federal Taxes	0.93581010
17	Less: Federal Tax at 21%	0.19652012
18	Adjusted Operating Income	<u>0.73928998</u>
19	Revenue Conversion Factor	1.35264919

Peoples Natural Gas Company LLC
Exhibit No. 2, Schedule No. 4
Additional Revenue Requirement Adjustments

			<u>Combined</u>
1	Additional Revenue Requirement		\$ 94,169,206
2	Additional Late Fees	Ln 1 x Uncollectible Rate	679,006
3	Less Operating & Maintenance Expense		<u>2,212,976</u>
4	Income Before State Income Tax	Ln 1 + Ln 2 - Ln 3	\$ 92,635,235
5	State Income Taxes Line 4 Times Effect Tax Rate	Ex. 7, Sch. 8	<u>4,510,741</u>
6	Income Before Federal Income Tax	Ln 4 - Ln 5	88,124,494
7	Federal Income Taxes	Ln 6 x 21%	<u>18,506,144</u>
8	Operating Income	Ln 6 - Ln 7	<u><u>69,618,350</u></u>

Peoples Natural Gas Company LLC
§ 53.53 III.A

- 18. Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

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See pages 2 through 7 of this schedule.

Line No	Account Description	2018			2017			2018			2017		
		Combined	Combined	Difference	Equitable Division	Equitable Division	Difference	Peoples Division	Peoples Division	Difference			
		(1)	(2)	(3=1-2)	(1)	(2)	(3=1-2)	(1)	(2)	(3=1-2)			
Operating Revenues (400):													
1	480.0 Residential Sales	\$ 471,260,826.33	\$ 369,232,628.60	\$ 102,028,197.73	\$ 219,138,695.85	\$ 171,955,538.92	\$ 47,183,156.93	\$ 252,122,130.48	\$ 197,277,089.68	\$ 54,845,040.80			
2	481.0 Commercial and Industrial Sales	76,429,284.68	61,628,155.37	14,801,129.31	30,796,976.86	24,576,631.46	6,220,345.40	45,632,307.82	37,051,523.91	8,580,783.91			
3	483.0 Sales for Resale	9,802,929.91	5,119,886.40	4,683,043.51	2,227,020.70	970,381.57	1,256,639.13	7,575,909.21	4,149,504.83	3,426,404.38			
4	Sales of Gas (480-484)	\$ 557,493,040.92	\$ 435,980,670.37	\$ 121,512,370.55	\$ 252,162,693.41	\$ 197,502,551.95	\$ 54,660,141.46	\$ 305,330,347.51	\$ 238,878,118.42	\$ 66,852,229.09			
5	487.0 Forfeited Discounts	\$ 4,838,523.13	\$ 4,081,046.05	\$ 757,477.08	\$ 1,990,844.28	\$ 1,597,214.41	\$ 393,629.87	\$ 2,847,678.85	\$ 2,483,831.64	\$ 363,847.21			
6	488.0 Miscellaneous Service Revenues	3,254,480.96	3,284,550.00	(30,069.04)	1,533,283.96	1,564,310.00	(31,026.04)	1,721,197.00	1,720,240.00	957.00			
7	489.1 Revenues from Transportation of Gas of Others Through Gathering Facility	8,555,849.12	11,270,961.59	(2,715,112.47)	8,555,849.12	11,270,961.59	(2,715,112.47)	-	-	-			
8	489.3 Revenues from Transportation of Gas of Others Through Distribution Facility	164,232,532.83	140,075,308.17	24,157,224.66	49,858,460.39	41,403,969.36	8,454,491.03	114,374,072.44	98,671,338.81	15,702,733.63			
9	489.4 Revenues from Storing Gas of Others	-	-	-	-	-	-	-	-	-			
10	493.0 Rent from Gas Property	174,640.75	339,466.97	(164,826.22)	173,982.05	339,165.56	(165,183.51)	658.70	301.41	357.29			
11	495.0 Other Gas Revenues	13,590,055.38	20,312,479.11	(6,722,423.73)	2,696,486.15	4,837,936.68	(2,141,450.53)	10,893,569.23	15,474,542.43	(4,580,973.20)			
12	496.0 Provision for Rate Refunds	(13,202,095.20)	-	(13,202,095.20)	(5,508,759.47)	-	(5,508,759.47)	(7,693,335.73)	-	(7,693,335.73)			
13	Other Operating Revenues (485-496)	\$ 181,443,986.97	\$ 179,363,811.89	\$ 2,080,175.08	\$ 59,300,146.48	\$ 61,013,557.60	\$ (1,713,411.12)	\$ 122,143,840.49	\$ 118,350,254.29	\$ 3,793,586.20			
14	Total Operating Revenues (400)	\$ 738,937,027.89	\$ 615,344,482.26	\$ 123,592,545.63	\$ 311,462,839.89	\$ 258,516,109.55	\$ 52,946,730.34	\$ 427,474,188.00	\$ 356,828,372.71	\$ 70,645,815.29			
Gas Production Operating Expense:													
Natural Gas Production Operation Expense													
15	750.0 Supervision and engineering	\$ 30.04	\$ -	\$ 30.04	\$ 25.70	\$ -	\$ 25.70	\$ 4.34	\$ -	\$ 4.34			
16	751.0 Production maps and records	1,736.11	6,278.05	(4,541.94)	-	-	-	1,736.11	6,278.05	(4,541.94)			
17	752.0 Gas wells expenses	490.89	929.50	(438.61)	-	-	-	490.89	929.50	(438.61)			
18	753.0 Field lines expenses	1,216,853.51	1,025,448.61	191,404.90	488,726.07	391,568.13	97,157.94	728,127.44	633,880.48	94,246.96			
19	754.0 Field compressor station expenses	2,144,160.94	2,179,575.95	(35,397.01)	711,237.50	824,213.17	(112,975.67)	1,432,923.44	1,355,344.78	77,578.66			
20	755.0 Field compressor station fuel and power	1,958,888.38	1,610,610.27	348,278.11	-	(26.82)	26.82	1,958,888.38	1,610,610.99	348,251.29			
21	756.0 Field measuring and regulating station expenses	198,706.73	168,719.88	29,986.85	61,530.14	82,672.94	(21,142.80)	137,176.59	86,046.94	51,129.65			
22	758.0 Gas well royalties	50.00	3,219.34	(3,169.34)	50.00	3,219.34	(3,169.34)	-	-	-			
23	759.0 Other expenses	53,878.10	45,423.98	8,454.12	15,382.14	-	15,382.14	38,495.96	45,423.98	(6,928.02)			
24	760.0 Rents	13,979.33	13,750.51	228.82	-	-	-	13,979.33	13,750.51	228.82			
25	Natural Gas Production and Gathering Operation Expense	\$ 5,588,774.03	\$ 5,053,938.09	\$ 534,835.94	\$ 1,276,951.55	\$ 1,301,646.76	\$ (24,695.21)	\$ 4,311,822.48	\$ 3,752,291.33	\$ 559,531.15			
26	800.1 Natural gas well-head purchases - intercompany	\$ -	\$ -	\$ -	\$ 125,593,759.34	\$ 107,104,682.95	\$ 18,489,076.39	\$ (125,593,759.34)	\$ (107,104,682.95)	\$ (18,489,076.39)			
27	801.0 Natural gas field line purchases	17,955,494.59	22,519,635.88	(4,564,141.29)	-	-	-	17,955,494.59	22,519,635.88	(4,564,141.29)			
28	803.0 Natural gas transmission line purchases	184,586,017.98	146,632,236.06	37,953,781.92	1,809,014.30	4,483,547.02	(2,674,532.72)	182,777,003.68	142,148,689.04	40,628,314.64			
29	804.0 Natural gas city gate purchases	2,199,883.78	3,011,721.81	(811,838.03)	-	-	-	2,199,883.78	3,011,721.81	(811,838.03)			
30	805.0 Other gas purchases	117,636.92	-	117,636.92	-	-	-	117,636.92	-	117,636.92			
31	805.1 Purchase gas cost adjustments	24,913,346.77	(22,773,102.54)	47,686,449.31	13,187,003.23	(5,407,630.14)	18,594,633.37	11,726,343.54	(17,365,472.40)	29,091,815.94			
32	806.0 Exchange gas	138,335.56	(17,940.91)	156,276.47	-	-	-	138,335.56	(17,940.91)	156,276.47			
33	807.1 Well expense - Purchased gas	-	-	-	-	-	-	-	-	-			
34	807.5 Other purchases gas expense	-	-	-	-	-	-	-	-	-			
35	808.1 Gas withdrawn from storage—Debit	44,819,813.33	35,249,507.75	9,570,305.58	28,633,879.90	20,735,248.71	7,898,631.19	16,185,933.43	14,514,259.04	1,671,674.39			
36	808.2 Gas delivered to storage—Credit	(48,841,534.48)	(43,480,626.46)	(5,360,908.02)	(31,289,418.44)	(28,169,538.78)	(3,119,879.66)	(17,552,116.04)	(15,311,087.68)	(2,241,028.36)			
37	810.0 Gas used for compressor station fuel—Credit	(2,052,311.47)	(1,702,425.69)	(349,885.78)	-	-	-	(2,052,311.47)	(1,702,425.69)	(349,885.78)			
38	812.0 Gas used for other utility operations—Credit	(427,794.93)	(450,901.83)	23,106.90	-	-	-	(427,794.93)	(450,901.83)	23,106.90			
39	813.0 Other gas supply expenses	552,584.96	747,895.81	(195,310.85)	192,732.86	195,006.97	(2,274.11)	359,852.10	552,888.84	(193,036.74)			
40	Other Gas Supply Operation Expenses	\$ 223,961,473.01	\$ 139,735,999.88	\$ 84,225,473.13	\$ 138,126,971.19	\$ 98,941,316.73	\$ 39,185,654.46	\$ 85,834,501.82	\$ 40,794,683.15	\$ 45,039,818.67			
41	Total Gas Production Operation Expense	\$ 229,550,247.04	\$ 144,789,937.97	\$ 84,760,309.07	\$ 139,403,922.74	\$ 100,242,963.49	\$ 39,160,959.25	\$ 90,146,324.30	\$ 44,546,974.48	\$ 45,599,349.82			
Nat Gas Storage, Terminating and Processing Operation Expenses:													
42	814.0 Operation supervision and engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
43	816.0 Wells expenses	6,337.43	5,058.14	1,279.29	-	-	-	6,337.43	5,058.14	1,279.29			
44	817.0 Lines expenses	1,441.64	1,130.92	310.72	-	-	-	1,441.64	1,130.92	310.72			
45	818.0 Compressor station expenses	570,450.24	572,174.92	(1,724.68)	-	-	-	570,450.24	572,174.92	(1,724.68)			
46	819.0 Compressor station fuel and power	93,423.09	91,788.62	1,634.47	-	0.02	(0.02)	93,423.09	91,788.60	1,634.49			
47	820.0 Measuring and regulating station expenses	612.29	208.27	404.02	-	-	-	612.29	208.27	404.02			
48	823.0 Gas losses	238,107.00	156,847.50	81,259.50	-	-	-	238,107.00	156,847.50	81,259.50			
49	824.0 Other expenses	151.84	11.04	140.80	-	-	-	151.84	11.04	140.80			
50	825.0 Storage wells royalties	7,309.36	7,309.36	-	-	-	-	7,309.36	7,309.36	-			
51	826.0 Rents	-	-	-	-	-	-	-	-	-			
52	Underground Storage Operation Expense	\$ 917,832.89	\$ 834,528.77	\$ 83,304.12	\$ -	\$ 0.02	\$ (0.02)	\$ 917,832.89	\$ 834,528.75	\$ 83,304.14			
53	850.0 Operation supervision and engineering	528.67	32,996.83	(32,468.16)	-	-	-	528.67	32,996.83	(32,468.16)			
54	853.0 Compressor station labor and expenses	-	-	-	-	-	-	-	-	-			
55	856.0 Mains expenses	650,384.50	412,938.32	237,446.18	319,522.26	178,943.59	140,578.67	330,862.24	233,994.73	96,867.51			
56	857.0 Measuring and regulating station expenses	163,639.96	61,116.53	102,523.43	27,904.30	7,867.56	20,036.74	135,735.66	53,248.97	82,486.69			
57	858.0 Transmission and compression of gas by others	96,378,817.28	92,633,229.51	3,745,587.77	-	-	-	96,378,817.28	92,633,229.51	3,745,587.77			
58	859.0 Other expenses	7,735.10	546.05	7,189.05	2,077.85	-	2,077.85	5,657.25	546.05	5,111.20			
59	860.0 Rents	36,565.38	27,824.61	8,740.77	-	-	-	36,565.38	27,824.61	8,740.77			
60	Gas Transmission Operations Expense	\$ 97,237,670.89	\$ 93,168,651.85	\$ 4,069,019.04	\$ 349,504.41	\$ 186,811.15	\$ 162,693.26	\$ 96,888,166.48	\$ 92,981,844.70	\$ 3,906,325.78			

Line No	Account Description	2018			2017			2018			2017		
		Combined	Combined	Difference	Equitable Division	Equitable Division	Difference	Peoples Division	Peoples Division	Difference			
		(1)	(2)	(3=1-2)	(1)	(2)	(3=1-2)	(1)	(2)	(3=1-2)			
61	870.0 Operation supervision and engineering	\$ (998,007.75)	\$ (925,744.43)	\$ (72,263.32)	\$ (276,234.68)	\$ (606,688.00)	\$ 330,453.32	\$ (721,773.07)	\$ (134,056.43)	\$ (587,716.64)			
62	871.0 Distribution load dispatching	1,400.49	3,550.21	(2,149.72)	183.29	449.37	(266.08)	1,217.20	3,100.84	(1,883.64)			
63	874.0 Mains and services expenses	10,931,815.30	12,154,429.53	(1,222,614.23)	3,488,215.59	3,889,177.85	(400,962.26)	7,443,599.71	8,265,251.68	(821,651.97)			
64	875.0 Measuring and regulating station expenses—General	2,919,840.17	2,792,898.20	126,941.97	1,047,102.42	1,048,955.58	(1,853.16)	1,872,737.75	1,743,942.62	128,795.13			
65	877.0 Measuring and regulating station expenses—City gate check stations	42,921.81	181,529.31	(138,607.50)	4,106.91	8,696.31	(4,589.40)	38,814.90	172,833.00	(134,018.10)			
66	878.0 Meter and house regulator expenses	5,130,295.32	4,823,889.60	306,405.72	2,112,599.23	1,976,105.86	136,493.37	3,017,696.09	2,847,783.74	169,912.35			
67	879.0 Customer installations expenses	4,730,219.00	3,887,005.94	843,213.06	1,802,633.11	1,513,040.53	2,827,585.89	2,927,585.89	2,373,965.41	553,620.48			
68	880.0 Other expenses	2,386,264.81	2,450,626.36	(64,361.55)	1,170,334.48	1,054,632.18	115,702.30	1,215,930.33	1,395,994.18	(180,063.85)			
69	881.0 Rents	378,956.67	364,835.63	14,121.04	300,269.85	292,701.63	7,568.22	78,686.82	72,134.00	6,552.82			
70	Gas Distribution Operations Expense	\$ 25,523,705.82	\$ 25,733,020.35	\$ (209,314.53)	\$ 9,649,210.20	\$ 9,177,071.31	\$ 472,138.89	\$ 15,874,495.62	\$ 16,555,949.04	\$ (681,453.42)			
71	901.0 Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
72	902.0 Meter reading expenses	4,594,075.34	4,795,525.56	(211,450.22)	1,062,977.40	766,945.90	296,031.50	3,521,097.94	4,028,579.66	(507,481.72)			
73	903.0 Customer records and collection expenses	13,888,418.41	14,419,191.75	(530,773.34)	5,301,579.91	5,699,917.20	(398,337.29)	8,586,838.50	8,719,274.55	(132,436.05)			
74	904.0 Uncollectible accounts	14,462,720.92	12,318,192.84	2,144,528.08	5,634,446.93	2,868,120.75	2,766,326.18	8,828,273.99	9,450,072.09	(621,798.10)			
75	Customer Accounts Expense	\$ 32,955,214.67	\$ 31,532,910.15	\$ 1,402,304.52	\$ 11,999,004.24	\$ 9,334,983.85	\$ 2,664,020.39	\$ 20,936,210.43	\$ 22,197,926.30	\$ (1,261,715.87)			
76	907.0 Supervision	\$ 391,414.68	\$ 348,273.35	\$ 43,141.33	\$ 117,044.52	\$ 126,874.95	\$ (9,830.43)	\$ 274,370.16	\$ 221,398.40	\$ 52,971.76			
77	908.0 Customer assistance expenses	9,522,981.80	(9,884.58)	9,532,866.38	4,173,643.08	(312,715.99)	4,486,359.07	5,349,338.72	302,831.41	5,046,507.31			
78	909.0 Informational advertising expenses	598,547.57	344,896.50	253,651.07	118,227.67	35,955.68	82,271.99	480,319.90	308,940.82	171,379.08			
79	910.0 Miscellaneous customer service expenses	4,281.30	2,876.72	1,404.58	-	-	-	4,281.30	2,876.72	1,404.58			
80	Customer Service and Informational Expense	\$ 10,517,225.35	\$ 686,161.99	\$ 9,831,063.36	\$ 4,408,915.27	\$ (149,885.36)	\$ 4,558,800.63	\$ 6,108,310.08	\$ 836,047.35	\$ 5,272,262.73			
81	911.0 Supervision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
82	912.0 Demonstrating and selling expenses	1,236,736.46	1,383,087.26	(146,350.80)	461,608.92	309,586.49	152,022.43	775,127.54	1,073,500.77	(298,373.23)			
83	913.0 Promotional advertising expenses	-	-	-	-	-	-	-	-	-			
84	916.0 Miscellaneous sales promotion expenses	-	-	-	-	-	-	-	-	-			
85	Sales Expense	\$ 1,236,736.46	\$ 1,383,087.26	\$ (146,350.80)	\$ 461,608.92	\$ 309,586.49	\$ 152,022.43	\$ 775,127.54	\$ 1,073,500.77	\$ (298,373.23)			
86	920.0 Administrative and general salaries	\$ 21,497,622.36	\$ 18,268,432.79	\$ 3,229,189.57	\$ 7,278,798.82	\$ 5,224,272.77	\$ 2,054,526.05	\$ 14,218,823.54	\$ 13,044,160.02	\$ 1,174,663.52			
87	921.0 Office supplies and expenses	8,428,021.81	9,912,507.66	(484,485.85)	2,681,920.03	1,720,854.66	961,065.37	5,746,101.78	7,191,653.00	(1,445,551.22)			
88	922.0 Administrative expenses transferred—Credit	(21,623,979.90)	(24,244,910.08)	2,620,930.18	(9,658,868.89)	(9,704,469.55)	45,600.66	(11,965,111.01)	(14,540,440.53)	2,575,329.52			
89	923.0 Outside service employed	13,537,937.91	14,495,037.19	(957,099.28)	4,577,817.45	3,430,232.91	1,147,584.54	8,960,120.46	11,064,804.28	(2,104,683.82)			
90	924.0 Property insurance	293,432.46	265,557.78	27,874.68	117,267.40	95,815.92	21,451.48	176,165.06	169,741.86	6,423.20			
91	925.0 Injuries and damages	7,916,134.89	7,546,217.45	369,917.44	2,273,983.89	1,729,529.85	544,454.04	5,642,151.00	5,816,687.60	(174,536.60)			
92	926.0 Employee pensions and benefits	14,378,517.57	11,262,832.04	3,115,685.53	6,708,554.75	5,820,606.64	887,948.11	5,442,225.40	2,227,737.42	3,214,488.00			
93	928.0 Regulatory commission expenses	82,869.15	87,229.97	(4,360.82)	17,916.06	22,186.48	(4,270.42)	64,953.09	65,043.49	(90.40)			
94	930.1 Institutional or goodwill advertising expense	2,692,450.02	4,339,916.55	(1,647,466.53)	990,819.80	1,588,592.67	(597,772.87)	1,701,630.22	2,751,323.88	(1,049,693.66)			
95	930.2 Miscellaneous general expense	3,217,127.65	1,773,448.23	1,443,679.42	1,363,836.49	252,843.67	1,110,992.73	920,604.47	1,853,291.16	(932,686.69)			
96	931.0 Rents	3,323,080.53	4,200,598.90	(877,518.37)	1,732,261.41	1,741,948.59	(9,687.18)	1,590,819.12	2,458,650.31	(867,831.19)			
97	Administrative and General Operations Expense	\$ 53,743,214.45	\$ 46,306,868.48	\$ 7,436,345.97	\$ 18,084,307.21	\$ 11,922,414.70	\$ 6,161,892.51	\$ 35,658,907.24	\$ 34,384,453.78	\$ 1,274,453.46			
98	Total Operation Expenses (401)	\$ 451,661,847.57	\$ 344,435,166.82	\$ 107,226,680.75	\$ 184,356,472.99	\$ 131,023,945.65	\$ 53,332,527.34	\$ 267,305,374.58	\$ 213,411,221.17	\$ 53,894,153.41			
	Maintenance Expenses (402)												
	Gas Production Maintenance Expenses												
99	762.0 Maintenance of structures and improvements	\$ 11,578.46	\$ 13,759.46	\$ (2,181.00)	\$ 6,568.31	\$ 13,759.46	\$ (7,191.15)	\$ 5,010.15	\$ -	\$ 5,010.15			
100	763.0 Maintenance of producing gas wells	8,862.60	33,152.65	(24,290.05)	4,431.04	25,755.23	(21,324.19)	4,431.56	7,397.42	(2,965.86)			
101	764.0 Maintenance of field lines	3,358,070.26	2,268,172.24	1,089,898.02	1,556,179.70	997,500.90	558,678.80	1,801,890.56	1,270,671.34	531,219.22			
102	765.0 Maintenance of field compressor station equipment	1,681,667.91	1,828,572.20	(146,904.29)	684,232.14	726,250.98	(42,018.84)	997,435.77	1,102,326.22	(104,890.45)			
103	766.0 Maintenance of field measuring and regulating station equipment	244,397.02	184,552.53	59,844.49	76,088.02	40,056.80	36,031.22	168,309.00	144,495.73	23,813.27			
104	769.0 Maintenance of other equipment	42,387.63	25,716.73	16,670.90	18,171.77	8,082.11	10,089.66	24,215.86	17,634.62	6,581.24			
105	Natural Gas Production and Gathering Maintenance Expense	\$ 5,346,963.88	\$ 4,353,930.81	\$ 993,033.07	\$ 2,345,670.98	\$ 1,811,405.48	\$ 534,265.50	\$ 3,001,292.90	\$ 2,542,525.33	\$ 458,767.57			
106	787.0 Maintenance of pipe lines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
107	Natural Gas Production Maintenance Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
108	831.0 Maintenance of structures and improvements	\$ 107.15	\$ -	\$ 107.15	\$ -	\$ -	\$ -	\$ 107.15	\$ -	\$ 107.15			
109	832.0 Maintenance of reservoirs and wells	2,112.49	1,680.30	432.19	-	-	-	2,112.49	1,680.30	432.19			
110	833.0 Maintenance of lines	21,125.24	4,542.84	16,582.40	-	-	-	21,125.24	4,542.84	16,582.40			
111	834.0 Maintenance of compressor station equipment	282,710.14	162,531.37	120,178.77	-	-	-	282,710.14	162,531.37	120,178.77			
112	835.0 Maintenance of measuring and regulating station equipment	174.60	122.49	52.11	-	-	-	174.60	122.49	52.11			
113	837.0 Maintenance of other equipment	152.77	47.15	105.62	-	-	-	152.77	47.15	105.62			
114	Underground Storage Maintenance Expense	\$ 306,382.39	\$ 168,924.15	\$ 137,458.24	\$ -	\$ -	\$ -	\$ 306,382.39	\$ 168,924.15	\$ 137,458.24			
115	862.0 Maintenance of structures and improvements	\$ 8,897.76	\$ 920.84	\$ 7,976.92	\$ 2,039.04	\$ 920.84	\$ 1,118.20	\$ 6,858.72	\$ -	\$ 6,858.72			
116	863.0 Maintenance of mains	1,991,232.99	599,322.83	1,391,910.16	1,015,090.95	232,321.18	788,768.77	976,142.04	373,000.65	603,141.39			
117	864.0 Maintenance of compressor station equipment	657.35	10,352.99	(9,695.64)	-	-	-	657.35	10,352.99	(9,695.64)			
118	865.0 Maintenance of measuring and regulating station equipment	1,114,882.27	910,751.01	204,131.26	418,203.68	197,879.40	220,324.28	696,678.59	712,871.61	(16,193.02)			
119	866.0 Maintenance of communication equipment	163,864.17	136,584.35	27,279.82	40,079.08	33,211.40	6,867.68	123,785.09	103,372.95	20,412.14			
120	867.0 Maintenance of other equipment	8,826.22	2,874.87	5,951.35	2,395.02	540.90	1,854.12	6,431.20	2,333.97	4,097.23			
121	Gas Transmission Maintenance Expense	\$ 3,288,360.76	\$ 1,660,806.89	\$ 1,627,553.87	\$ 1,477,807.77	\$ 458,874.72	\$ 1,018,933.05	\$ 1,810,552.99	\$ 1,201,932.17	\$ 608,620.82			

Variance Explanations:	Variance Amounts		
	Combined	Equitable Division	Peoples Division
OPERATING REVENUES			
Residential Sales (480)	\$ 102,028,198	\$ 47,183,157	\$ 54,845,041
Combined, Equitable Division and Peoples Division Residential sales revenue increased primarily due to higher average rates and a 17% increase in heating degree days in the twelve months ended September 2018 compared to the twelve months ended September 2017.			
Commercial and Industrial Sales (481)	\$ 14,801,129	\$ 6,220,345	\$ 8,580,784
Combined, Equitable Division and Peoples Division Commercial and Industrial sales revenue increases were due to higher average rates, with the Commercial increase also due to 17% increase in heating degree days in the twelve months ended September 2018 compared to the twelve months ended September 2017.			
Sales for Resale (483)	\$ 4,683,044	\$ 1,256,639	\$ 3,426,404
The year ended September 2018 had higher transportation pooling imbalance fees from higher cash outs compared to the year ended September 2017, resulting in higher sales for resale revenue for Combined, Equitable Division and Peoples Division.			
OTHER OPERATING REVENUES			
Revenues From Transportation of Others Through Distribution Facilities (489.3)	\$ 24,157,225	\$ 8,454,491	\$ 15,702,734
Combined, Equitable Division and Peoples Division Residential and Commercial transportation revenue increased primarily attributable to a 17% increase in heating degree days in the twelve months ended September 2018 compared to the twelve months ended September 2017 as well as higher average rates for Residential, Commercial and Industrial sales.			
Other (487, 488, 489.3, 489.4, 493, 495, 496)	\$ (22,077,050)	\$ (10,167,902)	\$ (11,909,147)
In addition to increased transportation revenue both divisions had minor increases in late payment charges (487). Equitable Division had decreased revenue from transportation of gas through gathering facilities for local production (489.1). Both divisions had decreased Other Gas Revenue (495) due primarily to lower off system sales, and both had decreases due to Provision for Rate Refunds (496) established for the Tax Cuts Job Act tax reduction. Other changes were not significant.			
OPERATIONS AND MAINTENANCE EXPENSE			
Natural Gas Production Operations Expense (750-760)	\$ 534,836	\$ (24,695)	\$ 559,531
Combined Natural Gas Production Expenses increased primarily due to Peoples Division increased expense for field compressor station fuel and other expenses of operating compressor stations.			
Other Gas Supply Operation Expense Operating Expense (800.1-813 and 858)	\$ 87,971,061	\$ 39,185,654	\$ 48,785,406
Combined, Equitable Division and Peoples Division gas purchases (800.1-808.2) increased due to an increase in average price and increase in volumes purchased largely due to 17% higher degree days.			
Underground Storage Operation Expense (814-826) - Not Significant	\$ 83,304	\$ 0	\$ 83,304
Gas Transmission Operations Expense (850-860 - excluding 858)	\$ 323,431	\$ 162,693	\$ 160,738
Combined increase in Gas Transmission Operations Expense, excluding the Peoples Division increased transmission and compression costs (858) included with gas supply costs, was the result of minor increases in lines along with measuring and regulating station expense, with both divisions contributing increases.			
Gas Distribution Operations Expense (870-881)	\$ (209,315)	\$ 472,139	\$ (681,453)
Combined Gas Distribution Operations Expense decreased with the netting of Peoples Division's decrease and Equitable Division's increase. Both divisions had decreased Account 874 - Mains and Services expenses for rights of way and line operations expenses. Peoples Division also had decreased line locating/leak repair expense netted with increased damage prevention costs. Equitable Division's damage prevention expenses decreased. Both divisions had higher Meter and Regulator Expenses (878) and Customer Installation expenses (879).			
Customer Accounts Expense (901-904)	\$ 1,402,305	\$ 2,664,020	\$ (1,261,716)
Combined Customer Accounts Expense variance year over year had an overall increase due primarily to changes in Uncollectible Accounts (904) with the Equitable Division increase netted with the Peoples division decrease. Both Equitable Division and Peoples Division had decreases in Customer Records and Collection Expenses (903). Peoples Division experienced decreased costs in Meter Reading Expenses (902) for lowered charges for manual meter reading as the result of an ongoing initiative to convert meters to electronic reading.			

Variance Explanations:

	Variance Amounts		
	Combined	Equitable Division	Peoples Division
Customer Service and Informational Expense (907-910)	\$ 9,831,063	\$ 4,558,801	\$ 5,272,263
Combined Customer Service and Informational Expense increased due to higher Universal Service Cost expenses for both Equitable Division and Peoples Division netted with changes in program administrative costs, weatherization and emergency furnace repair.			
Administrative and General Operations Expense (920-931)	\$ 7,436,346	\$ 6,161,893	\$ 1,274,453
Administrative and General (A&G) Operations Expense increased for both divisions in Administrative and General Salaries (920) primarily due to higher costs for salaries, lower Administrative Expenses Transferred - Credit (922) in year ending September 2018 and higher Employee Pensions and Benefits (926) due primarily to higher medical costs. Other A&G Combined expenses decreased with the net of Equitable Division's decrease and Peoples' Division increase.			
Natural Gas Production and Gathering Maintenance Expense (762-769)	\$ 993,033	\$ 534,266	\$ 458,768
Natural Gas Production and Gathering Maintenance Expense increased at both divisions due to higher Maintenance of Field Lines (764). Increases in expenses included higher numbers of groundbed enhancements, costs of additional restoration requirements and higher permitting fees.			
Underground Storage Maintenance Exp (831-837) - Not Significant	\$ 137,458	\$ -	\$ 137,458
Gas Transmission Maintenance Expense (862-867)	\$ 1,627,554	\$ 1,018,933	\$ 608,621
Gas Transmission Maintenance Expenses increased at both divisions due to higher Maintenance of Mains (863). Increases in expenses included higher numbers of groundbed enhancements, costs of additional restoration requirements and higher permitting fees.			
Gas Distribution Maintenance Expense (886-894)	\$ 2,290,844	\$ 1,791,723	\$ 499,121
Gas Distribution Maintenance Expenses increased at both divisions due to higher Maintenance of Mains (887). Increases in expenses included higher numbers of groundbed enhancements, costs of additional restoration requirements and higher permitting fees.			
Administrative and General Maintenance Expense (932) - Not significant	\$ (31,289)	\$ (56,348)	\$ 25,059
Depreciation Expense (403)	\$ 4,431,797	\$ 1,659,840	\$ 2,771,957
Depreciation Expense Combined and at both divisions increased due to incremental additions to capital plant, primarily in mainline replacement categories.			
Amortization and Depletion of Utility Plant (404-405) - Not significant	\$ 360,264	\$ 236,955	\$ 123,309
Taxes Other Than Income Taxes (408.1)	\$ 1,591,935	\$ 351,105	\$ 1,240,830
Taxes Other Than Income Taxes for Combined, Equitable Division and Peoples Division increased due primarily to higher payroll taxes, property taxes and Public Utility Commission assessment fee netted with lower sales and use taxes.			
Income Taxes - Utility Operating Income (409.1)	\$ 10,133,882	\$ 3,739,630	\$ 6,394,252
Combined and both divisions had increased Income Taxes - Utility Operating Income. The majority of the difference is due to tax law changes from the Tax Cuts and Jobs Act (TCJA) and book versus tax timing differences for Property, Plant and Equipment and regulatory riders.			
Provision for Deferred Income Taxes - Utility Operating Income (410.1)	\$ (4,080,179)	\$ (10,087,670)	\$ 6,007,491
The majority of Combined and Equitable Division's decrease and the Peoples Division increase is due to tax law changes from the Tax Cuts and Jobs Act (TCJA) and book versus tax timing differences for Property, Plant and Equipment and regulatory riders.			
Provision for Deferred Income Taxes-Credit, Utility Operating Income (411.1)	\$ (13,038,712)	\$ (9,624,716)	\$ (3,413,996)
The majority of Combined and both divisions' decrease is due to tax law changes from the Tax Cuts and Jobs Act (TCJA) and book versus tax timing differences for Property, Plant and Equipment and regulatory riders.			
OTHER INCOME & DEDUCTIONS			
Other Income (415 - 421.1)	\$ (261,606)	\$ (1,121,180)	\$ 859,574
Combined Other Income decreased with net decrease for Equitable Division and net increase for Peoples Division. Equitable Divisions' decrease was due to Gain on Disposition of Property (421.1) for sale of wells in the year ending September 2017. Both divisions had increased Interest and Dividend Income (419) for purchased gas adjustment interest income and higher Miscellaneous Non Operating Income (421) for agency gas sales.			

Variance Explanations:

	Combined	Variance Amounts Equitable Division	Peoples Division
Other Income Deductions (421.2 - 426.5)	\$ 655,266	\$ 848,268	\$ (193,002)
Combined Other Income Deductions increased. Equitable Division increased due to higher Other Income Deductions - Donations (426.1). Peoples decrease was due to the net of a credit in Penalties (426.3), lower donations expenses and an increase in Other Income Deductions (426.5).			
Taxes Applicable to Other Income and Deductions (408.2, 409.2, 410.2 and 411.2)	\$ 712,606	\$ 965,379	\$ (252,773)
The majority of the Combined and Equitable Division increases and Peoples Division decrease is due to tax law changes resulting from the Tax Cuts and Jobs Act (TCJA) and book versus tax timing differences related to Other Income and Deductions.			

INTEREST CHARGES

Net Interest Charges (427-432)	\$ 3,459,460	\$ 2,513,367	\$ 946,093
Combined, Equitable Division and Peoples Division increase was primarily due to a December 2017 refinancing of long term debt at higher average rates and new debt issued in December 2017 net of the revolving loan facility it paid off.			

Peoples Natural Gas Company LLC
§ 53.53 III.A

42. If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.

* * * * *

Refer to Exhibit No. 2, Schedule No. 5 (53.53 III.A.18) for combined and divisional income statements.

Peoples Natural Gas Company LLC
§ 53.53 III.A

43. If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

* * * * *

None.

Peoples Natural Gas Company LLC
§ 53.53 III.E

16. If revenue accruing entries are made on the books at end of each fiscal period, give entries made accordingly at the end of the test year and at the beginning of the year. State whether they are reversed for ratemaking purposes.

* * * * *

The entries are provided below. These are reversed for ratemaking purposes.

Equitable Division	
<u>Retail Sales</u>	
Reversal of October 2017 Unbilled booked September 2017	\$ (3,970,696)
Reversal of October 2017 Estimates booked September 2017	\$ (23,971)
Unbilled booked September 2018	\$ 4,124,669
Estimates booked September 2018	\$ 38,074
<u>Transportation</u>	
Reversal of October 2017 Unbilled booked September 2017	\$ (571,729)
Reversal of October 2017 Estimates booked September 2017	\$ (761,187)
Unbilled booked September 2018	\$ 671,443
Estimates booked September 2018	\$ 994,971

Peoples Division

Retail Sales

Reversal of October 2017 Unbilled booked September 2017	\$ (4,485,845)
Reversal of October 2017 Estimates booked September 2017	\$ (83,396)
Unbilled booked September 2018	\$ 4,723,863
Estimates booked September 2018	\$ 85,662

Transportation

Reversal of October 2017 Unbilled booked September 2017	\$ (1,455,907)
Reversal of October 2017 Estimates booked September 2017	\$ (1,588,208)
Unbilled booked September 2018	\$ 1,445,950
Estimates booked September 2018	\$ 2,038,931

Combined

Retail Sales

Reversal of October 2017 Unbilled booked September 2017	\$ (8,456,541)
Reversal of October 2017 Estimates booked September 2017	\$ (107,367)
Unbilled booked September 2018	\$ 8,848,533
Estimates booked September 2018	\$ 123,735

Transportation

Reversal of October 2017 Unbilled booked September 2017	\$ (2,027,636)
Reversal of October 2017 Estimates booked September 2017	\$ (2,349,395)
Unbilled booked September 2018	\$ 2,117,393
Estimates booked September 2018	\$ 3,033,902

Peoples Natural Gas Company LLC

§ 53.53 III.E

21. If a gas company is affiliated with another utility segment, such as a water or electric segment, explain the effects, if any, upon allocation factors used in the gas rate filing of current or recent rate increases allowed to the other utility segment (or segments) of the company.

* * * * *

Not applicable.