

**Peoples Natural Gas Company LLC**  
§ 53.53 III.E

17. State whether any adjustments have been made to expenses in order to present such expenses on a basis comparable to the manner in which revenues are presented in this proceeding (i.e.—accrued, billed or cash).

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All expenses have been adjusted to a basis comparable to the adjusted normal level of revenues. Refer to Exhibit No. 4, Schedule No. 1, pages 2-4 for a detail of all expense adjustments. Peoples Division is referred to as "PNG" and Equitable Division is referred to as "PED" in Exhibit 4.

Peoples Natural Gas Company LLC - Peoples Division  
Statement of Operations and Maintenance Expense at Present Rates

Line	Cost Element Description	Per Books Twelve Months Ended		Normalized Twelve Months Ended		Normalized FTY Twelve Months Ended		At Present Rates Normalized FPFTY Twelve Months Ended		Reference
		September 30, 2018 (1)	Adjustments (2)	September 30, 2018 (3)=(1)+(2)	Adjustments (4)	September 30, 2019 (5)=(3)+(4)	Adjustments (6)	October 31, 2020 (7)=(5)+(6)	(8)	
1	Labor	\$ 39,763,025	\$ 328,584	\$ 40,091,609	\$ 2,115,759	\$ 42,207,368	\$ 1,649,000	\$ 43,856,369	Exh. 4, Sch. 1, Pg. 5	
2	APIP/Incentive Compensation	5,074,311	(1,029,223)	4,045,088	209,528	4,254,616	169,924	4,424,540	Exh. 4, Sch. 1, Pg. 6	
3	Pension	(128,462)	-	(128,462)	1,283,962	1,155,500	-	1,155,500	Exh. 4, Sch. 1, Pg. 10	
4	Post Retirement Benefits Other Than Pensions	691,555	1,337,486	2,029,041	62,476	2,091,517	(16,392)	2,075,125	Exh. 4, Sch. 1, Pg. 11	
5	Other Employee Benefits	9,012,727	307,395	9,320,121	993,084	10,313,206	603,678	10,916,884	Exh. 4, Sch. 1, Pg. 12	
6	Outside Services - Contracted	17,034,351	-	17,034,351	531,988	17,566,340	332,614	17,898,953	Exh. 4, Sch. 1, Pg. 13	
7	Outside Services - A&G	4,648,129	-	4,648,129	1,170,294	5,818,423	160,902	5,979,326	Exh. 4, Sch. 1, Pg. 14	
8	Building Leases	1,044,491	(111,366)	933,125	-	933,125	-	933,125	Exh. 4, Sch. 1, Pg. 15	
9	Corporate Insurance	1,885,895	(135,715)	1,750,180	123,693	1,873,873	132,435	2,006,309	Exh. 4, Sch. 1, Pg. 16	
10	Injuries and Damages	1,597,718	(155,045)	1,442,673	33,622	1,476,295	27,953	1,504,248	Exh. 4, Sch. 1, Pg. 17	
11	Employee Expenses	1,885,885	53,755	1,939,640	150,607	2,090,248	60,243	2,150,491	Exh. 4, Sch. 1, Pg. 18	
12	Company Memberships	594,565	-	594,565	13,856	608,422	11,520	619,942	Exh. 4, Sch. 1, Pg. 19	
13	Utilities & Fuel Used in Company Operations	1,552,698	(33,293)	1,519,405	130,890	1,650,295	31,248	1,681,543	Exh. 4, Sch. 1, Pg. 20	
14	Advertising	2,029,261	(73,267)	1,955,994	45,585	2,001,579	37,899	2,039,479	Exh. 4, Sch. 1, Pg. 21	
15	Fleet	1,529,232	-	1,529,232	35,639	1,564,871	29,630	1,594,501	Exh. 4, Sch. 1, Pg. 22	
16	Materials & Supplies	5,217,292	-	5,217,292	121,590	5,338,882	101,090	5,439,972	Exh. 4, Sch. 1, Pg. 23	
17	Other O&M	3,019,183	1,618,587	4,637,769	108,084	4,745,853	221,861	4,967,715	Exh. 4, Sch. 1, Pg. 24	
18	Debt Issuance Costs	-	-	-	554,007	554,007	-	554,007	Exh. 1, Sch. 1, Pg. 25	
19	Payment Processing	-	-	-	-	-	1,322,599	1,322,599	Exh. 4, Sch. 1, Pg. 26	
20	Rate Case Expense	-	-	-	597,250	597,250	-	597,250	Exh. 4, Sch. 1, Pg. 27	
21	Uncollectible Accounts	6,536,994	594,341	7,131,336	(56,022)	7,075,313	(50,334)	7,024,979	Exh. 4, Sch. 1, Pg. 28	
22	Total USP/SCR Rider	7,180,125	(346,811)	6,833,314	(65,489)	6,767,825	(61,698)	6,706,126	Exh. 4, Sch. 1, Pg. 29	
23	Interest on Customer Deposits	-	75,367	75,367	-	75,367	-	75,367	Exh. 4, Sch. 1, Pg. 31	
24	<b>Total Operation and Maintenance Expense</b>	<b>\$ 110,168,976</b>	<b>\$ 2,430,795</b>	<b>\$ 112,599,771</b>	<b>\$ 8,160,405</b>	<b>\$ 120,760,176</b>	<b>\$ 4,764,174</b>	<b>\$ 125,524,350</b>		
<b>Other Income Deductions</b>										
25	Net Rent Expense - Nonutility Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
26	Charitable and Civic Contributions	1,773,314	(1,543,587)	229,727	\$ (229,727)	-	-	-	Exh. 4, Sch. 1, Pg. 30	
27	Expense - Civic, Political & Rel. Act	34,098	-	34,098	\$ (34,098)	-	-	-		
28	Other Expense Miscellaneous	1,758,371	-	1,758,371	\$ (1,758,371)	-	-	-		
29	<b>Total Other Income Deductions</b>	<b>\$ 3,565,782</b>	<b>\$ (1,543,587)</b>	<b>\$ 2,022,196</b>	<b>\$ (2,022,196)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

**Peoples Natural Gas Company LLC - Equitable Division**  
**Statement of Operations and Maintenance Expense at Present Rates**

<u>Line</u>	<u>Cost Element Description</u>	<u>Per Books</u>		<u>Normalized</u>		<u>Normalized FTY</u>		<u>At Present Rates</u>		<u>Reference</u>
		<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	<u>Twelve Months</u>	
		<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjustments</u>	
		<u>September 30, 2018</u>		<u>September 30, 2018</u>		<u>September 30, 2019</u>		<u>October 31, 2020</u>		
		(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)	(6)	(7)=(5)+(6)	(8)	
1	Labor	\$ 19,822,531	\$ 1,664,873	\$ 21,487,405	\$ 1,272,812	\$ 22,760,216	\$ 1,016,491	\$ 23,776,707		Exh. 4, Sch. 1, Pg. 5
2	APIP/Incentive Compensation	2,529,629	(178,491)	2,351,137	121,819	2,472,956	105,423	2,578,379		Exh. 4, Sch. 1, Pg. 6
3	Pension	322,980	-	322,980	884,520	1,207,500	-	1,207,500		Exh. 4, Sch. 1, Pg. 10
4	Post Retirement Benefits Other Than Pensions	285,622	-	285,622	(22,995)	262,627	(17,612)	245,015		Exh. 4, Sch. 1, Pg. 11
5	Other Employee Benefits	5,156,136	114,831	5,270,967	678,469	5,949,436	356,387	6,305,823		Exh. 4, Sch. 1, Pg. 12
6	Outside Services - Contracted	7,382,507	-	7,382,507	172,051	7,554,557	143,043	7,697,601		Exh. 4, Sch. 1, Pg. 13
7	Outside Services - A&G	2,631,057	-	2,631,057	652,100	3,283,157	92,345	3,375,502		Exh. 4, Sch. 1, Pg. 14
8	Building Leases	1,234,404	31,185	1,265,589	-	1,265,589	-	1,265,589		Exh. 4, Sch. 1, Pg. 15
9	Corporate Insurance	1,276,926	5,788	1,282,714	90,655	1,373,369	97,062	1,470,432		Exh. 4, Sch. 1, Pg. 16
10	Injuries and Damages	164,920	(62,308)	102,613	2,391	105,004	1,988	106,992		Exh. 4, Sch. 1, Pg. 17
11	Employee Expenses	663,651	14,497	678,148	79,180	757,328	23,565	780,893		Exh. 4, Sch. 1, Pg. 18
12	Company Memberships	359,427	-	359,427	8,376	367,803	6,964	374,768		Exh. 4, Sch. 1, Pg. 19
13	Utilities & Fuel Used in Company Operations	675,243	(50,236)	625,007	86,066	711,073	13,464	724,537		Exh. 4, Sch. 1, Pg. 20
14	Advertising	1,088,794	(39,311)	1,049,483	24,458	1,073,941	20,335	1,094,276		Exh. 4, Sch. 1, Pg. 21
15	Fleet	2,084,618	-	2,084,618	48,582	2,133,200	40,392	2,173,592		Exh. 4, Sch. 1, Pg. 22
16	Materials & Supplies	3,345,440	-	3,345,440	77,966	3,423,406	64,821	3,488,227		Exh. 4, Sch. 1, Pg. 23
17	Other O&M	2,396,745	1,145,509	3,542,255	82,553	3,624,808	68,635	3,693,442		Exh. 4, Sch. 1, Pg. 24
18	Debt Issuance Costs	-	-	-	538,515	538,515	-	538,515		Exh. 1, Sch. 1, Pg. 25
19	Payment Processing	-	-	-	-	-	980,609	980,609		Exh. 4, Sch. 1, Pg. 26
20	Rate Case Expense	-	-	-	597,250	597,250	-	597,250		Exh. 4, Sch. 1, Pg. 27
21	Uncollectible Accounts	4,440,979	631,444	5,072,423	(44,726)	5,027,697	(35,240)	4,992,457		Exh. 4, Sch. 1, Pg. 28
22	Total USP/SCR Rider	5,174,610	(6,224,312)	(1,049,702)	22,563	(1,027,139)	20,995	(1,006,144)		Exh. 4, Sch. 1, Pg. 29
23	Interest on Customer Deposits	-	41,319	41,319	-	41,319	-	41,319		Exh. 4, Sch. 1, Pg. 31
<b>24</b>	<b>Total Operation and Maintenance Expense</b>	<b>\$ 61,036,219</b>	<b>\$ (2,905,212)</b>	<b>\$ 58,131,007</b>	<b>\$ 5,372,606</b>	<b>\$ 63,503,613</b>	<b>\$ 2,999,667</b>	<b>\$ 66,503,280</b>		
<b>Other Income Deductions</b>										
25	Net Rent Expense - Nonutility Operations	\$ 153,980	\$ -	\$ 153,980	\$ (153,980)	\$ -	\$ -	\$ -		
26	Charitable and Civic Contributions	1,275,783	(1,110,509)	165,274	(165,274)	-	-	-		Exh. 4, Sch. 1, Pg. 30
27	Expense - Civic, Political & Rel. Act	10,493	-	10,493	(10,493)	-	-	-		
28	Other Expense Miscellaneous	605,028	-	605,028	(605,028)	-	-	-		
<b>29</b>	<b>Total Other Income Deductions</b>	<b>\$ 2,045,284</b>	<b>\$ (1,110,509)</b>	<b>\$ 934,774</b>	<b>\$ (934,774)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		

**Peoples Natural Gas Company LLC-Combined**  
**Statement of Operations and Maintenance Expense at Present Rates**

<u>Line</u>	<u>Cost Element Description</u>	<u>Per Books</u>		<u>Normalized</u>		<u>Normalized FTY</u>		<u>At Present Rates</u>		<u>Reference</u>						
		<u>Twelve Months</u>	<u>Adjusted</u>	<u>Twelve Months</u>	<u>Adjusted</u>	<u>Twelve Months</u>	<u>Adjusted</u>	<u>Twelve Months</u>	<u>Normalized FPFTY</u>							
		<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjustments</u>	<u>Ended</u>	<u>Adjusted</u>							
		<u>September 30, 2018</u>	<u>(1)</u>	<u>September 30, 2018</u>	<u>(2)</u>	<u>September 30, 2019</u>	<u>(3)=(1)+(2)</u>	<u>September 30, 2019</u>	<u>(4)</u>	<u>September 30, 2019</u>	<u>(5)=(3)+(4)</u>	<u>Adjustments</u>	<u>October 31, 2020</u>	<u>(6)</u>	<u>(7)=(5)+(6)</u>	<u>(8)</u>
1	Labor	\$ 59,585,556	\$ 1,993,458	\$ 61,579,014	\$ 3,388,571	\$ 64,967,585	\$ 2,665,491	\$ 67,633,076							Exh. 4, Sch. 1, Pg. 5	
2	APIP/Incentive Compensation	7,603,940	(1,207,715)	6,396,225	331,347	6,727,572	275,347	7,002,919							Exh. 4, Sch. 1, Pg. 6	
3	Pension	194,517	-	194,517	2,168,483	2,363,000	-	2,363,000							Exh. 4, Sch. 1, Pg. 10	
4	Post Retirement Benefits Other Than Pensions	977,177	1,337,486	2,314,663	39,481	2,354,144	(34,004)	2,320,140							Exh. 4, Sch. 1, Pg. 11	
5	Other Employee Benefits	14,168,862	422,226	14,591,088	1,671,554	16,262,642	960,065	17,222,707							Exh. 4, Sch. 1, Pg. 12	
6	Outside Services - Contracted	24,416,858	-	24,416,858	704,039	25,120,897	475,657	25,596,554							Exh. 4, Sch. 1, Pg. 13	
7	Outside Services - A&G	7,279,186	-	7,279,186	1,822,395	9,101,580	253,247	9,354,827							Exh. 4, Sch. 1, Pg. 14	
8	Building Leases	2,278,895	(80,181)	2,198,714	-	2,198,714	-	2,198,714							Exh. 4, Sch. 1, Pg. 15	
9	Corporate Insurance	3,162,821	(129,927)	3,032,894	214,349	3,247,243	229,498	3,476,740							Exh. 4, Sch. 1, Pg. 16	
10	Injuries and Damages	1,762,638	(217,352)	1,545,286	36,013	1,581,299	29,941	1,611,241							Exh. 4, Sch. 1, Pg. 17	
11	Employee Expenses	2,549,537	68,251	2,617,788	229,788	2,847,576	83,808	2,931,384							Exh. 4, Sch. 1, Pg. 18	
12	Company Memberships	953,992	-	953,992	22,233	976,225	18,485	994,710							Exh. 4, Sch. 1, Pg. 19	
13	Utilities & Fuel Used in Company Operations	2,227,941	(83,529)	2,144,412	216,956	2,361,367	44,712	2,406,079							Exh. 4, Sch. 1, Pg. 20	
14	Advertising	3,118,056	(112,578)	3,005,477	70,043	3,075,521	58,234	3,133,755							Exh. 4, Sch. 1, Pg. 21	
15	Fleet	3,613,850	-	3,613,850	84,221	3,698,071	70,022	3,768,093							Exh. 4, Sch. 1, Pg. 22	
16	Materials & Supplies	8,562,732	-	8,562,732	199,556	8,762,288	165,911	8,928,199							Exh. 4, Sch. 1, Pg. 23	
17	Other O&M	5,415,928	2,764,096	8,180,024	190,637	8,370,661	290,496	8,661,157							Exh. 4, Sch. 1, Pg. 24	
18	Debt Issuance Costs	-	-	-	1,092,522	1,092,522	-	1,092,522							Exh. 1, Sch. 1, Pg. 25	
19	Payment Processing	-	-	-	-	-	-	2,303,208							Exh. 4, Sch. 1, Pg. 26	
20	Rate Case Expense	-	-	-	1,194,500	1,194,500	-	1,194,500							Exh. 4, Sch. 1, Pg. 27	
21	Uncollectible Accounts	10,977,974	1,225,785	12,203,758	(100,748)	12,103,010	(85,574)	12,017,436							Exh. 4, Sch. 1, Pg. 28	
22	Total USP/SCR Rider	12,354,735	(6,571,123)	5,783,612	(42,927)	5,740,686	(40,704)	5,699,982							Exh. 4, Sch. 1, Pg. 29	
23	Interest on Customer Deposits	-	116,686	116,686	-	116,686	-	116,686							Exh. 4, Sch. 1, Pg. 31	
<b>24</b>	<b>Total Operation and Maintenance Expense</b>	<b>\$ 171,205,194</b>	<b>\$ (474,416)</b>	<b>\$ 170,730,778</b>	<b>\$ 13,533,011</b>	<b>\$ 184,263,789</b>	<b>\$ 7,763,840</b>	<b>\$ 192,027,630</b>								
	<b>Other Income Deductions</b>															
25	Net Rent Expense - Nonutility Operations	\$ 153,980	\$ -	\$ 153,980	\$ (153,980)	\$ -	\$ -	\$ -								
26	Charitable and Civic Contributions	3,049,097	(2,654,096)	395,001	(395,001)	-	-	-							Exh. 4, Sch. 1, Pg. 30	
27	Expense - Civic, Political & Rel. Act	44,591	-	44,591	(44,591)	-	-	-								
28	Other Expense Miscellaneous	2,363,399	-	2,363,399	(2,363,399)	-	-	-								
<b>29</b>	<b>Total Other Income Deductions</b>	<b>\$ 5,611,066</b>	<b>\$ (2,654,096)</b>	<b>\$ 2,956,970</b>	<b>\$ (2,956,970)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>								

Peoples Natural Gas Company LLC  
Labor Adjustment

Line No.	Description	PNG (1)	HTY PED (2)	Combined (3)												
1	Normal Labor Pay Per Books	\$ 51,774,601	\$ 29,581,874	\$ 81,356,474												
2	Annualized Labor	\$ 52,294,986	\$ 32,422,085	\$ 84,717,071												
3	Annualized Gross Payroll Adjustment (Ln 2 - Ln 1)	\$ 520,385	\$ 2,840,211	\$ 3,360,596												
4	O&M Labor Percentage	63.14%	58.62%	59.32%												
5	Annualization Adjustment to Labor O&M (Ln 3 x Ln 4)	\$ 328,584	\$ 1,664,873	\$ 1,993,458												
<b>6</b>	<b>FTY ADJUSTMENTS</b>															
	Merit %															
		<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
7	Total Clerical Labor	\$ 704,778	\$ 570,048	\$ 1,274,826	\$ 21,143	\$ 17,101	\$ 38,245	\$ -	\$ -	\$ -	\$ 22,115	\$ 16,159	\$ 38,274	\$ 43,258	\$ 33,261	\$ 76,519
8	Total Exempt Labor	\$ 20,601,436	\$ 14,123,036	\$ 34,724,472	\$ 618,043	\$ 423,691	\$ 1,041,734	\$ -	\$ -	\$ -	\$ 818,411	\$ 531,901	\$ 1,350,311	\$ 1,436,454	\$ 955,592	\$ 2,392,046
9	Total Clerical - Union	\$ 2,435,938	\$ 2,292,507	\$ 4,728,445	\$ 60,898	\$ 57,313	\$ 118,211	\$ 21,966	\$ 16,051	\$ 38,017	\$ 130,233	\$ 95,162	\$ 225,395	\$ 213,098	\$ 168,525	\$ 381,623
10	Total Manual - Union	\$ 28,552,834	\$ 15,436,494	\$ 43,989,328	\$ 785,203	\$ 424,504	\$ 1,209,707	\$ 321,514	\$ 156,828	\$ 478,343	\$ 370,080	\$ 222,809	\$ 592,889	\$ 1,476,797	\$ 804,141	\$ 2,280,938
11	Total (Ln 7 + Ln 8 + Ln 9 + Ln 10)	\$ 52,294,986	\$ 32,422,085	\$ 84,717,071	\$ 1,485,288	\$ 922,609	\$ 2,407,897	\$ 343,481	\$ 172,879	\$ 516,360	\$ 1,340,838	\$ 866,031	\$ 2,206,870	\$ 3,169,607	\$ 1,961,519	\$ 5,131,126
12	O&M Labor Percentage	63.14%	58.62%	61.41%	63.14%	58.62%	61.41%	49.86%	50.88%	50.20%	75.08%	74.37%	74.80%			
13	Annualization Adjustment to Labor O&M (Ln 11 x Ln 12)	\$ 33,020,380	\$ 19,005,159	\$ 52,025,539	\$ 937,848	\$ 540,814	\$ 1,478,663	\$ 171,244	\$ 87,959	\$ 259,203	\$ 1,006,667	\$ 644,039	\$ 1,650,706	\$ 2,115,759	\$ 1,272,812	\$ 3,388,571
<b>14</b>	<b>FPFTY ADJUSTMENTS</b>															
	Merit %															
		<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
15	Total Clerical Labor	\$ 748,036	\$ 603,309	\$ 1,351,346	\$ 22,441	\$ 18,099	\$ 40,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,441	\$ 18,099	\$ 40,540
16	Total Exempt Labor	\$ 22,037,890	\$ 15,078,627	\$ 37,116,517	\$ 661,137	\$ 452,359	\$ 1,113,496	\$ -	\$ -	\$ -	\$ 220,586	\$ 144,324	\$ 364,910	\$ 881,723	\$ 596,683	\$ 1,478,406
17	Total Clerical - Union	\$ 2,649,036	\$ 2,461,032	\$ 5,110,068	\$ 66,226	\$ 61,526	\$ 127,752	\$ 56,001	\$ 40,920	\$ 96,921	\$ 103,230	\$ 75,431	\$ 178,661	\$ 225,457	\$ 177,876	\$ 403,334
18	Total Manual - Union	\$ 30,029,631	\$ 16,240,635	\$ 46,270,266	\$ 825,815	\$ 446,617	\$ 1,272,432	\$ 275,640	\$ 130,302	\$ 405,942	\$ 235,989	\$ 172,437	\$ 408,426	\$ 1,337,443	\$ 749,357	\$ 2,086,800
19	Total (Ln 15 + Ln 16 + Ln 17 + Ln 18)	\$ 55,464,592	\$ 34,383,604	\$ 89,848,196	\$ 1,575,619	\$ 978,601	\$ 2,554,220	\$ 331,641	\$ 171,222	\$ 502,863	\$ 559,805	\$ 392,192	\$ 951,997	\$ 2,467,064	\$ 1,542,016	\$ 4,009,080
20	O&M Labor Percentage	63.35%	58.98%	61.68%	63.35%	58.98%	61.68%	47.95%	54.67%	50.24%	87.86%	88.16%	87.98%			
21	Annualization Adjustment to Labor O&M (Ln 19 x Ln 20)	\$ 35,136,140	\$ 20,277,971	\$ 55,414,111	\$ 998,135	\$ 577,137	\$ 1,575,272	\$ 159,008	\$ 93,613	\$ 252,621	\$ 491,857	\$ 345,741	\$ 837,598	\$ 1,649,000	\$ 1,016,491	\$ 2,665,491

**Peoples Natural Gas Company LLC**  
**APIP/Incentive Compensation Adjustment**

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>			<u>Adjustment</u>		
		<u>PNG</u> (1)	<u>PED</u> (2)	<u>Combined</u> (3)	<u>PNG</u> (4)	<u>PED</u> (5)	<u>Combined</u> (6)
1	APIP/Incentive Compensation Per Books				\$ 5,074,311	\$ 2,529,629	\$ 7,603,940
2	APIP/Incentive Compensation Annualized as of 9/30/2018	\$ 6,406,280	\$ 4,010,952	\$ 10,417,232			
3	HTY O&M Labor Percentage	63.14%	58.62%	61.56%			
4	APIP/Incentive Compensation included in O&M (Ln 2 x Ln 3)				\$ 4,045,088	\$ 2,351,137	\$ 6,396,225
5	Total Adjustment (Ln 4 - Ln 1)				\$ (1,029,223)	\$ (178,491)	\$ (1,207,715)
<b>FTY</b>							
6	APIP/Incentive Compensation - FTY	\$ 6,598,469	\$ 4,131,280	\$ 10,729,749			
7	APIP/Incentive Compensation - Adjustments/Progressions	\$ 139,645	\$ 87,489	\$ 227,135			
8	Total APIP/Incentive Compensation (Ln 6 + Ln 7)	\$ 6,738,114	\$ 4,218,769	\$ 10,956,884			
9	FTY O&M Labor Percentage	63.14%	58.62%	61.41%			
10	APIP/Incentive Compensation included in O&M (Ln 8 x Ln 9)				\$ 4,254,616	\$ 2,472,956	\$ 6,727,572
11	FTY Adjustment (Ln 10 - Ln 4)				\$ 209,528	\$ 121,819	\$ 331,347
<b>FPFTY</b>							
12	APIP/Incentive Compensation - FPFTY	\$ 6,940,258	\$ 4,345,333	\$ 11,285,590	\$ 328,707		
13	APIP/Incentive Compensation - Adjustments/Progressions	\$ 44,155	\$ 26,602	\$ 70,757			
14	Total APIP/Incentive Compensation (Ln 12 + Ln 13)	\$ 6,984,413	\$ 4,371,934	\$ 11,356,347			
15	FPFTY O&M Labor Percentage	63.35%	58.98%	61.68%			
16	APIP/Incentive Compensation included in O&M (Ln 14 x Ln 15)				\$ 4,424,540	\$ 2,578,379	\$ 7,002,919
17	FPFTFY Adjustment (Ln 16 - Ln 10)				\$ 169,924	\$ 105,423	\$ 275,347

**Peoples Natural Gas Company LLC  
Labor Annualization**

<b>Line No.</b>	<b>Description</b>	<b>HTY Employee Count</b>			<b>Amount</b>		
		<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>	<b><u>PNG</u></b> <b>(4)</b>	<b><u>PED</u></b> <b>(5)</b>	<b><u>Combined</u></b> <b>(6)</b>
1	Total Clerical Labor	17	13	30	\$ 704,778	\$ 570,048	\$ 1,274,826
2	Total Exempt Labor	218	154	372	\$ 20,601,436	\$ 14,123,036	\$ 34,724,472
3	Total Clerical - Union	59	53	112	\$ 2,435,938	\$ 2,292,507	\$ 4,728,445
4	Total Manual - Union	411	220	631	\$ 28,552,834	\$ 15,436,494	\$ 43,989,328
5	Total Active Annualized Labor	704	440	1,144	\$ 52,294,986	\$ 32,422,085	\$ 84,717,071

**Peoples Natural Gas Company LLC**  
**Gross Payroll**

<b>Line No.</b>	<b>Description</b>	<b>HTY Amount</b>		
		<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	Normal Pay	\$ 51,774,601	\$ 29,581,874	\$ 81,356,474
2	Premium Pay	\$ 87,305	\$ 46,882	\$ 134,187
3	Overtime Pay	\$ 9,674,092	\$ 4,548,015	\$ 14,222,107
4	Total Payroll Dollars	<u>\$ 61,535,997</u>	<u>\$ 34,176,771</u>	<u>\$ 95,712,769</u>



**Peoples Natural Gas Company LLC**  
**HTY O&M Labor Percentage**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
	<b>Labor &amp; Incentive Compensation</b>			
1	O&M Expense	\$ 44,837,336	\$ 22,352,160	\$ 67,189,496
2	Capitalized Labor	\$ 26,172,380	\$ 15,779,783	\$ 41,952,163
3	Total Gross Labor	<u>\$ 71,009,716</u>	<u>\$ 38,131,943</u>	<u>\$ 109,141,659</u>
4	HTY O&M Labor Percentage - (Ln 1 / Ln 4)	63.14%	58.62%	61.56%

**Peoples Natural Gas Company LLC**  
**Pension Expense Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	HTY Net Expense	\$ (128,462)	\$ 322,980	\$ 194,517
2	2017 Net Contributions	\$ 740,000	\$ 1,106,000	\$ 1,846,000
3	2018 Net Contributions	\$ 1,571,000	\$ 1,309,000	\$ 2,880,000
4	2 Year Average	\$ 1,155,500	\$ 1,207,500	\$ 2,363,000
5	HTY Adjustment (Ln 4- Ln1)	\$ 1,283,962	\$ 884,520	\$ 2,168,483
6	HTY Adjusted Pension Expense (Ln 1 + Ln 5)	\$ 1,155,500	\$ 1,207,500	\$ 2,363,000

**Peoples Natural Gas Company LLC**  
**Post Retirement Benefits Other Than Pensions**

<b>Line No.</b>	<b>Description</b>	<b><u>PNG</u> (1)</b>	<b><u>PED</u> (2)</b>	<b><u>Combined</u> (3)</b>
1	HTY Net Post Retirement Benefits Other Than Pensions	\$ 691,555	\$ 285,622	\$ 977,177
2	Prior PBOPS Expense Amortization	<u>\$ 1,337,486</u>	<u>\$ -</u>	<u>\$ 1,337,486</u>
3	HTY Adjusted PBOPS Net Expense (Ln 1 + Ln 2)	\$ 2,029,041	\$ 285,622	\$ 2,314,663
4	TTM September 2019 Net Expense	\$ 754,031	\$ 262,627	\$ 1,016,658
5	FTY Adjustment (Ln 4 - Ln 1)	<u>\$ 62,476</u>	<u>\$ (22,995)</u>	<u>\$ 39,481</u>
6	FTY Adjusted PBOPS Net Expense (Ln 3 + Ln 5)	\$ 2,091,517	\$ 262,627	\$ 2,354,144
7	TTM October 2020 Net Expense	\$ 737,639	\$ 245,015	\$ 982,654
8	FPFTY Adjustment (Ln 7 - Ln 4)	<u>\$ (16,392)</u>	<u>\$ (17,612)</u>	<u>\$ (34,004)</u>
9	FPFTY Adjusted PBOPS Net Expense (Ln 6 + Ln 8)	\$ 2,075,125	\$ 245,015	\$ 2,320,140

**Peoples Natural Gas Company LLC  
Benefit Expense Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	HTY Net Benefits	\$ 9,012,727	\$ 5,156,136	\$ 14,168,862
2	Annualized Benefits	\$ 307,395	\$ 114,831	\$ 422,226
3	Adjusted HTY Benefits (Ln 1 + Ln 2)	\$ 9,320,121	\$ 5,270,967	\$ 14,591,088
4	FTY Benefit Adjustment	\$ 993,084	\$ 678,469	\$ 1,671,554
5	FTY Benefits (Ln 3 + Ln 4)	\$ 10,313,206	\$ 5,949,436	\$ 16,262,642
6	FPFTY Benefit Adjustment	\$ 603,678	\$ 356,387	\$ 960,065
7	FPFTY Benefits (Ln 5 + Ln 6)	\$ 10,916,884	\$ 6,305,823	\$ 17,222,707

**Peoples Natural Gas Company LLC**  
**Outside Services Contracted - Adjustment**

<b>Line</b>	<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b>	<b><u>PED</u></b>	<b><u>Combined</u></b>
			<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>1</b>	Per Books Outside Services - Contracted	\$ 17,034,351	\$ 7,382,507	\$ 24,416,858
	<b>2</b>	HTY Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>3</b>	HTY Adjusted Outside Services - Contracted	\$ 17,034,351	\$ 7,382,507	\$ 24,416,858
	<b>4</b>	FTY Inflation Adjustment	2.33%	2.33%	2.33%
	<b>5</b>	FTY Adjustment for Outside Services - Contracted (Ln 3 x Ln 4)	\$ 396,988	\$ 172,051	\$ 569,039
	<b>6</b>	FTY Adjustment	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ 135,000</u>
	<b>7</b>	FTY Adjusted Outside Services - Contracted (Ln 3 + Ln 5 + Ln 6)	\$ 17,566,340	\$ 7,554,557	\$ 25,120,897
	<b>8</b>	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
	<b>9</b>	FPFTY Adjustment for Outside Services - Contracted (Ln 7 x Ln 8)	\$ 332,614	\$ 143,043	\$ 475,657
	<b>10</b>	FPFTY Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>11</b>	FPFTY Adjusted Outside Services - Contracted (Ln 7 + Ln 9 + Ln 10)	\$ 17,898,953	\$ 7,697,601	\$ 25,596,554

**Peoples Natural Gas Company LLC**  
**Outside Service - A&G Adjustment**

<b>Line No.</b>	<b><u>Description</u></b>	<b><u>PNG</u> (1)</b>	<b><u>PED</u> (2)</b>	<b><u>Combined</u> (3)</b>
1	Per Books Outside Services - A&G	\$ 4,648,129	\$ 2,631,057	\$ 7,279,186
2	FTY Inflation Adjustment	2.33%	2.33%	2.33%
3	FTY Adjustment for Outside Services - A&G (Ln 1 x Ln 2)	\$ 108,325	\$ 61,317	\$ 169,643
4	FTY Adjustment	<u>\$ 1,061,969</u>	<u>\$ 590,783</u>	<u>\$ 1,652,752</u>
5	FTY Adjusted Outside Services - A&G (Ln 1 + Ln 3 + Ln 4)	\$ 5,818,423	\$ 3,283,157	\$ 9,101,580
6	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
7	FPFTY Adjustment for Outside Services - A&G (Ln 9 x Ln 10)	\$ 110,170	\$ 62,166	\$ 172,336
8	FPTFY Adjustment	<u>\$ 50,732</u>	<u>\$ 30,179</u>	<u>\$ 80,911</u>
9	FPFTY Adjusted Outside Services - A&G (Ln 9 + Ln 11 + Ln 12)	\$ 5,979,326	\$ 3,375,502	\$ 9,354,827

**Peoples Natural Gas Company LLC**  
**Building Lease Adjustment**

<u>No.</u>	<u>Description</u>	<u>PNG</u> (1)	<u>PED</u> (2)	<u>Combined</u> (3)
1	Per Books Lease Expense	\$ 1,044,491	\$ 1,234,404	\$ 2,278,895
2	HTY Adjustment	\$ (111,366)	\$ 31,185	\$ (80,181)
3	HTY Adjusted Lease Expense (Ln 1 + Ln 2)	\$ 933,125	\$ 1,265,589	\$ 2,198,714

Refer to Exhibit No. 4, Schedule No. 8 for Lease Detail

Peoples Natural Gas Company LLC  
Corporate Insurance Adjustment

Line No.	Description	Per Books <u>PNG</u> (1)	Premiums 2018/2019 <u>PNG</u> (2)	Adjustment <u>PNG</u> (3)=(2-1)	Per Books <u>PED</u> (4)	Premiums 2018/2019 <u>PED</u> (5)	Adjustment <u>PED</u> (6)=(5-4)	Per Books <u>Combined</u> (7)	Premiums 2018/2019 <u>Combined</u> (8)	Adjustment <u>Combined</u> (9)=(8-7)
1	Total Account Property Insurance	\$ 89,464	\$ 84,229	\$ (5,234)	\$ 70,174	\$ 65,847	\$ (4,327)	\$ 159,637	\$ 150,076	\$ (9,561)
2	Total Account Other Misc Insurance	\$ 1,545,293	\$ 1,474,417	\$ (70,876)	\$ 1,143,458	\$ 1,095,702	\$ (47,756)	\$ 2,688,751	\$ 2,570,119	\$ (118,632)
3	Total Account Workers Compensation	\$ 251,138	\$ 191,534	\$ (59,605)	\$ 63,294	\$ 121,165	\$ 57,871	\$ 314,432	\$ 312,699	\$ (1,734)
4	Total Corporate Insurance (Ln 1 + Ln 2 + Ln 3)	<u>\$ 1,885,895</u>	<u>\$ 1,750,180</u>	<u>\$ (135,715)</u>	<u>\$ 1,276,926</u>	<u>\$ 1,282,714</u>	<u>\$ 5,788</u>	<u>\$ 3,162,821</u>	<u>\$ 3,032,894</u>	<u>\$ (129,927)</u>
5	FTY Increase Estimate		7.1%			7.1%			7.1%	
6	FTY Adjustment for Insurance (Ln 4 x Ln 5)		<u>\$ 123,693</u>			<u>\$ 90,655</u>			<u>\$ 214,349</u>	
7	FTY Adjusted Insurance Expense (Ln 4 + Ln 6)		\$ 1,873,873			\$ 1,373,369			\$ 3,247,243	
8	FPFTY Increase Estimate		7.1%			7.1%			7.1%	
9	FPFTY Adjustment for Insurance (Ln 7 x Ln 8)		<u>\$ 132,435</u>			<u>\$ 97,062</u>			<u>\$ 229,498</u>	
10	FPFTY Adjusted Insurance Expense (Ln 7 + Ln 9)		\$ 2,006,309			\$ 1,470,432			\$ 3,476,740	



**Peoples Natural Gas Company LLC  
Injuries and Damages Adjustment**

<b>Line No.</b>	<b>Year</b>	<b><u>PNG</u> (1)</b>	<b><u>PED</u> (2)</b>	<b><u>Combined</u> (3)</b>
1	TME September 2018	\$ 1,597,718	\$ 164,920	\$ 1,762,638
2	TME September 2017	\$ 1,667,341	\$ 87,630	\$ 1,754,972
3	TME September 2016	\$ 1,062,961	\$ 55,287	\$ 1,118,248
4	Total	<u>\$ 4,328,020</u>	<u>\$ 307,838</u>	<u>\$ 4,635,858</u>
5	3 Year Average	\$ 1,442,673	\$ 102,613	\$ 1,545,286
6	Total Injuries and Damages per Books	\$ 1,597,718	\$ 164,920	\$ 1,762,638
7	HTY Total Injuries and Damage Adjustment (Ln 5 - Ln 6)	\$ (155,045)	\$ (62,308)	\$ (217,352)
8	FTY Inflation Adjustment	2.33%	2.33%	2.33%
9	FTY Adjustment for Injuries and Damages (Ln 5 x Ln 8)	<u>\$ 33,622</u>	<u>\$ 2,391</u>	<u>\$ 36,013</u>
10	FTY Injuries and Damages (Ln 5 + Ln 9)	\$ 1,476,295	\$ 105,004	\$ 1,581,299
11	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
12	FPFTY Adjustment for Injuries and Damages (Ln 10 x Ln 11)	<u>\$ 27,953</u>	<u>\$ 1,988</u>	<u>\$ 29,941</u>
13	FPFTY Injuries and Damages (Ln 10 + Ln 12)	\$ 1,504,248	\$ 106,992	\$ 1,611,241

**Peoples Natural Gas Company LLC**  
**Employee Expense Adjustment**

<b>Line No.</b>	<b><u>Description</u></b>	<b><u>PNG</u> (1)</b>	<b><u>PED</u> (2)</b>	<b><u>Combined</u> (3)</b>
1	Per Books Employee Expenses	\$ 1,885,885	\$ 663,651	\$ 2,549,537
2	HTY Adjustment	<u>\$ 53,755</u>	<u>\$ 14,497</u>	<u>\$ 68,251</u>
3	HTY Adjusted Employee Expenses (Ln 1 + Ln 2)	\$ 1,939,640	\$ 678,148	\$ 2,617,788
4	FTY Inflation Adjustment	2.33%	2.33%	2.33%
5	FTY Adjustment for Employee Expense (Ln 3 x Ln 4)	\$ 45,204	\$ 15,804	\$ 61,008
6	FTY Adjustment	<u>\$ 105,404</u>	<u>\$ 63,376</u>	<u>\$ 168,780</u>
7	FTY Adjusted Employee Expenses (Ln 3 + Ln 5 + Ln 6)	\$ 2,090,248	\$ 757,328	\$ 2,847,576
8	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
9	FPFTY Adjustment for Employee Expense (Ln 7 x Ln 8)	\$ 39,578	\$ 14,340	\$ 53,918
10	FPFTY Adjustment	<u>\$ 20,665</u>	<u>\$ 9,225</u>	<u>\$ 29,890</u>
11	FPFTY Adjusted Employee Expenses (Ln 7 + Ln 9 + Ln 10) )	\$ 2,150,491	\$ 780,893	\$ 2,931,384

**Peoples Natural Gas Company LLC  
Company Memberships Adjustment**

<b>Line No.</b>	<b>Description</b>	<b>Amount</b>		
		<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
<b>1</b>	Per Books Company Memberships Expense	\$ 594,565	\$ 359,427	\$ 953,992
<b>2</b>	HTY Adjustments	\$ -	\$ -	\$ -
<b>3</b>	Adjusted HTY Memberships Expense (Ln 1 + Ln 2)	\$ 594,565	\$ 359,427	\$ 953,992
<b>4</b>	FTY Inflation Adjustment	2.33%	2.33%	2.33%
<b>5</b>	FTY Adjustment for Company Memberships (Ln 3 x Ln 4)	\$ 13,856	\$ 8,376	\$ 22,233
<b>6</b>	FTY Adjusted Company Memberships (Ln 3 + Ln 5)	\$ 608,422	\$ 367,803	\$ 976,225
<b>7</b>	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
<b>8</b>	FPFTY Adjustment for Company Memberships (Ln 6 x Ln 7)	\$ 11,520	\$ 6,964	\$ 18,485
<b>9</b>	FPFTY Adjusted Company Memberships (Ln 6 + Ln 8)	\$ 619,942	\$ 374,768	\$ 994,710

Refer to Exhibit No. 19, RR-32 for Company Memberships details

**Peoples Natural Gas Company LLC**  
**Utilities & Fuel Used in Company Operations Adjustment**

<b>Line No.</b>	<b>Description</b>	<b><u>PNG</u> (1)</b>	<b><u>PED</u> (2)</b>	<b><u>Combined</u> (3)</b>
1	Per Books Utilities & Fuel Used in Company Operations	\$ 1,552,698	\$ 675,243	\$ 2,227,941
2	Adjustment - Amount Recoverable as gas costs	\$ (33,293)	\$ (50,236)	\$ (83,529)
3	HTY Adjusted Utilities & Fuel Used in Company Operations (Ln 1 + Ln2)	\$ 1,519,405	\$ 625,007	\$ 2,144,412
4	FTY Inflation Adjustment	2.33%	2.33%	2.33%
5	FTY Adjustment for Utilities & Fuel Used in Company Operations (Ln 3 x Ln 4)	\$ 35,410	\$ 14,566	\$ 49,976
6	FTY Adjustment	\$ 95,480	\$ 71,500	\$ 166,980
7	FTY Adjusted Utilities & Fuel Used in Company Operations (Ln 3 + Ln 5 + Ln 6 )	\$ 1,650,295	\$ 711,073	\$ 2,361,367
8	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
9	FPFTY Adjustment for Utilities & Fuel Used in Company Operations (Ln 7 x Ln 8)	\$ 31,248	\$ 13,464	\$ 44,712
10	FPFTY Adjustment	\$ -	\$ -	\$ -
11	FPFTY Adjusted Utilities & Fuel Used in Company Operations (Ln 7 + Ln 9 + Ln 10)	\$ 1,681,543	\$ 724,537	\$ 2,406,079

**Peoples Natural Gas Company LLC**  
**Advertising Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	Per Books Advertising Expense	\$ 2,029,261	\$ 1,088,794	\$ 3,118,056
2	HTY Adjustments	\$ (73,267)	\$ (39,311)	\$ (112,578)
3	HTY Expense (Ln 1 + Ln 2)	\$ 1,955,994	\$ 1,049,483	\$ 3,005,477
4	FTY Inflation Adjustment	2.33%	2.33%	2.33%
5	FTY Adjustment for Advertising Expense (Ln 3 x Ln 4)	<u>\$ 45,585</u>	<u>\$ 24,458</u>	<u>\$ 70,043</u>
6	FTY Adjusted Advertising Expense (Ln 3 + Ln 5)	\$ 2,001,579	\$ 1,073,941	\$ 3,075,521
7	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
8	FPFTY Adjustment for Advertising (Ln 6 x Ln 7)	<u>\$ 37,899</u>	<u>\$ 20,335</u>	<u>\$ 58,234</u>
9	FPFTY Adjusted Advertising Expenses (Ln 6 + Ln 8)	\$ 2,039,479	\$ 1,094,276	\$ 3,133,755

Refer to Exhibit No. 4, Schedule No. 4 for Advertising details

**Peoples Natural Gas Company LLC  
Fleet Maintenance & Fuel Adjustment**

<b><u>Line</u></b>	<b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b>	<b><u>PED</u></b>	<b><u>Combined</u></b>
			<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>1</b>	Per Books Fleet Expenses	\$ 1,529,232	\$ 2,084,618	\$ 3,613,850
	<b>2</b>	FTY Inflation Adjustment	2.33%	2.33%	2.33%
	<b>3</b>	FTY Adjustment for Fleet Expenses (Ln1 x Ln 2)	<u>\$ 35,639</u>	<u>\$ 48,582</u>	<u>\$ 84,221</u>
	<b>4</b>	FTY Adjusted Fleet Expenses (Ln 1 + Ln 3)	\$ 1,564,871	\$ 2,133,200	\$ 3,698,071
	<b>5</b>	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
	<b>6</b>	FPFTY Adjustment for Fleet Expenses (Ln 4 x Ln 5)	<u>\$ 29,630</u>	<u>\$ 40,392</u>	<u>\$ 70,022</u>
	<b>7</b>	FPFTY Adjusted Fleet Expenses (Ln 4 + Ln 6)	\$ 1,594,501	\$ 2,173,592	\$ 3,768,093

**Peoples Natural Gas Company LLC  
Materials & Supplies Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b><u>(1)</u></b>	<b><u>PED</u></b> <b><u>(2)</u></b>	<b><u>Combined</u></b> <b><u>(3)</u></b>
1	Per Books Utilities & Fuel Used in Company Operations	\$ 5,217,292	\$ 3,345,440	\$ 8,562,732
2	FTY Inflation Adjustment	2.33%	2.33%	2.33%
3	FTY Adjustment for Materials & Supplies (Ln 1 x Ln 2)	<u>\$ 121,590</u>	<u>\$ 77,966</u>	<u>\$ 199,556</u>
4	FTY Adjusted Materials & Supplies (Ln 1 + Ln 3)	\$ 5,338,882	\$ 3,423,406	\$ 8,762,288
5	FPFTY Inflation Adjustment	1.89%	1.89%	1.89%
6	FPFTY Adjustment for Materials & Supplies (Ln 4 x Ln 5)	<u>\$ 101,090</u>	<u>\$ 64,821</u>	<u>\$ 165,911</u>
7	FPFTY Adjusted Materials & Supplies (Ln 4 + Ln 6)	\$ 5,439,972	\$ 3,488,227	\$ 8,928,199

**Peoples Natural Gas Company LLC  
Other O&M Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	Per Books Other Expenses	\$ 3,019,183	\$ 2,396,745	\$ 5,415,928
2	HTY Other Expense Adjustment	\$ 90,733	\$ 65,277	\$ 156,010
3	HTY Charitable & Civic Contributions Adjustments	\$ 1,527,853	\$ 1,080,233	\$ 2,608,086
4	HTY Adjusted Other Expenses (Ln 1 + Ln 2)	<u>\$ 4,637,769</u>	<u>\$ 3,542,255</u>	<u>\$ 8,180,024</u>
4	FTY Inflation Adjustment	2.33%	2.33%	2.33%
5	FTY Adjustment for Other Expenses (Ln 3 x Ln 4)	\$ 108,084	\$ 82,553	\$ 190,637
6	FTY Adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
7	FTY Adjusted Other Expenses (Ln 3 + Ln 5 + Ln 6)	\$ 4,745,853	\$ 3,624,808	\$ 8,370,661
8	FPPTY Inflation Adjustment	1.89%	1.89%	1.89%
9	FPPTY Adjustment for Other Expenses (Ln 7 x Ln 8)	\$ 89,861	\$ 68,635	\$ 158,496
10	FPPTY Adjustment	<u>\$ 132,000</u>	<u>\$ -</u>	<u>\$ 132,000</u>
11	FPPTY Adjusted Other Expenses (Ln 7 + Ln 9 + Ln 10)	\$ 4,967,715	\$ 3,693,442	\$ 8,661,157



**Peoples Natural Gas Company LLC**  
**Debt Issuance Costs Expense**

<u>Line No.</u>	<u>Description</u>	<u>PNG</u> (1)	<u>PED</u> (2)	<u>Combined</u> (3)
1	Revolver Debt Issuance Costs	\$ 635,578	\$ 617,805	\$ 1,253,383
2	Proportion that is Recovered in O&M Claim	100%	100%	100%
3	Total Revolver Debt Issuance Costs (Ln 1 x Ln 2)	\$ 635,578	\$ 617,805	\$ 1,253,383
4	Unamortized Balance of Previous Revolver	\$ 404,207	\$ 392,904	\$ 797,111
5	Total Debt Issuance Costs to be amortized (Ln 3 + Ln 4)	\$ 1,039,785	\$ 1,010,709	\$ 2,050,494
6	Annual Amortization (5 years)	\$ 207,957	\$ 202,142	\$ 410,099
7	Annual Letters of Credit Fee	\$ 21,656	\$ 21,051	\$ 42,707
8	Annual Agency Fee	\$ 9,661	\$ 9,391	\$ 19,053
9	Commitment Fee on Unused Credit Line	\$ 314,732	\$ 305,931	\$ 620,663
10	Total Debt Issuance Costs amortization (Ln 6 + Ln 7 + Ln 8 +Ln 9)	\$ 554,007	\$ 538,515	\$ 1,092,522

**Peoples Natural Gas Company LLC**  
**Payment Processing Fee Absorption Expense**

<u>Payment Processing Channels</u>	<u>Payment Quantity</u>			<u>Transaction Cost</u>	<u>Incremental Cost</u>
	<u>Current</u> (1)	<u>Adjustments</u> (2)	<u>Projected</u> (3) = (1) + (2)		
<u>Movement from Other Channels</u>					
Lockbox Mail Payments	2,611,291	(739,302)	1,871,989	\$ 0.15	\$ (110,267)
ACH Debit Transactions	1,412,477	(399,897)	1,012,580	\$ 0.02	\$ (5,998)
Subtotal	4,023,768	(1,139,199)	2,884,569		\$ (116,266)
<u>Incremental O&amp;M</u>	<u>Current</u> (1)	<u>Adjustments</u> (2)	<u>Projected</u> (3) = (1) + (2)	<u>Transaction Cost</u> (4)	<u>Incremental Cost</u> (5) = (3) * (4)
Third Party Payments	615,783	1,139,199	1,754,982	\$ 1.30	\$ 2,281,476
Walk-in Payments	68,999	-	68,999	\$ 2.00	\$ 137,998
Subtotal	684,782	1,139,199	1,823,981		2,419,474
<b>Total</b>	4,708,550		4,708,550		\$ 2,303,208

**Peoples Natural Gas Company LLC  
Rate Case Adjustment**

<b><u>Line No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	Consulting Services	\$ 510,500	\$ 510,500	\$ 1,021,000
2	Legal Fees	625,500	625,500	1,251,000
3	Advertising - Rate Case	43,500	43,500	87,000
4	Miscellaneous, Supplies, Courier, etc.	12,500	12,500	25,000
5	Travel	2,500	2,500	5,000
6	Total Rate Case Expense	<u>\$ 1,194,500</u>	<u>\$ 1,194,500</u>	<u>\$ 2,389,000</u>
7	Years to Amortize Expense	2	2	2
8	Adjustment to Normalize Expense - FTY	<u>\$ 597,250</u>	<u>\$ 597,250</u>	<u>\$ 1,194,500</u>

**Peoples Natural Gas Company LLC**  
**Uncollectible Accounts Expense Adjustment**

Line No.		<u>HTY</u> <u>PNG</u> (1)	<u>FTY</u> <u>PNG</u> (2)	<u>FPFTY</u> <u>PNG</u> (3)	<u>HTY</u> <u>PED</u> (1)	<u>FTY</u> <u>PED</u> (2)	<u>FPFTY</u> <u>PED</u> (3)
	<b><u>Uncollectible Accounts Normalization:</u></b>						
	Residential						
1	Normalized/Annualized Residential Revenues	\$ 275,567,752	\$ 273,322,178	\$ 271,193,015	\$ 200,783,399	\$ 198,980,877	\$ 197,521,852
2	3 year average uncollectible rate	2.51%	2.51%	2.51%	2.48%	2.48%	2.48%
3	Annualized Residential Uncollectible Expense (Ln 1 x Ln 2)	\$ 6,916,751	\$ 6,860,387	\$ 6,806,945	\$ 4,979,428	\$ 4,934,726	\$ 4,898,542
	Commercial						
4	Normalized/Annualized Commercial Revenues	\$ 78,564,055	\$ 78,726,442	\$ 79,856,765	\$ 61,996,383	\$ 61,980,691	\$ 62,609,843
5	3 year average uncollectible rate	0.27%	0.27%	0.27%	0.15%	0.15%	0.15%
6	Annualized Commercial Uncollectible Expense (Ln 4 x Ln 5)	\$ 212,123	\$ 212,561	\$ 215,613	\$ 92,995	\$ 92,971	\$ 93,915
7	R&C uncollectible expense (Ln 3 + Ln 6)	\$ 7,128,874	\$ 7,072,948	\$ 7,022,558	\$ 5,072,423	\$ 5,027,697	\$ 4,992,457
	Industrial						
8	Annualized Industrial Revenues	\$ 24,620,215	\$ 23,653,900	\$ 24,214,218	\$ 12,451,683	\$ 12,451,685	\$ 12,781,520
9	3 year average uncollectible rate	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
10	Annualized Industrial Uncollectible Expense (Ln 8 x Ln 9)	\$ 2,462	\$ 2,365	\$ 2,421	\$ -	\$ -	\$ -
11	All Classes uncollectible expense (Ln 7 + Ln 10)	\$ 7,131,336	\$ 7,075,313	\$ 7,024,979	\$ 5,072,423	\$ 5,027,697	\$ 4,992,457
12	Per Books Uncollectible Expense	\$ 6,536,994	\$ 7,131,336	\$ 7,075,313	\$ 4,440,979	\$ 5,072,423	\$ 5,027,697
13	<b>Uncollectible Accounts Normalization Adjustment (Ln 12 - Ln 11)</b>	<b>\$ 594,341</b>	<b>\$ (56,022)</b>	<b>\$ (50,334)</b>	<b>\$ 631,444</b>	<b>\$ (44,726)</b>	<b>\$ (35,240)</b>

(A) Exhibit No. 3, Schedule 15, Attachment D

(B) Exhibit No. 19, RR-44

**Peoples Natural Gas Company LLC**  
**Universal Service Program & Supplier Choice Rider Adjustment**

<b><u>Line</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>	<b><u>PNG</u></b> <b>(1)</b>	<b><u>PED</u></b> <b>(2)</b>	<b><u>Combined</u></b> <b>(3)</b>
1	HTY USP/SCR Rider Expense Level per Books	\$ 7,180,125	\$ 5,174,610	\$ 12,354,735
2	HTY Adjustment	\$ (346,811)	\$ (6,224,312)	\$ (6,571,123)
3	HTY Adjusted USP/SCR Net Expense (Ln 1 + Ln 2)	\$ 6,833,314	\$ (1,049,702)	\$ 5,783,612
4	FTY Adjustment	\$ (65,489)	\$ 22,563	\$ (42,927)
5	FTY Adjusted USP/SCR Rider Expense (Ln 3 + Ln 4)	\$ 6,767,825	\$ (1,027,139)	\$ 5,740,686
6	FPFTY Adjustment	\$ (61,698)	\$ 20,995	\$ (40,704)
7	FPFTY Adjusted USP/SCR Rider Expense (Ln 5 + Ln 6)	\$ 6,706,126	\$ (1,006,144)	\$ 5,699,982

Refer to Exhibit No. 3, Schedule 15, Attachment N

**Peoples Natural Gas Company LLC  
Charitable & Civic Contributions Adjustments**

<b>Line No.</b>	<b>Description</b>	<b>PNG</b>	<b>PED</b>	<b>Combined</b>
	<b>Contributions</b>			
1	Arts/Culture	\$ 193,623	\$ 139,299	\$ 332,922
2	Economic Development	\$ 72,208	\$ 51,949	\$ 124,157
3	Environmental	\$ 47,469	\$ 34,151	\$ 81,620
4	Human Services	\$ 1,045,875	\$ 752,438	\$ 1,798,313
5	Misclassified	\$ 90,733	\$ 65,277	\$ 156,010
6	Youth	\$ 323,405	\$ 232,669	\$ 556,074
7	Total HTY Contributions	<u>\$ 1,773,314</u>	<u>\$ 1,275,783</u>	<u>\$ 3,049,097</u>
8	Less: Adjusted Recoverable Expense	\$ (1,527,853)	\$ (1,080,233)	\$ (2,608,086)
9	Less: HTY Adjustment	<u>\$ (15,733)</u>	<u>\$ (30,277)</u>	<u>\$ (46,010)</u>
10	Total Adjustments (Ln 8 + Ln 9)	<u>\$ (1,543,587)</u>	<u>\$ (1,110,509)</u>	<u>\$ (2,654,096)</u>
11	Adjusted HTY (Ln 7 + Ln 10)	\$ 229,727	\$ 165,274	\$ 395,001
12	Less: Unclaimed Donation Expense	<u>\$ (229,727)</u>	<u>\$ (165,274)</u>	<u>\$ (395,001)</u>
13	Adjusted Charitable & Civic Contributions Adjustments (Ln 11 + Ln 12)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to Exhibit No. 4, Schedule 14 for Charitable Donations details

**Peoples Natural Gas Company LLC  
Customer Deposits Adjustment**

<u>Line No.</u>	<u>Description</u>	<u>PNG</u> (1)	<u>PED</u> (2)	<u>Combined</u> (3)	<u>Reference</u>
1	Average Customer Balance	\$ 1,884,171	\$ 1,032,976	\$ 2,917,148	Exhibit 19, RR-17
2	Interest Rate to be applied in 2018	4%	4%	4%	
3	Interest on Customer Deposits at Current Rates	<u>\$ 75,367</u>	<u>\$ 41,319</u>	<u>\$ 116,686</u>	
4	HTY Actual Interest	\$ 91,460	\$ 51,223	\$ 142,682	
5	Adjustment (Ln 3 - Ln 4)	\$ (16,093)	\$ (9,904)	\$ (25,996)	

**Peoples Natural Gas Company LLC**  
**Consumer Price Index**

	Year	Calendar Quarter	CPI
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2018	4	0.5676%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2019	1	0.6092%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2019	2	0.5930%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2019	3	<u>0.5607%</u>
FTY Inflation Rate			2.3305%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2019	4	0.4777%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2020	1	0.3733%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2020	2	0.4999%
CPI: Urban Consumer - All Items, (Index 1982-84=100, SA) Forecast	2020	3	<u>0.5426%</u>
FPTY Inflation Rate			1.8935%



**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

- 20. Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.

\* \* \* \* \*

There are no unamortized prior rate case expenses. Please refer to Exhibit No. 4, Schedule 1 for the projected costs of this case.

**Peoples Natural Gas Company LLC**  
**§ 53.53 III.A**

- 21. Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:
  - a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
  - b. Date, percentage increase, and annual amount of each general payroll increase during the test year.
  - c. Dates and annual amounts of merit increases or management salary adjustments.
  - d. Total annual payroll increases in the test year.
  - e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses).
  - f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
  - g. Support the annualized pension cost figures.
    - i. State whether these figures include any unfunded pension costs. Explain.
    - ii. Provide latest actuarial study used for determining pension accrual rates.
  - h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

\* \* \* \* \*

**Combined Response:**

- a.) Refer to page 3 for details.
- b.) The Bargaining Agreement with UWUA, Local 612 expired on October 31, 2018. Under the terms of the agreement, a 4.5% wage increase was granted to hourly personnel on October 29, 2017 resulting in an estimated annual increase of \$1,784,689.

The Bargaining Agreement with IBEW, Local 29 will expire on January 23, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on January 15, 2018 resulting in an estimated annual increase of \$30,138.

The Bargaining Agreement with USW, Local 1324-26 will expire on February 4, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on February 25, 2018 resulting in an estimated annual increase of \$63,895.

- c.) The average salary merit increase granted on February 25, 2018 was 3.0% resulting in an estimated annual increase of \$951,099.
- d.) The total estimated annual payroll increases for the Historic Test Year were \$2,829,821.
- e.) Total Labor (includes APIP/Incentive Compensation and new employees):

1 Per books Twelve Months Ended September 30, 2018	\$ 67,189,496
2 Adjustments - HTY	\$ 785,743
3 Normalized September 30, 2018	<u>\$ 67,975,239</u>
4 Adjustments - FTY (Exhibit 4, Schedule 1)	<u>\$ 3,719,918</u>
5 Normalized September 30, 2019 (Ln 3 + Ln 4)	<u>\$ 71,695,157</u>
6 Adjustments - FPFTY (Exhibit 4, Schedule 1)	<u>\$ 2,940,838</u>
7 Normalized October 31, 2020 (Ln 5 + Ln 6)	<u>\$ 74,635,995</u>

- f.) Refer to RR 24 and Exhibit 4, Schedule 1.
- g.) Refer to Exhibit 19, RR- 38.
- h.) There are no deferred income or consultant fees paid to corporate officers or employees.

<u>Category</u>	<u>TME September 30, 2018</u>	
Natural Gas Production		
Operations Expense	\$ 1,905,714	
Maintenance Expense	<u>\$ 2,679,320</u>	
		\$ 4,585,034
Gas Supply Expense		
Operations Expense		\$ 459,815
Underground Storage Expense		
Operations Expense	\$ 479,179	
Maintenance Expense	<u>\$ 157,900</u>	
		\$ 637,079
Transmission		
Operations Expense	\$ 517,215	
Maintenance Expense	<u>\$ 1,815,312</u>	
		\$ 2,332,527
Distribution		
Operations Expense	\$ 19,852,646	
Maintenance Expense	<u>\$ 17,886,695</u>	
		\$ 37,739,341
Customer Accounts Expense		\$ 9,766,069
Customer Service and Information Expense		\$ 761,884
Sales Expense		\$ 1,155,564
Administrative & General Expense		
Operations Expense	\$ 9,736,811	
Maintenance Expense	<u>\$ 14,773</u>	
		<u>\$ 9,751,584</u>
Total Labor Charged to O & M		\$ 67,188,897
Total Labor Charged to Merchandising & Jobbing		\$ 599
Total Labor Charged to Capital Accounts and other Clearing Accounts		<u>\$ 41,952,163</u>
Total Labor		<u>\$ 109,141,659</u>

Note: neither Uniform System of Accounts or Company records distinguish between regular and overtime.

**Peoples Division Response:**

- a.) Refer to page 5 for details.
- b.) The Bargaining Agreement with UWUA, Local 612 expired on October 31, 2018. Under the terms of the agreement, a 4.5% wage increase was granted to hourly personnel on October 29, 2017 resulting in an estimated annual increase of \$1,153,144.

The Bargaining Agreement with IBEW, Local 29 will expire on January 23, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on January 15, 2018 resulting in an estimated annual increase of \$10,427.

The Bargaining Agreement with USW, Local 1324-26 will expire on February 4, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on February 25, 2018 resulting in an estimated annual increase of \$36,818.

- c.) The average salary merit increase granted on February 25, 2018 was 3.0% resulting in an estimated annual increase of \$560,325.
- d.) The total estimated annual payroll increases for the Historic Test Year were \$1,760,714.
- e.) Total Labor (includes APIP/Incentive Compensation and new employees):

1 Per books Twelve Months Ended September 30, 2018	\$ 44,837,336
2 Adjustments - HTY	\$ (700,639)
3 Normalized September 30, 2018	<u>\$ 44,136,697</u>
4 Adjustments - FTY (Exhibit 4, Schedule 1)	<u>\$ 2,325,288</u>
5 Normalized September 30, 2019 (Ln 3 + Ln 4)	<u>\$ 46,461,985</u>
6 Adjustments - FPFTY (Exhibit 4, Schedule 1)	<u>\$ 1,818,924</u>
7 Normalized October 31, 2020 (Ln 5 + Ln 6)	<u>\$ 48,280,909</u>

- f.) Refer to RR 24 and Exhibit 4, Schedule 1.
- g.) Refer to Exhibit 19, RR- 38.
- h.) There are no deferred income or consultant fees paid to corporate officers or employees.

<u>Category</u>	<u>TME September 30, 2018</u>	
Natural Gas Production		
Operations Expense	\$ 1,232,187	
Maintenance Expense	<u>\$ 1,611,680</u>	
		\$ 2,843,867
Gas Supply Expense		
Operations Expense		\$ 274,608
Underground Storage Expense		
Operations Expense	\$ 479,179	
Maintenance Expense	<u>\$ 157,900</u>	
		\$ 637,079
Transmission		
Operations Expense	\$ 192,867	
Maintenance Expense	<u>\$ 1,152,276</u>	
		\$ 1,345,143
Distribution		
Operations Expense	\$ 12,788,453	
Maintenance Expense	<u>\$ 12,023,113</u>	
		\$ 24,811,566
Customer Accounts Expense		\$ 5,788,433
Customer Service and Information Expense		\$ 646,180
Sales Expense		\$ 706,622
Administrative & General Expense		
Operations Expense	\$ 7,780,528	
Maintenance Expense	<u>\$ 2,897</u>	
		<u>\$ 7,783,425</u>
Total Labor Charged to O & M		\$ 44,836,923
Total Labor Charged to Merchandising & Jobbing		\$ 413
Total Labor Charged to Capital Accounts and other Clearing Accounts		<u>\$ 26,172,380</u>
Total Labor		<u>\$ 71,009,716</u>

Note: neither Uniform System of Accounts or Company records distinguish between regular and overtime.

**Equitable Division Response:**

- a.) Refer to page 7 for details.
- b.) The Bargaining Agreement with UWUA, Local 612 expired on October 31, 2018. Under the terms of the agreement, a 4.5% wage increase was granted to hourly personnel on October 29, 2017 resulting in an estimated annual increase of \$631,545.

The Bargaining Agreement with IBEW, Local 29 will expire on January 23, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on January 15, 2018 resulting in an estimated annual increase of \$19,711.

The Bargaining Agreement with USW, Local 1324-26 will expire on February 4, 2019. Under the terms of the agreement, a 2.5% wage increase was granted to hourly personnel on February 25, 2018 resulting in an estimated annual increase of \$27,077.

- c.) The average salary merit increase granted on February 25, 2018 was 3.0% resulting in an estimated annual increase of \$390,774.
- d.) The total estimated annual payroll increases for the Historic Test Year were \$1,069,107.
- e.) Total Labor (includes APIP/Incentive Compensation and new employees):

1 Per books Twelve Months Ended September 30, 2018	\$ 22,352,160
2 Adjustments - HTY	<u>\$ 1,486,382</u>
3 Normalized September 30, 2018	<u>\$ 23,838,542</u>
4 Adjustments - FTY (Exhibit 4, Schedule 1)	<u>\$ 1,394,630</u>
5 Normalized September 30, 2019 (Ln 3 + Ln 4)	<u>\$ 25,233,172</u>
6 Adjustments - FPFTY (Exhibit 4, Schedule 1)	<u>\$ 1,121,914</u>
7 Normalized October 31, 2020 (Ln 5 + Ln 6)	<u>\$ 26,355,086</u>

- f.) Refer to RR 24 and Exhibit 4, Schedule 1.
- g.) Refer to Exhibit 19, RR- 38.
- h.) There are no deferred income or consultant fees paid to corporate officers or employees.

<u>Category</u>	<u>TME September 30, 2018</u>	
Natural Gas Production		
Operations Expense	\$ 673,527	
Maintenance Expense	<u>\$ 1,067,640</u>	
		\$ 1,741,167
Gas Supply Expense		
Operations Expense		\$ 185,207
Underground Storage Expense		
Operations Expense	\$ -	
Maintenance Expense	<u>\$ -</u>	
		\$ -
Transmission		
Operations Expense	\$ 324,348	
Maintenance Expense	<u>\$ 663,036</u>	
		\$ 987,384
Distribution		
Operations Expense	\$ 7,064,193	
Maintenance Expense	<u>\$ 5,863,582</u>	
		\$ 12,927,775
Customer Accounts Expense		\$ 3,977,636
Customer Service and Information Expense		\$ 115,704
Sales Expense		\$ 448,942
Administrative & General Expense		
Operations Expense	\$ 1,956,283	
Maintenance Expense	<u>\$ 11,876</u>	
		<u>\$ 1,968,159</u>
Total Labor Charged to O & M		\$ 22,351,974
Total Labor Charged to Merchandising & Jobbing		\$ 186
Total Labor Charged to Capital Accounts and other Clearing Accounts		<u>\$ 15,779,783</u>
Total Labor		<u><u>\$ 38,131,943</u></u>

Note: neither Uniform System of Accounts or Company records distinguish between regular and overtime.



**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

- 25. Submit details of expenditures for advertising (National and Institutional and Local media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:
  - a. Public health and safety
  - b. Conservation of energy
  - c. Explanation of Billing Practices, Rates, etc.
  - d. Provision of factual and objective data programs in educational institutions
  - e. Other advertising programs
  - f. Total advertising expense

\* \* \* \* \*

See page 2.

**Peoples Natural Gas Company LLC**  
**Expenditures for Advertising**  
**Twelve Months Ended September 30**

<b>Peoples</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Digital Media</b>			
Public health and safety	\$ 650	\$ 10,722	\$ 6,232
Conservation of energy	887	49,664	34,132
Explanation of Billing Practices, Rates, etc.	48,613	4,910	26,903
Other advertising programs	27,295	273,936	226,145
<b>TOTAL DIGITAL MEDIA</b>	<b>77,445</b>	<b>339,232</b>	<b>293,412</b>
<b>Creative Production/Ad Creation</b>			
Public health and safety	28,622	48,969	22,049
Conservation of energy	19,829	35,636	46,275
Explanation of Billing Practices, Rates, etc.	25,409	26,366	46,833
Other advertising programs	115,770	98,820	42,527
<b>TOTAL CREATIVE PRODUCTION/AD CREATION</b>	<b>189,630</b>	<b>209,791</b>	<b>157,684</b>
<b>Traditional Broadcast</b>			
Public health and safety		18,104	7,597
Conservation of energy		5,150	2,685
Explanation of Billing Practices, Rates, etc.	80,198	19,915	23,082
Other advertising programs-Community	141,331	245,637	12,776
<b>TOTAL TRADITIONAL BROADCAST</b>	<b>221,529</b>	<b>288,806</b>	<b>46,140</b>
<b>Print</b>			
Public health and safety	22,223	14,602	10,362
Conservation of energy	126,803	5,243	45,606
Explanation of Billing Practices, Rates, etc.	70,000	22,497	19,769
Other advertising programs	41,576	127,897	63,774
<b>TOTAL PRINT</b>	<b>260,602</b>	<b>170,239</b>	<b>139,511</b>
<b>PR Firm</b>			
Public health and safety	14,160	39,049	3,526
Conservation of energy		18,653	600
Explanation of Billing Practices, Rates, etc.	3,188	9,475	600
Other advertising programs	25,696	39,112	88,180
<b>TOTAL PR FIRM</b>	<b>43,044</b>	<b>106,289</b>	<b>92,906</b>
<b>Other</b>			
Public health and safety	382,441	126,363	1,402,509
Conservation of energy		43,212	131,650
Explanation of Billing Practices, Rates, etc.	906,422	1,557,407	1,175,067
Other advertising programs	1,607,966	1,060,479	255,987
<b>TOTAL OTHER EXPENSES</b>	<b>2,896,829</b>	<b>2,787,461</b>	<b>2,965,213</b>
<b>TOTAL EXPENDITURES BY PEOPLES - HTY Adjusted</b>	<b>3,689,079</b>	<b>3,901,818</b>	<b>3,694,866</b>
<b>Less: HTY Adjustments</b>	<b>0</b>	<b>556,287</b>	<b>(576,810)</b>
<b>HTY Actual</b>	<b>\$ 3,689,079</b>	<b>\$ 4,458,106</b>	<b>\$ 3,118,056</b>

The 2018 results reflect the classification of costs pursuant to the 2019 advertising campaigns.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

29. Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.

\* \* \* \* \*

There are no research and development expenditures in the historic test year nor forecasted in the future test year.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

33. Provide a labor productivity schedule.

\* \* \* \* \*

**Combined Response:**

	TME 12/31/2016	TME 12/31/2017	TME 9/30/2018
<b><u>(\$ Thousands)</u></b>			
Labor Charged to Expense (a)	\$ 59,910	\$ 62,264	\$ 67,189
Distribution Maintenance Expense	\$ 33,867	\$ 30,749	\$ 34,075
Gross Utility Plant	\$ 2,685,618	\$ 2,845,753	\$ 2,974,394
<b>Rate Per Customer</b>			
Labor Charged to Expense	\$ 0.10	\$ 0.10	\$ 0.11
Distribution Maintenance Expense	\$ 0.05	\$ 0.05	\$ 0.05
Gross Utility Plant	\$ 4.30	\$ 4.55	\$ 4.77

**Peoples Division Response:**

	TME 12/31/2016	TME 12/31/2017	TME 9/30/2018
<b><u>(\$ Thousands)</u></b>			
Labor Charged to Expense (a)	\$ 42,416	\$ 42,494	\$ 44,837
Distribution Maintenance Expense	\$ 23,250	\$ 21,407	\$ 22,756
Gross Utility Plant	\$ 1,420,616	\$ 1,522,418	\$ 1,596,656
<b>Rate Per Customer</b>			
Labor Charged to Expense	\$ 0.12	\$ 0.12	\$ 0.12
Distribution Maintenance Expense	\$ 0.06	\$ 0.06	\$ 0.06
Utility Plant	\$ 3.94	\$ 4.22	\$ 4.44

**Equitable Division Response:**

	TME 12/31/2016	TME 12/31/2017	TME 9/30/2018
<b><u>(\$ Thousands)</u></b>			
Labor Charged to Expense (a)	\$ 17,494	\$ 19,769	\$ 22,352
Distribution Maintenance Expense	\$ 10,618	\$ 9,342	\$ 11,319
Gross Utility Plant	\$ 1,265,002	\$ 1,323,336	\$ 1,377,738
<b>Rate Per Customer</b>			
Labor Charged to Expense	\$ 0.07	\$ 0.07	\$ 0.08
Distribution Maintenance Expense	\$ 0.04	\$ 0.04	\$ 0.04
Gross Utility Plant	\$ 4.79	\$ 5.01	\$ 5.24

(a) Includes labor and Incentives

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

22. Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year:
- a. Supply a copy of contracts, if applicable.
  - b. Explain the nature of the services provided.
  - c. Explain basis on which charges are made.
  - d. If charges allocated, identify allocation factors used.
  - e. Supply the components and amounts comprising the expense in this account.
  - f. Provide details of initial source of charge and reason thereof.

\* \* \* \* \*

Response:

- a. Refer to Exhibit 19, Schedule RR-51 for copies of the applicable contracts.
- b. The contracts referenced in response (a) describe the nature of services provided to Peoples Natural Gas Company LLC. The agreement for the provision of various administrative and management services by PNG Companies (PNG Service Agreement) identifies services and descriptions in Attachment 1 of Exhibit B. The agreement for the provision of operational services with other affiliates (Operational Agreement) identifies services and descriptions in Attachment A of Exhibit II.
- c. Attachment 1 of Exhibit B in the PNG Service Agreement describes the basis of which charges are made to Peoples Natural Gas Company LLC. Attachment A of Exhibit II in the Operational Agreement describes the basis of which charges are made to the various companies.
- d. See response to (c) above.
- e. Refer to Attachment 1.
- f. Refer to Exhibit 19, Schedule RR-51 for copies of the applicable contracts.

## 53.53.III.A.22

## Attachment 1

## Peoples Service Co LLC

## Twelve Months Ended September 30,

Service Provided	2017			2018		
	Equitable	Peoples	Total	Equitable	Peoples	Total
Accounting Services	2,741	6,351	9,092	-	-	-
Accounts Payable	-	16,824	16,824	-	-	-
Budgets & Financial Planning	83,798	156,173	239,971	-	-	-
Community Relations	28,004	70,953	98,957	13,196	14,731	27,927
Customer Service	2,098,768	4,094,508	6,193,276	725,132	1,399,224	2,124,356
Gas Supply	62,905	138,771	201,676	20,151	40,579	60,730
General Services	16,763	34,422	51,185	-	-	-
Human Resources	1,009	3,370	4,379	(5,684)	-	(5,684)
Information Technology	72,987	152,763	225,750	27,371	58,045	85,416
Legal	41	77	118	-	-	-
Operations	110,627	206,261	316,888	-	-	-
Rates & Regulatory	264	650	914	-	-	-
Tax Accounting	747	1,062	1,809	-	-	-
Treasury & Cash Management	28,875	54,620	83,495	28,141	47,569	75,710
Total	<u>\$ 2,507,527</u>	<u>\$ 4,936,807</u>	<u>\$ 7,444,334</u>	<u>\$ 808,307</u>	<u>\$ 1,560,148</u>	<u>\$ 2,368,455</u>

## Peoples Gas Company LLC

Service Provided	2017			2018		
	Equitable	Peoples	Total	Equitable	Peoples	Total
Field Operations Support	1,015,674	4,730,160	5,745,834	162,395	1,135,656	1,298,050
Total	<u>\$ 1,015,674</u>	<u>\$ 4,730,160</u>	<u>\$ 5,745,834</u>	<u>\$ 162,395</u>	<u>\$ 1,135,656</u>	<u>\$ 1,298,050</u>

## PNG Companies LLC

Service Provided	2018		
	Equitable	Peoples	Total
Accounting Services	441,359	820,708	1,262,068
Accounts Payable	114,077	156,158	270,235
Auditing	69,125	128,819	197,944
Budgets & Financial Strategy	152,762	285,101	437,864
Business Operations - Facilities	77,846	225,456	303,301
Business Operations - Fleet	56,352	141,720	198,072
Community Relations	301,347	412,432	713,779
Customer Relations	293,390	401,541	694,931
Customer Services	2,205,287	3,018,202	5,223,489
Executive	1,541,672	2,916,658	4,458,330
Gas Control	272,892	677,629	950,521
Gas Supply - Planning	262,425	429,649	692,074
Government Affairs	61,465	84,144	145,609
Human Resources	572,256	840,782	1,413,038
Information Technology	2,261,327	3,234,860	5,496,186
Land Management	194,311	241,648	435,959
Legal	58,286	108,650	166,936
Other	226,945	305,119	532,065
Operations	2,292,750	3,178,295	5,471,045
Rates & Regulatory Affairs	536,619	730,154	1,266,773
Safety & Training	385,180	523,913	909,093
Sales & Marketing	397,642	589,635	987,277
Supply Chain - Purchasing	187,799	256,975	444,774
Tax Accounting	103,708	147,078	250,786
Treasury and Cash Management	226,738	420,609	647,347
Total	<u>\$ 13,293,563</u>	<u>\$ 20,275,933</u>	<u>\$ 33,569,496</u>

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

23. Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

\* \* \* \* \*

The Company does not currently have any costs related to leasing equipment or computers. The Company does have the following monthly costs related to leasing office space:

	<u>Monthly Rent payment per Lease</u>	<u>Sublease Income</u>	<u>Building Incentives</u>	<u>Allocated to Other Companies</u>	<u>Net Monthly Rent</u>
North Shore Headquarters	\$ 391,698.85 *	\$ (72,498.92)	\$(19,589.54)	\$ (29,557.94)	\$ 270,052.45
Grove City	\$ 2,500.00	\$ -			\$ 2,500.00
Etna office	\$ 3,100.00	\$ -			\$ 3,100.00
	<u>\$ 397,298.85</u>	<u>\$ (72,498.92)</u>	<u>\$(19,589.54)</u>	<u>\$ (29,557.94)</u>	<u>\$ 275,652.45</u>

\*includes taxes and estimated CAM charges

Peoples \$ 121,145.80  
Equitable \$ 154,506.65

Total Net Monthly Rent \$ 275,652.45

The leases contain generally customary terms and conditions for office space rental. In addition to the specified lease payments, the lessee is also responsible for real estate taxes, insurance, and other miscellaneous assessments (CAM charges) during the lease term.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

24. Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

\* \* \* \* \*

No major storm damage was suffered by the Peoples Natural Gas Company LLC in the Historic Test Year.



**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

27. Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for by the Company and the cost thereof.

\* \* \* \* \*

None.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

28. Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses and Miscellaneous General Expenses, for the test year and prior two comparable years.

\* \* \* \* \*

**Outside Services, Regulatory Commission, and Miscellaneous General Expenses**  
**Twelve Months Ended September 30**

Description	2018	2017	2016
<b>OUTSIDE SERVICES EXPENSES</b>			
<b>Administrative and General - Outside Services</b>			
Accounting/Auditing Services	\$619,244	\$575,264	\$632,985
Consultant & Contractor Services	1,370,536	1,853,162	2,584,000
IT/Telecom Contractor Services	5,445,347	5,276,321	5,097,951
Legal Services	1,208,073	849,581	695,387
Professional/Temporary Labor	18,714	159,762	247,300
Recruiting Expenses	90,672	54,658	118,524
Security & Investigative Services	37,200	40,623	3,583
Testing Services	56,068	39,240	-
Training Services	73,351	159,866	242,531
<b>TOTAL OUTSIDE SERVICES EXPENSES</b>	<b>\$8,919,205</b>	<b>\$9,008,477</b>	<b>\$9,622,260</b>
<b>REGULATORY COMMISSION EXPENSES</b>			
<b>Administrative and General - Regulatory Expenses</b>			
US Department of Transportation - Pipeline Safety Fee	\$82,869	\$85,233	\$47,864
Miscellaneous	-	1,997	365
<b>TOTAL REGULATORY COMMISSION EXPENSES</b>	<b>\$82,869</b>	<b>\$87,230</b>	<b>\$48,229</b>
<b>MISCELLANEOUS GENERAL EXPENSES</b>			
<b>Administrative and General - Miscellaneous General Expense</b>			
Directors Fees and Expenses	\$122,114	\$83,559	\$67,807
Dues & Memberships - Industry, Professional, and Other	956,778	914,798	796,284
Financing Fees	213,720	175,091	165,309
<b>TOTAL MISCELLANEOUS GENERAL EXPENSES</b>	<b>\$1,292,612</b>	<b>\$1,173,448</b>	<b>\$1,029,401</b>

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

31. Provide a detailed analysis of Special Services—Account 795.

\* \* \* \* \*

Peoples does not record expenses related to special services in Account 795. Such expenses are recorded in Account 923. Refer to Exhibit No. 4, Schedule No. 11 (53.53 III.A.28) for an analysis of Account 923.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

32. Provide a detailed analysis of Miscellaneous General Expense—Account No. 801.

\* \* \* \* \*

Peoples does not record expenses related to miscellaneous general expense in Account 801. Such expenses are recorded in Account 930.2. Refer to 53.53 III.A.28 - Combined for an analysis of Account 930.2.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

30. Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

\* \* \* \* \*

The company made total contributions of \$3,049,097 during the Historic Test Year. The response to this question contains confidential information and is contained in a separate book of the filing marked confidential information. This information will be provided to parties upon execution of CONFIDENTIALITY AGREEMENT, to be circulated by the Company, pursuant to the terms of that agreement.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

34. List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

\* \* \* \* \*

The detail of all expense adjustments is provided on Exhibit No. 4, Schedule No. 1.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

35. List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.—Non-yearly maintenance programs, etc.)

[Responses shall be submitted and identified as exhibits.]

\* \* \* \* \*

Refer to Exhibit No. 4, Schedule 1 for the detail of all expense adjustments.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

36. Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.

\* \* \* \* \*

Refer to Exhibit No. 4, Schedule 1 for the detail of all expense adjustments.



**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

37. Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

\* \* \* \* \*

No expenses were recorded during the twelve months ended September 30, 2018 related to placement in service of major plant additions or removal of major plant from operating service.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.A

38. Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

\* \* \* \* \*

**Below are updates to GAAP accounting standards since the previous rate case through September 2018:**

Effective 12/15/2011, Accounting Standards Update ASU 2011-05 (Topic 220) Presentation of Comprehensive Income.

Effective 12/31/2011, Accounting Standards Update ASU 2011-8, Intangibles – Goodwill and Other (Topic 350) Testing Goodwill for Impairment.

Effective 01/01/2013, Accounting Standards Update ASU 2011-11, Balance Sheet (Topic 210) Disclosures about Offsetting Assets and Liabilities.

Effective 12/15/2013, Accounting Standards Update ASU 2013-02, Comprehensive Income (Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.

Effective 12/15/2014, Accounting Standards Update ASU 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.

Effective 12/15/2015, Accounting Standards Update ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs.

Effective for annual reporting periods after 12/15/2018, Accounting Standards Update ASU 2015-17, Balance Sheet Classification of Deferred Income Tax, adopted in 2018.

**Below are anticipated updated to GAAP accounting standards after September 2018:**

Effective for annual reporting periods after 12/15/2019, Accounting Standards Update ASU 2016-02, Leases.

Effective for annual reporting periods after 12/15/2018, Accounting Standards Update ASU 2014-09, Revenue From Contracts With Customers.

Effective for annual reporting periods after 12/15/2018, Accounting Standards Update ASU 2017-07, Compensation – Retirement Benefits.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.E

29. Provide intrastate operations percentages by expense categories for two years prior to the test year.

\* \* \* \* \*

Peoples' operates 100% in Pennsylvania and has done so for the two years prior to the test year.

**Peoples Natural Gas Company LLC**  
§ 53.53 III.E

33. Submit a schedule showing maintenance expenses, gross plant and the relation of maintenance expenses thereto as follows:
- i. Gas Production Maintenance Expenses per MCF production, per \$1,000 MCF production, and per \$1,000 of Gross Production Plant;
  - ii. Transmission Maintenance Expenses per MMCF mile and per \$1,000 of Gross Transmission Plant;
  - iii. Distribution Maintenance Expenses per customer and per \$1,000 of Gross Distribution Plant;
  - iv. Storage Maintenance Expenses per MMCF of Storage Capacity and \$1,000 of Gross Storage Plant. This schedule shall include three years prior to the test year, the test year and one year's projection beyond the test year.

\* \* \* \* \*

Peoples does not forecast the data indicated above beyond the historic test year in the manner requested.

See the following attachments for all historic test years requested:

Page 2 – Peoples Division

Page 3 – Equitable Division

Page 4 – Combined

**Peoples Natural Gas Company LLC**  
**Peoples Division**  
**Schedule of Maintenance and Gross Plant**  
**Twelve Months Ending September 30**

	<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>
(i) Gas Production & Gathering Maintenance Expenses	\$ 2,657,553.95	\$	3,108,280.67	\$	2,881,935.97	\$	3,001,292.90
Gross Production Plant	\$ 69,748,357.69	\$	70,066,203.65	\$	70,500,342.91	\$	70,639,018.11
Gas Production & Gathering Maintenance Expenses							
Per Mcf Production	N/A		N/A		N/A		N/A
Per \$1,000 Mcf Production	N/A		N/A		N/A		N/A
Per \$1,000 of Gross Production & Gathering Plant	\$ 38.10	\$	44.36	\$	40.88	\$	42.49
(ii) Transmission Maintenance Expenses	\$ 1,368,236.97	\$	1,365,828.06	\$	1,246,427.95	\$	1,810,552.99
Gross Transmission Plant	\$ 119,599,936.25	\$	126,388,694.28	\$	134,008,061.41	\$	150,230,974.63
Transmission Maintenance Expenses							
Per Mmcf Mile	N/A		N/A		N/A		N/A
Per \$1,000 of Gross Transmission Plant	\$ 11.44	\$	10.81	\$	9.30	\$	12.05
(iii) Distribution Maintenance Expense	\$ 24,610,929.81	\$	21,838,624.78	\$	21,871,855.71	\$	22,755,794.59
Gross Distribution Plant	\$ 890,370,727.24	\$	931,392,739.85	\$	1,002,505,110.28	\$	1,094,007,768.03
Distribution Maintenance Expense							
Per Customer	\$ 68.85	\$	60.73	\$	60.85	\$	63.21
Per \$1,000 of Gross Distribution Plant	\$ 27.64	\$	23.45	\$	21.82	\$	20.80
(iv) Storage Maintenance Expenses	\$ 334,294.31	\$	293,081.89	\$	169,835.68	\$	306,382.39
Gross Storage Plant	\$ 13,562,153.47	\$	13,494,882.90	\$	13,530,649.92	\$	13,512,794.11
Mmcf of Storage Capacity	3,246		3,246		3,246		3,246
Storage Maintenance Expenses							
Per Mmcf of Storage Capacity	\$ 102.99	\$	90.29	\$	52.32	\$	94.39
Per \$1,000 of Gross Storage Plant	\$ 24.65	\$	21.72	\$	12.55	\$	22.67

**Peoples Natural Gas Company LLC**  
**Equitable Division**  
**Schedule of Maintenance and Gross Plant**  
**Twelve Months Ending September 30**

	<b>2015</b>		<b>2016</b>		<b>2017</b>		<b>2018</b>
(i) Gas Production & Gathering Maintenance Expenses	\$ 938,344.70	\$	1,563,424.99	\$	2,110,555.10	\$	2,345,670.98
Gross Production Plant	\$ 42,741,308.21	\$	42,803,439.23	\$	42,391,347.78	\$	42,884,730.24
Gas Production & Gathering Maintenance Expenses							
Per Mcf Production	N/A		N/A		N/A		N/A
Per \$1,000 Mcf Production	N/A		N/A		N/A		N/A
Per \$1,000 of Gross Production & Gathering Plant	\$ 21.95	\$	36.53	\$	49.79	\$	54.70
(ii) Transmission Maintenance Expenses	\$ 469,836.28	\$	238,537.20	\$	476,049.28	\$	1,477,807.77
Gross Transmission Plant	\$ 35,392,163.48	\$	35,494,572.99	\$	36,307,228.82	\$	36,419,240.92
Transmission Maintenance Expenses							
Per Mmcf Mile	N/A		N/A		N/A		N/A
Per \$1,000 of Gross Transmission Plant	\$ 13.28	\$	6.72	\$	13.11	\$	40.58
(iii) Distribution Maintenance Expense	\$ 12,483,137.13	\$	9,880,940.13	\$	9,210,999.77	\$	11,319,046.87
Gross Distribution Plant	\$ 906,896,224.59	\$	943,194,260.55	\$	997,208,593.54	\$	1,063,711,282.56
Distribution Maintenance Expense							
Per Customer	\$ 47.62	\$	37.64	\$	35.15	\$	43.16
Per \$1,000 of Gross Distribution Plant	\$ 13.76	\$	10.48	\$	9.24	\$	10.64
(iv) Storage Maintenance Expenses	\$ -	\$	-	\$	-	\$	-
Gross Storage Plant	\$ -	\$	-	\$	-	\$	-
Mmcf of Storage Capacity	\$ -	\$	-	\$	-	\$	-
Storage Maintenance Expenses							
Per Mmcf of Storage Capacity							
Per \$1,000 of Gross Storage Plant							

**Peoples Natural Gas Company LLC  
Combined  
Schedule of Maintenance and Gross Plant  
Twelve Months Ending September 30**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
(i) Gas Production & Gathering Maintenance Expenses	\$ 3,595,898.65	\$ 4,671,705.66	\$ 4,992,491.07	\$ 5,346,963.88
Gross Production Plant	\$ 112,489,665.90	\$ 112,869,642.88	\$ 112,891,690.69	\$ 113,523,748.35
Gas Production & Gathering Maintenance Expenses				
Per Mcf Production	N/A	N/A	N/A	N/A
Per \$1,000 Mcf Production	N/A	N/A	N/A	N/A
Per \$1,000 of Gross Production & Gathering Plant	\$ 31.97	\$ 41.39	\$ 44.22	\$ 47.10
(ii) Transmission Maintenance Expenses	\$ 1,838,073.25	\$ 1,604,365.26	\$ 1,722,477.22	\$ 3,288,360.76
Gross Transmission Plant	\$ 154,992,099.73	\$ 161,883,267.27	\$ 170,315,290.23	\$ 186,650,215.55
Transmission Maintenance Expenses	\$ -	\$ -	\$ -	\$ -
Per Mmcf Mile	N/A	N/A	N/A	N/A
Per \$1,000 of Gross Transmission Plant	\$ 11.86	\$ 9.91	\$ 10.11	\$ 17.62
(iii) Distribution Maintenance Expense	\$ 37,094,066.94	\$ 31,719,564.90	\$ 31,082,855.48	\$ 34,074,841.46
Gross Distribution Plant	\$ 1,797,266,951.83	\$ 1,874,587,000.40	\$ 1,999,713,703.82	\$ 2,157,719,050.59
Distribution Maintenance Expense				
Per Customer	\$ 59.87	\$ 50.99	\$ 50.01	\$ 54.76
Per \$1,000 of Gross Distribution Plant	\$ 20.64	\$ 16.92	\$ 15.54	\$ 15.79
(iv) Storage Maintenance Expenses	\$ 334,294.31	\$ 293,081.89	\$ 169,835.68	\$ 306,382.39
Gross Storage Plant	\$ 13,562,153.47	\$ 13,494,882.90	\$ 13,530,649.92	\$ 13,512,794.11
Mmcf of Storage Capacity	3,246	3,246	3,246	3,246
Storage Maintenance Expenses				
Per Mmcf of Storage Capacity	\$ 102.99	\$ 90.29	\$ 52.32	\$ 94.39
Per \$1,000 of Gross Storage Plant	\$ 24.65	\$ 21.72	\$ 12.55	\$ 22.67

**Peoples Natural Gas Company LLC**  
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34. Prepare a 3-column schedule of expenses, as described below for the following periods (supply sub-accounts, if significant, to clarify basic accounts):
- a. Column 1—Test Year
  - b. Column 2 and 3—The two previous years

Provide the annual recorded expense by accounts. (Identify all accounts used but not specifically listed below.)

\* \* \* \* \*

<u>Cost Element Description</u>	<u>Twelve Months Ended</u>		
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	(1)	(2)	(3)
Labor	\$ 59,585,556	\$ 52,024,729	\$ 70,862,543
APIP/Incentive Compensation	7,603,940	6,595,541	8,928,983
Pension	194,517	337,100	359,707
Post Retirement Benefits Other Than Pensions	977,177	783,900	3,534,957
Other Employee Benefits	14,168,862	12,855,843	19,692,742
Outside Services - Contracted	24,416,858	23,413,285	21,488,872
Outside Services - A&G	7,279,186	7,310,022	8,269,150
Building Leases	2,278,895	2,399,775	3,319,707
Corporate Insurance	3,162,821	2,455,968	3,686,174
Injuries and Damages	1,762,638	1,754,972	1,118,248
Employee Expenses	2,549,537	2,153,509	2,507,970
Company Memberships	954,273	970,650	807,596
Utilities & Fuel Used in Company Operations	2,227,941	2,196,511	2,144,326
Advertising	3,118,056	4,458,105	3,689,076
Fleet	3,613,850	2,996,951	2,174,684
Materials & Supplies	8,562,732	9,016,108	8,172,246
Other O&M	5,415,648	4,572,876	6,579,319
Uncollectible Accounts	<u>10,977,974</u>	<u>8,240,078</u>	<u>8,485,541</u>
<b>Subtotal</b>	<b>158,850,459</b>	<b>144,535,922</b>	<b>175,821,840</b>
Total USP Rider	<u>12,354,735</u>	<u>4,270,213</u>	<u>14,713,134</u>
<b>Total Operation and Maintenance Expense</b>	<b>\$ <u>171,205,194</u></b>	<b>\$ <u>148,806,135</u></b>	<b>\$ <u>190,534,974</u></b>