

Peoples Natural Gas Company LLC
§ 53.53 II.A

1. Provide capitalization and capitalization ratios for the last five-year period and projected through the next two years. (With short-term debt and without short-term debt.) (Company, Parent and System (consolidated)).
 - a. Provide year-end interest coverages before and after taxes for the last three years and at latest date. (Indenture and SEC Bases.) (Company, Parent and System (consolidated)).
 - b. Provide year-end preferred stock dividend coverages for last three years and at latest date (Charter and SEC bases).

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- a. Please see Exhibit No. 18, ROR-23 for both Peoples and Parent information.
- b. Peoples and PNG Companies do not have preferred stock.

Peoples Natural Gas Company LLC
§ 53.53 II.A

2. Provide latest quarterly financial report (Company and Parent).

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Refer to Exhibit No. 1, Schedule No. 2 (53.53 III.A.1) (balance sheet) and Exhibit No. 2, Schedule No. 5 (53.53 III.A.18) (comparative income statement) for Peoples' latest quarterly report.

The parent information is 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 a CONFIDENTIALITY AGREEMENT, to be circulated by the Company, pursuant to the terms of that agreement.

Peoples Natural Gas Company LLC
§ 53.53 II.A

3. Provide latest Stockholder's Report (Company and Parent).

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A Stockholder's Report is not prepared for Peoples or PNG Companies.

Peoples Natural Gas Company LLC
§ 53.53 II.A

4. Provide latest Prospectus (Company and Parent).

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As the Company and its Parent are both privately held, neither Company has prepared a prospectus.

Peoples Natural Gas Company LLC
§ 53.53 II.A

5. Supply projected capital requirements and sources of Company, Parent and System (consolidated) for each of future three years.

(Information should be treated in a confidential manner.)

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Below is the requested information for the FutureTest Year and the Fully Projected Future Test Year for Peoples. The information for PNG Companies is confidential and is contained in a separate book of the filing marked confidential information. This information will be provided to parties upon execution of a CONFIDENTIALITY AGREEMENT, to be circulated by the Company, pursuant to the terms of that agreement.

	Peoples	
	<u>9/30/2019</u>	<u>10/31/2020</u>
Net Income	\$ 70.4	\$ 123.9
Depreciation	\$ 76.5	\$ 86.6
Deferred Taxes	\$ 14.0	\$ 15.8
Borrowings	\$ 115.9	\$ 53.0
Sources of Cash	\$ 276.8	\$ 279.3
Capex	\$ 276.8	\$ 279.3
Dividends	\$ -	\$ -
Uses of Cash	\$ 276.8	\$ 279.3

Amounts are expressed in millions.

Peoples Natural Gas Company LLC
§ 53.53 II.A

6. Provide a schedule of debt and preferred stock of Company, Parent and System (consolidated) as of test year-end and latest date, detailing for each issue (if applicable):
- a. Date of issue
 - b. Date of maturity
 - c. Amount issued
 - d. Amount outstanding
 - e. Amount retired
 - f. Amount reacquired
 - g. Gain on reacquisition
 - h. Coupon rate
 - i. Discount or premium at issuance
 - j. Issuance expenses
 - k. Net proceeds
 - l. Sinking Fund requirements
 - m. Effective interest rate
 - n. Dividend rate
 - o. Effective cost rate
 - p. Total average weighted effective Cost Rate

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Refer to page 2 for response to a-j as of September 30, 2018.

Items e, g, l, and n on the schedule are not applicable to Peoples or PNG Companies.

Refer to Exhibit PRM-1, Pg. 11 of 30 for m, o, and p and Exhibit PRM-1, Pg. 12 of 30 for k for Peoples (attached to Statement No. 9).

Schedule of Debt – Peoples Natural Gas Company LLC

Peoples Natural Gas Company LLC
Schedule of Debt
September 30, 2018

<u>Debt Facility</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Amount Retired</u>	<u>Amount Reacquired</u>	<u>Coupon Rate</u>	<u>Discount or Premium at Issuance</u>	<u>Issuance Expenses</u>
Intercompany Demand Note with PNG Companies LLC	Jun-17	Jun-22	\$ 400,000,000**	\$ 2,290,659	\$ -	\$ -	varies*	\$ -	\$ 1,315,706
Intercompany Promissory Note (to PNG) 2010, Tranche 3	Feb-10	Feb-20	\$ 171,045,000	\$ 171,045,000	\$ -	\$ -	5.53%	\$ -	\$ 4,415,883
Intercompany Promissory Note (to PNG) 2013, Tranche 2	Dec-13	Dec-23	\$ 144,746,400	\$ 144,746,400	\$ -	\$ -	4.10%	\$ -	\$ 1,037,799
Intercompany Promissory Note (to PNG) 2013, Tranche 3	Dec-13	Dec-25	\$ 110,007,200	\$ 110,007,200	\$ -	\$ -	4.25%	\$ -	\$ 788,727
Intercompany Promissory Note (to PNG) 2017, Tranche 1	Dec-17	Dec-22	\$ 89,455,500	\$ 89,455,500	\$ -	\$ -	2.90%	\$ -	\$ 672,419
Intercompany Promissory Note (to PNG) 2017, Tranche 2	Dec-17	Dec-27	\$ 178,911,000	\$ 178,911,000	\$ -	\$ -	3.38%	\$ -	\$ 1,344,298
Intercompany Promissory Note (to PNG) 2017, Tranche 3	Dec-17	Dec-32	\$ 178,911,000	\$ 178,911,000	\$ -	\$ -	3.63%	\$ -	\$ 1,344,298

*The interest rate on the current credit facility is a formula rate calculated by taking the average daily rate on loans outstanding with PNG Companies LLC

**The Capacity of this facility is up to \$400,000,000

Schedule of Debt – PNG Companies LLC

PNG Companies LLC
Schedule of Debt
September 30, 2018

<u>Debt Facility</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Amount Retired</u>	<u>Amount Reacquired</u>	<u>Coupon Rate</u>	<u>Discount or Premium at Issuance</u>	<u>Issuance Expenses</u>
PNG Companies Revolving Credit Agreement	Jun-17	Jun-22	\$500,000,000***	\$ 168,000,000	\$ -	\$ -	varies****	\$ -	\$ 1,763,496
Senior Secured Notes - 2010 - A, Tranche 3	Feb-10	Feb-20	\$ 181,000,000	\$ 181,000,000	\$ -	\$ -	5.530%	\$ -	\$ 4,415,883
Senior Secured Notes - 2013 - A, Tranche 2	Dec-13	Dec-23	\$ 150,000,000	\$ 150,000,000	\$ -	\$ -	4.100%	\$ -	\$ 1,075,461
Senior Secured Notes - 2013 - A, Tranche 3	Dec-13	Dec-25	\$ 114,000,000	\$ 114,000,000	\$ -	\$ -	4.250%	\$ -	\$ 817,351
Senior Secured Notes - 2017 - A, Tranche 1	Jul-17	Jul-24	\$ 50,000,000	\$ 50,000,000	\$ -	\$ -	3.580%	\$ -	\$ 227,660
Senior Secured Notes - 2017 - B, Tranche 1	Sep-17	Dec-31	\$ 50,500,000	\$ 49,000,000	\$ -	\$ -	4.260%	\$ -	\$ 214,860
Senior Secured Notes - 2017 - C, Tranche 1	Dec-17	Dec-22	\$ 100,000,000	\$ 100,000,000	\$ -	\$ -	2.900%	\$ -	\$ 751,378
Senior Secured Notes - 2017 - C, Tranche 2	Dec-17	Dec-27	\$ 200,000,000	\$ 200,000,000	\$ -	\$ -	3.380%	\$ -	\$ 1,502,757
Senior Secured Notes - 2017 - C, Tranche 3	Dec-17	Dec-32	\$ 200,000,000	\$ 200,000,000	\$ -	\$ -	3.630%	\$ -	\$ 1,502,757
Senior Secured Notes - 2017 - D, Tranche 1	Dec-17	Nov-21	\$ 21,000,000	\$ 21,000,000	\$ -	\$ -	4.500%	\$ -	\$ 102,669
Senior Secured Notes - 2017 - D, Tranche 2	Dec-17	Dec-22	\$ 15,000,000	\$ 6,818,190	\$ -	\$ -	6.420%	\$ -	\$ 33,334
Senior Secured Notes - 2017 - D, Tranche 3	Dec-17	Oct-20	\$ 15,000,000	\$ 4,090,913	\$ -	\$ -	5.660%	\$ -	\$ 20,000
Senior Secured Notes - 2017 - D, Tranche 4	Dec-17	Oct-18	\$ 5,000,000	\$ 454,550	\$ -	\$ -	5.670%	\$ -	\$ 2,222
Senior Secured Notes - 2017 - D, Tranche 5	Dec-17	Oct-23	\$ 10,000,000	\$ 5,454,545	\$ -	\$ -	5.990%	\$ -	\$ 26,667
Senior Secured Notes - 2017 - D, Tranche 6	Dec-17	Aug-23	\$ 30,000,000	\$ 30,000,000	\$ -	\$ -	3.530%	\$ -	\$ 146,669

***The Capacity of this facility is up to \$500,000,000

****The interest rate on the current credit facility is a formula rate based upon the applicable LIBOR plus a spread of 1.25% or ABR plus a spread of 0.25%

Peoples Natural Gas Company LLC
§ 53.53 II.A

7. Supply financial data of Company and/or Parent for last five years:
- a. Earnings-price ratio (average)
 - b. Earnings-book value ratio (per share basis) (avg. book value)
 - c. Dividend yield (average)
 - d. Earnings per share (dollars)
 - e. Dividends per share (dollars)
 - f. Average book value per share yearly
 - g. Average yearly market price per share (monthly high-low basis)
 - h. Pre-tax funded debt interest coverage
 - i. Post-tax funded debt interest coverage
 - j. Market price-book value ratio

* * * * *

Neither Peoples nor its Parent have common stock therefore items a, b, c, d, e, f, g, and j are not applicable.

Refer to Exhibit No. 18, ROR-23 for items h and i.

Peoples Natural Gas Company LLC
§ 53.53 II.A

11. Provide AFUDC charged by company at test year-end and latest date, and explain method by which rate was calculated.

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The following Allowance for Funds Used during Construction (AFUDC) was booked during the test year ended September 30, 2018.

Peoples Division
\$240,075.63

Equitable Division
\$64,973.24

Combined Divisions
\$305,048.87

To calculate AFUDC, Peoples Natural Gas Company LLC follows the method recommended by the Federal Energy Regulatory Commission Order No. 561.

Peoples Natural Gas Company LLC
§ 53.53 II.A

12. Set forth provisions of Company's and Parent's charter and indentures (if applicable) which describe coverage requirements, limits on proportions of types of capital outstanding, and restrictions on dividend payouts.

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Refer to the following excerpts from the PNG Companies LLC long term debt agreements. Peoples Natural Gas does not have external debt.

Note Purchase Agreement Bonds – PNG Companies LLC

Section 10.1 Interest Coverage Ratio. The Company will not, at any time, permit (a) for the fiscal quarter ending March 31, 2010, the ratio of (1) Consolidated EBITDA for the fiscal quarter ending March 31, 2010 to (2) Consolidated Interest Expense for such period to be less than 2.00 to 1.00, (b) for the fiscal quarter ending June 30, 2010, the ratio of (1) Consolidated EBITDA for the two consecutive fiscal quarters ending on June 30, 2010 to (2) Consolidated Interest Expense for such period to be less than 2.00 to 1.00, (c) for the fiscal quarter ending September 30, 2010, the ratio of (1) Consolidated EBITDA for the three consecutive fiscal quarters ending on September 30, 2010 to (2) Consolidated Interest Expense for such period to be less than 2.00 to 1.00; and (d) for the fiscal quarter ending December 31, 2010 and thereafter, the ratio of (1) Consolidated EBITDA for the four consecutive fiscal quarters ending on, or most recently ended prior to, such time to (2) Consolidated Interest Expense for such period to be less than 2.00 to 1.00.

Section 10.2 Leverage Ratio. The Company will not, at any time, permit the Consolidated Debt to Capitalization Ratio to exceed 0.60 to 1.00.

Section 10.3 Limitations on Debt. The Company will not, at any time, permit Subsidiary Debt (including Indebtedness of a Subsidiary under any HGI Facility) to exceed an amount equal to 20% of Consolidated Total Net Worth as of the end of the then most recently ended fiscal quarter of the Company; *provided* that in no event shall the amount of Subsidiary Debt permitted pursuant to this Section 10.3 at any time exceed the amount of Subsidiary Debt then permitted to be outstanding under the Credit Agreement (without giving effect to any amendment or waiver thereof entered into after the occurrence and during the continuance of a Default or Event of Default). The Company will not at any time, permit the incurrence of any Indebtedness unless (i) the Consolidated Debt to Capitalization Ratio as of the most recently ended fiscal quarter prior to the incurrence of such Indebtedness, calculated on a pro forma basis, after giving effect to such incurrence as if such incurrence had occurred on the first day of such fiscal quarter, shall be no greater than 0.60 to 1.00, (ii) immediately before and immediately after giving effect to the incurrence of such Indebtedness and the use of the proceeds thereof, no Default or Event of Default shall have occurred and be continuing and (iii) solely in connection with any Indebtedness used to refinance a portion (but less than all) of the Notes, (x) such Indebtedness shall not have terms, other than pricing, more favorable to the providers of such Indebtedness than the terms of this Agreement unless consented to by the Required Holders, and (y) each

holder of Notes outstanding immediately after such refinancing shall have received a copy of letters from at least two Rating Agencies reaffirming that, immediately after giving effect to the issuance of such Indebtedness, the Notes shall be rated at least the same rating as the Notes were rated immediately prior to such issuance.

Section 10.5 Limitation on Dividends. The Company will not declare or pay any dividend (or otherwise effectuate a distribution) (other than dividends or distributions payable solely in common stock of the Person making such dividend or distribution) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Company or any Subsidiary, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Company or any Subsidiary (collectively, “*Restricted Payments*”), except that:

(a) the Company may pay dividends (or otherwise effectuate distributions) to HoldCo for tax payments in amounts equal to the tax that would have been imposed on the Company if the Company had been taxed as a domestic corporation (as calculated on the basis of the standalone tax liability of the Company);

(b) so long as no Default or Event of Default shall have occurred and be continuing and the Company shall be in compliance with the provisions of Section 10.1 and in pro forma compliance with the provisions of Sections 10.2 and 10.3 both immediately before and immediately after giving effect thereto, the Company may pay dividends (or otherwise effectuate distributions) to HoldCo; and

(c) the Company may pay a dividend (or otherwise effectuate a distribution) to HoldCo in an amount not to exceed the net cash proceeds of the Notes on or promptly after the Closing Date.

Notwithstanding the foregoing, in no event shall the Company make any Restricted Payment prior to the date the Company delivers to each Purchaser the ratings letters required by Section 9.10.

Revolving Credit Facility – PNG Companies LLC

7.1 Financial Condition Covenant. Permit the ratio of Consolidated Debt to Consolidated Capitalization at any time to exceed 0.60 to 1.00.

7.5 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of any Group Member (collectively, “*Restricted Payments*”), except that:

(a) each of the Borrower's Subsidiaries may pay dividends or effectuate distributions to the Borrower;

(b) the Borrower may pay dividends or effectuate distributions to LDC Holdings for Tax payments in amounts equal to the Tax that would have been imposed on the Borrower if the Borrower had been taxed as a domestic corporation (as calculated on the basis of the standalone Tax liability of the Borrower, as long as the Borrower is a partnership or disregarded entity for U.S. tax purposes); and

(c) the Borrower may pay dividends or effectuate distributions to LDC Holdings so long as no Default or Event of Default shall have occurred and be continuing, and both immediately before and immediately after giving effect thereto, the Borrower shall be in pro forma compliance with Section 7.1 as set forth on a certificate of a Responsible Officer of the Borrower.

Peoples Natural Gas Company LLC
§ 53.53 II.A

14. Describe long-term debt reacquisitions by Company and Parent as follows:
- a. Reacquisitions by issue by year.
 - b. Total gain on reacquisitions by issue by year.
 - c. Accounting of gain for income tax and book purposes.

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There have been no debt reacquisitions by either Peoples or its parent.

Peoples Natural Gas Company LLC
§ 53.53 II.A

15. Set forth amount of compensating bank balances required under each of the following rate base bases:
- a. Annualized test year operations.
 - b. Operations under proposed rates.

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Peoples is not required to maintain compensating bank balances.

Peoples Natural Gas Company LLC
§ 53.53 II.A

19. Submit details on Company or Parent common stock offerings (past 5 years to present) as follows:
- a. Date of Prospectus
 - b. Date of offering
 - c. Record date
 - d. Offering period—dates and number of days
 - e. Amount and number of shares of offering
 - f. Offering ratio (if rights offering)
 - g. Per cent subscribed
 - h. Offering price
 - i. Gross proceeds per share
 - j. Expenses per share
 - k. Net proceeds per share (i-j)
 - l. Market price per share
 1. At record date
 2. At offering date
 3. One month after close of offering
 - m. Average market price during offering
 1. Price per share
 2. Rights per share—average value of rights
 - n. Latest reported earnings per share at time of offering
 - o. Latest reported dividends at time of offering

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There have been no stock offerings over the past five years.

Peoples Natural Gas Company LLC
§ 53.53 II.A

25. If the utility plans to make a formal claim for a specific allowable rate of return, provide the following data in statement or exhibit form:
- a. Claimed capitalization and capitalization ratios with supporting data.
 - b. Claimed cost of long-term debt with supporting data.
 - c. Claimed cost of short-term debt with supporting data.
 - d. Claimed cost of total debt with supporting data.
 - e. Claimed cost of preferred stock with supporting data.
 - f. Claimed cost of common equity with supporting data.

* * * * *

See the testimony of Paul R. Moul, Peoples Statement No. 9, for supporting data to the claimed capitalization and costs. A summary of both the historic test year and future test year capitalization and return claim is included.

Peoples Natural Gas Company LLC
§ 53.53 II.A

16. Provide the following information concerning compensating bank balance requirements for actual test year:
- a. Name of each bank.
 - b. Address of each bank.
 - c. Types of accounts with each bank (checking, savings, escrow, other services, etc.).
 - d. Average Daily Balance in each account.
 - e. Amount and percentage requirements for compensating bank balance at each bank.
 - f. Average daily compensating bank balance at each bank.
 - g. Documents from each bank explaining compensating bank balance requirements.
 - h. Interest earned on each type of account.

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Peoples' is not required to maintain compensating bank balances.

Peoples Natural Gas Company LLC
§ 53.53 II.A

17. Provide the following information concerning bank notes payable for actual test year:
- a. Line of Credit at each bank.
 - b. Average daily balances of notes payable to each bank, by name of bank.
 - c. Interest rate charged on each bank note (Prime rate, formula rate or other).
 - d. Purpose of each bank note (e.g., construction, fuel storage, working capital, debt retirement).
 - e. Prospective future need for this type of financing.

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Peoples has no open credit lines with banks. The Second Amended and Restated Credit Agreement effective June 8, 2017 is used to provide all working capital liquidity for PNG Companies. In turn, PNG provides working capital liquidity to Peoples through an Intercompany Demand Note Agreement as approved by the PAPUC at Docket No. G-2017-2610097. Please refer to Exhibit No. 16, ROR-16 for the monthly balance of the Intercompany Demand Note.