



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Components of Net Periodic Benefit Cost		
Service Cost	\$ 122,838	\$ 150,263
Interest Cost	380,312	390,622
Expected Return on Assets	0	0
Amortization Of:		
Transition (Asset)/Obligation	0	0
Prior Service Cost/(Credit)	60,514	90,771
Net (Gain)/Loss	<u>(112,113)</u>	<u>(106,802)</u>
Net Periodic Benefit Cost/(Income)	\$ 451,551	\$ 524,854
Settlement/Curtailment Expense/(Income)	0	0
Special Termination Benefits	<u>0</u>	<u>0</u>
Total ASC 715 Expense/(Income)	\$ 451,551	\$ 524,854

Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income

Net Actuarial (Gain)/Loss	\$ (104,516)	\$ 466,729
Prior Service Cost/(Credit)	471,102	0
Amortization Of:		
Transition Asset/(Obligation)	0	0
Prior Service (Cost)/Credit	(60,514)	(90,771)
Actuarial Gain/(Loss)	<u>112,113</u>	<u>106,802</u>
Total Recognized in Other Comprehensive Income	\$ 418,185	\$ 482,760

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$ 0
Prior Service Cost/(Credit)	\$ 90,771
Net Actuarial (Gain)/Loss	\$ (65,711)



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	Fiscal 2016	Fiscal 2017
Weighted Average Assumptions for Balance Sheet Liability at End of Year		
Discount Rate	3.75%	3.48%
Expected Long-Term Rate of Return	N/A	N/A
Rate of Compensation Increase	N/A	N/A
Health Care Trend Rates—Medical		
Trend for Next Year	6.00%	7.00%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2025	2026
Health Care Trend Rates—Prescription Drug		
Trend for Next Year	10.50%	10.50%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2025	2026
Measurement Date	December 31, 2016	December 31, 2017
Weighted Average Assumptions for Benefit Cost at Beginning of Year		
Effective Discount Rate for Benefit Obligations	3.82%/3.33%	3.75%
Expected Long-Term Rate of Return	N/A	N/A
Rate of Compensation Increase	N/A	N/A
Health Care Trend Rates—Medical		
Trend for Next Year	7.00%	6.00%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2022	2025
Health Care Trend Rates—Prescription Drug		
Trend for Next Year	9.50%	10.50%
Ultimate Trend	4.50%	4.50%
Year Ultimate Trend Reached	2024	2025
Impact of a 1% Increase in Assumed Health Care Trend Rate		
On Benefit Obligation, End of Year	\$ 89,489	\$ 88,759
On Service Cost and Interest Cost for Year	\$ 12,357	\$ 13,608
Impact of a 1% Decrease in Assumed Health Care Trend Rate		
On Benefit Obligation, End of Year	\$ (85,496)	\$ (84,216)
On Service Cost and Interest Cost for Year	\$ (11,309)	\$ (12,422)



Peoples Natural Gas Company LLC
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ASC 715 Disclosure

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	Fiscal 2016		Fiscal 2017	
Estimated Net Future Benefit Payments				
2017 (2018) Payouts	\$	1,771,000	\$	1,928,000
2018 (2019) Payouts	\$	1,684,000	\$	1,266,000
2019 (2020) Payouts	\$	1,159,000	\$	1,156,000
2020 (2021) Payouts	\$	1,081,000	\$	1,077,000
2021 (2022) Payouts	\$	1,013,000	\$	1,056,000
2022 (2023) Payouts to 2026 (2027)	\$	3,712,000	\$	3,476,000
Expected Fiscal Year 2017 (2018) Contributions	\$	1,770,914	\$	1,928,238

Alternative Amortization Method

As permitted under ASC 715-60-35-18, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the plan.



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

Postretirement Welfare Benefit Cost/(Income)

	Preliminary Fiscal 2018
Service Cost	\$ 170,596
Interest Cost	359,016
Expected Return on Assets	0
Amortization Of:	
Transition (Asset)/Obligation	0
Prior Service Cost	90,771
Net (Gain)/Loss	<u>(65,711)</u>
Total Amortization Amounts	25,060
Net Periodic Postretirement Welfare Benefit Cost/(Income)	\$ 554,672
Settlement/Curtailment Expense/(Income)	0
Special Termination Benefits	<u>0</u>
Total Cost/(Income)	\$ 554,672
Key Assumptions	
Effective Discount Rate for Benefit Obligations	3.48%
Expected Long-Term Rate of Return	N/A
Health Care Trend Rates—Medical	
Trend for Next Year	7.00%
Ultimate Trend	4.50%
Year Ultimate Trend Reached	2026
Health Care Trend Rates—Drug	
Trend for Next Year	10.50%
Ultimate Trend	4.50%
Year Ultimate Trend Reached	2026
Additional Information	
Expected Benefit Payments	\$ 1,928,238
Expected Contributions	\$ 1,928,238
Expected Retiree Drug Subsidy Reimbursement	\$ 0
Accumulated Postretirement Benefit Obligation	\$ 11,272,420
Market-Related Value of Assets	\$ 0
Average Remaining Service to Retirement	11.80 Years



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

ASC 715 Disclosure

	Total Plan Fiscal 2017	Service Company Fiscal 2017	EGC Fiscal 2017
Change in Benefit Obligation			
Benefit Obligation, Beginning of Year	\$ 11,293,894	\$ 20,245	\$ 11,273,649
Service Cost	150,263	0	150,263
Interest Cost	390,622	595	390,027
Plan Amendments	0	0	0
Actuarial (Gain)/Loss	466,729	(9,434)	476,163
Plan Participant Contributions	730,321	0	730,321
Actual Benefits Paid	(1,759,409)	0	(1,759,409)
Retiree Drug Subsidy Reimbursement	0	0	0
Liability (Gain)/Loss Due to Curtailment	0	0	0
Special Termination Benefits	0	0	0
Benefit Obligation, End of Year	<u>\$ 11,272,420</u>	<u>11,406</u>	<u>\$ 11,261,014</u>
Change in Plan Assets			
Fair Value of Plan Assets, Beginning of Year	\$ 0	\$ 0	\$ 0
Actual Return on Plan Assets	0	0	0
Employer Contributions	1,029,088	0	1,029,088
Plan Participant Contributions	730,321	0	730,321
Actual Benefits Paid	(1,759,409)	0	(1,759,409)
Fair Value of Plan Assets, End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Funded Status of the Plan	\$ (11,272,420)	(11,406)	\$ (11,261,014)
Additional Amounts Recognized in the Statement of Financial Position			
Noncurrent Assets	\$ 0	\$ 0	\$ 0
Current Liabilities	(1,928,238)	0	(1,928,238)
Noncurrent Liabilities	(9,344,182)	(11,406)	(9,332,776)
Net Asset/(Liability) at End of Year	<u>\$ (11,272,420)</u>	<u>\$ (11,406)</u>	<u>\$ (11,261,014)</u>
Amounts Recognized in Accumulated Other Comprehensive Income			
Net Transition (Asset)/Obligation	\$ 0	\$ 0	\$ 0
Prior Service Cost/(Credit)	319,817	0	319,817
Net Actuarial (Gain)/Loss	(1,902,627)	16,253	(1,918,880)
Total	<u>\$ (1,582,810)</u>	<u>\$ 16,253</u>	<u>\$ (1,599,063)</u>



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

ASC 715 Disclosure

	Total Plan Fiscal 2017	Service Company Fiscal 2017	EGC Fiscal 2017
Components of Net Periodic Benefit Cost			
Service Cost	\$ 150,263	\$ 0	\$ 150,263
Interest Cost	390,622	595	390,027
Expected Return on Assets	0	0	0
Amortization Of:			
Transition (Asset)/Obligation	0	0	0
Prior Service Cost/(Credit)	90,771	0	90,771
Net (Gain)/Loss	<u>(106,802)</u>	<u>2,437</u>	<u>(109,239)</u>
Preliminary Net Periodic Benefit Cost/(Income)	\$ 524,854	\$ 3,032	\$ 521,822
Settlement/Curtailment Expense/(Income)	0	0	0
Special Termination Benefits	0	0	0
Total ASC 715 Expense/(Income)	<u>\$ 524,854</u>	<u>\$ 3,032</u>	<u>\$ 521,822</u>

**Other Changes in Plan Assets and Benefit Obligation
Recognized in Other Comprehensive Income**

Net Actuarial (Gain)/Loss	\$ 466,729	\$ (9,434)	\$ 476,163
Prior Service Cost/(Credit)	0	0	0
Amortization Of:			
Transition Asset/(Obligation)	0	0	0
Prior Service (Cost)/Credit	(90,771)	0	(90,771)
Actuarial Gain/(Loss)	<u>106,802</u>	<u>(2,437)</u>	<u>109,239</u>
Total Recognized in Other Comprehensive Income	<u>\$ 482,760</u>	<u>\$ (11,871)</u>	<u>\$ 494,631</u>

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$ 0	\$ 0	\$ 0
Prior Service Cost/(Credit)	\$ 90,771	\$ 0	\$ 90,771
Net Actuarial (Gain)/Loss	\$ (65,711)	\$ 1,424	\$ (67,135)



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

ASC 715 Disclosure

	Total Plan Fiscal 2017	Service Company Fiscal 2017	EGC Fiscal 2017
Weighted Average Assumptions for Balance Sheet Liability at End of Year			
Discount Rate	3.48%	3.48%	3.48%
Expected Long-Term Rate of Return	N/A	N/A	N/A
Rate of Compensation Increase	N/A	N/A	N/A
Health Care Trend Rates—Medical			
Trend for Next Year	7.00%	7.00%	7.00%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2026	2026	2026
Health Care Trend Rates—Prescription Drug			
Trend for Next Year	10.50%	10.50%	10.50%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2026	2026	2026
Measurement Date	December 31, 2017	December 31, 2017	December 31, 2017
Weighted Average Assumptions for Benefit Cost at Beginning of Year			
Discount Rate	3.75%	3.75%	3.75%
Expected Long-Term Rate of Return	N/A	N/A	N/A
Rate of Compensation Increase	N/A	N/A	N/A
Health Care Trend Rates—Medical			
Trend for Next Year	6.00%	6.00%	6.00%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2025	2025	2025
Health Care Trend Rates—Prescription Drug			
Trend for Next Year	10.50%	10.50%	10.50%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2025	2025	2025
Impact of 1% Increase in Assumed Health Care Trend Rate			
On Benefit Obligation, End of Year	\$ 88,759	\$ 90	\$ 88,669
On Service Cost and Interest Cost for Year	\$ 13,608	\$ 15	\$ 13,593
Impact of 1% Decrease in Assumed Health Care Trend Rate			
On Benefit Obligation, End of Year	\$ (84,216)	\$ (85)	\$ (84,131)
On Service Cost and Interest Cost for Year	\$ 12,422	\$ 14	\$ 12,408



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

ASC 715 Disclosure

	<u>Total Plan</u>	<u>Service</u>	<u>EGC</u>
	<u>Fiscal 2017</u>	<u>Company</u>	<u>Fiscal 2017</u>
	<u>Fiscal 2017</u>	<u>Fiscal 2017</u>	<u>Fiscal 2017</u>
Estimated Future Benefit Payments			
2018 Payouts	\$ 1,928,000	\$ 0	\$ 1,928,000
2019 Payouts	\$ 1,266,000	\$ 0	\$ 1,266,000
2020 Payouts	\$ 1,156,000	\$ 0	\$ 1,156,000
2021 Payouts	\$ 1,077,000	\$ 0	\$ 1,077,000
2022 Payouts	\$ 1,056,000	\$ 0	\$ 1,056,000
2023 Payouts to 2027	\$ 3,476,000	\$ 4,000	\$ 3,472,000
Expected Fiscal Year 2018 Contributions	\$ 1,928,238	\$ 0	\$ 1,928,238

Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.



Peoples Natural Gas Company LLC
EGC Postretirement Medical and Life Plan

Pension Cost/(Income)	Service		EGC
	Total Plan	Company	
	Preliminary Fiscal 2018	Preliminary Fiscal 2018	Preliminary Fiscal 2018
Service Cost	\$ 170,596	\$ 0	\$ 170,596
Interest Cost	359,016	397	358,619
Expected Return on Assets	0	0	0
Amortization Of:			
Transition (Asset)/Obligation	0	0	0
Prior Service Cost	90,771	0	90,771
Net (Gain)/Loss	(65,711)	1,424	(67,135)
Total Amortization Amounts	25,060	1,424	23,636
Net Periodic Pension Cost/(Income)	\$ 554,672	\$ 1,821	\$ 552,851
Settlement/Curtailment Expense/(Income)	0	0	0
Special Termination Benefits	0	0	0
Total Expense/(Income)	\$ 554,672	\$ 1,821	\$ 552,851
Key Assumptions			
Discount Rate	3.48%	3.48%	3.48%
Expected Long-Term Rate of Return	N/A	N/A	N/A
Health Care Trend Rates—Medical			
Trend for Next Year	7.00%	7.00%	7.00%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2026	2026	2026
Health Care Trend Rates—Prescription Drug			
Trend for Next Year	10.50%	10.50%	10.50%
Ultimate Trend	4.50%	4.50%	4.50%
Year Ultimate Trend Reached	2026	2026	2026
Additional Information			
Expected Benefit Payments	\$ 1,928,238	\$ 0	\$ 1,928,238
Expected Contributions	\$ 1,928,238	\$ 0	\$ 1,928,238
Expected Retiree Drug Subsidy	\$ 0	\$ 0	\$ 0
Benefit Obligation	\$ 11,272,420	\$ 11,406	\$ 11,261,014
Market-Related Value of Assets	\$ 0	\$ 0	\$ 0
Average Remaining Service	11.80 Years	10.61 Years	11.81 Years



January 30, 2018

Ms. Shelly Zerjav
Peoples Natural Gas Company LLC
Suite 600
375 North Shore Drive
Pittsburgh, PA 15212

Dear Shelly,

Subject: December 31, 2017 ASC 715 Disclosure Information for PNG and EGC Pension Plans

Enclosed are December 31, 2017 disclosure information and preliminary 2018 expense prepared under ASC 715 for the following plans for Peoples Natural Gas:

- PNG Companies LLC Pension Plan
- DB Plan for Former Employees of Equitable Gas Company

The disclosure information is based on the following key assumptions selected by Peoples Natural Gas:

	12/31/2016 Disclosure and 2017 Expense	12/31/2017 Disclosure and 2018 Expense
Discount Rate		
PNG Plan	4.34%	3.74%
EGC Plan	3.99%	3.56%
Expected Long-Term Rate of Return		
PNG Plan	5.41%	5.38%
EGC Plan	4.96%	4.98%
Salary Increases		
PNG Plan (age-graded)	N/A	N/A
EGC Plan	N/A	N/A
Mortality	RP-2014 generational table with MP-2016 improvement scale	RP-2014 generational table with MP-2017 improvement scale



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2018 Expense

We have calculated 2018 expense for both plans based on the assumptions selected for year-end 2017 disclosure. These expense amounts generally will be final unless there are significant events or changes (e.g., changes in plan provisions, early retirement windows, acquisitions, spinoffs, etc.) which would impact the results.

Entity Splits

As requested, we have enclosed the December 31, 2017 disclosure and 2018 expense results, split by the various entities in the plan (Peoples TWP, Equitable Gas Company, Peoples Service Company, and Peoples Natural Gas). Liability has been determined for each entity based on the location for participants at the end of 2017. Assets have been allocated to the entities in proportion to the liabilities for each entity. Consistent with last year, all contributions have been allocated to the entity for Peoples Natural Gas.

Additional Information Regarding Plan Disclosures

The enclosed information documents the results of the December 31, 2017 accounting actuarial valuations of the pension plans of Peoples Natural Gas Company LLC ("PNG"). The information provided in the letter is intended strictly for documenting the pension cost for the 2017 fiscal year and information relating to company disclosure and reporting requirements as of December 31, 2017. Determinations for purposes other than the financial accounting requirements may be significantly different from the results reported in this letter. Thus, the use of this information for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles and set forth in Accounting Standards Codification (ASC) Topic 715, including any guidance or interpretations provided by PNG and reviewed by its auditors prior to the issuance of this letter. The information in this letter is not intended to supersede or supplant the advice and interpretations of PNG's auditors.



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Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic
- Changes in actuarial methods or in economic or demographic assumptions
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status)
- Changes in plan provisions or applicable law

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For company and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations and funded status measurements for company and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions.

In determining information relating to plan disclosure and reporting requirements, Aon may be assisting the appropriate plan fiduciary as it performs tasks that are required for the administration of an employee benefit plan. Aon also may be consulting with the employer/plan sponsor (PNG) as it considers alternative strategies for funding the plan, or as it evaluates information relating to employer reporting requirements. Thus, Aon potentially will be providing assistance to PNG (and/or certain of its employees) acting in a fiduciary capacity (for the benefit of plan participants and beneficiaries) and to PNG (and/or its executives) acting in a settlor capacity (for the benefit of the employer sponsoring the plans).

In conducting the valuation, we have relied on personnel, plan design, and asset information supplied by PNG as of the valuation date. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonability. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

Each significant assumption used in this actuarial valuation represents, in our opinion, a reasonable expectation of anticipated experience under the plan.



Ms. Shelly Zerjav
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The preparation of the valuations included actuaries familiar with the near-term and long-term aspects of pension valuations. These actuaries meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions herein. The information provided in this letter is dependent upon various factors as documented throughout this letter, which may be subject to change.

To our knowledge, no associate of Aon providing services to PNG has any material direct or indirect financial interest in PNG. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for PNG.

Please let us know if you have any questions or need additional information.

Sincerely,

Aon

A handwritten signature in black ink that reads "Jason".

Jason M. Bravo
FSA, EA

JMB:tat
Enclosures

cc: Ms. Karen R. Worcester, Peoples Natural Gas Company, Inc.
Mr. Byron N. Beebe, Aon
Mr. Vlad Sachelarie, Aon



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

Pension Cost/(Income)

	Fiscal 2017
Service Cost	\$ 0
Interest Cost	2,435,671
Expected Return on Assets	(2,451,785)
Amortization Of:	
Transition (Asset)/Obligation	0
Prior Service Cost	0
Net (Gain)/Loss	73,742
Total Amortization Amounts	<u>73,742</u>
Net Periodic Pension Cost/(Income)	\$ 57,628
Settlement/Curtailment Expense/(Income)	0
Special Termination Benefits	0
Total Expense/(Income)	<u>\$ 57,628</u>
Key Assumptions	
Effective Discount Rate for Benefit Obligations	4.34%
Expected Long-Term Rate of Return	5.41%
Additional Information	
Expected Benefit Payments	\$ 2,282,709
Expected Contributions	\$ 740,000
Benefit Obligation	\$ 57,250,686
Market-Related Value of Assets	\$ 46,234,914
Average Remaining Life Expectancy	38.09 Years



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Accumulated Benefit Obligation, End of Year	\$ 57,250,686	\$ 63,211,260
Change in Benefit Obligation		
Benefit Obligation, Beginning of Year	\$ 55,721,150	\$ 57,250,686
Service Cost	32,509	0
Interest Cost	2,474,633	2,435,671
Plan Amendments	0	0
Actuarial (Gain)/Loss	1,816,813	6,299,873
Plan Participant Contributions	0	0
Actual Benefits Paid	(2,636,081)	(2,774,970)
Liability (Gain)/Loss Due to Curtailment	(158,338)	0
Special Termination Benefits	0	0
Benefit Obligation, End of Year	\$ 57,250,686	\$ 63,211,260
Change in Plan Assets		
Fair Value of Plan Assets, Beginning of Year	\$ 45,220,428	\$ 46,234,914
Actual Return on Plan Assets	2,910,567	7,435,705
Employer Contributions	740,000	740,000
Plan Participant Contributions	0	0
Actual Benefits Paid	(2,636,081)	(2,774,970)
Fair Value of Plan Assets, End of Year	\$ 46,234,914	\$ 51,635,649
Funded Status of the Plan	\$ (11,015,772)	\$ (11,575,611)
Additional Amounts Recognized in the Statement of Financial Position		
Noncurrent Assets	\$ 0	\$ 0
Current Liabilities	0	0
Noncurrent Liabilities	(11,015,772)	(11,575,611)
Net Asset/(Liability) at End of Year	\$ (11,015,772)	\$ (11,575,611)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net Transition (Asset)/Obligation	\$ 0	\$ 0
Prior Service Cost/(Credit)	0	0
Net Actuarial (Gain)/Loss	8,533,915	9,776,126
Total	\$ 8,533,915	\$ 9,776,126



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Components of Net Periodic Benefit Cost		
Service Cost	\$ 32,509	\$ 0
Interest Cost	2,474,633	2,435,671
Expected Return on Assets	(2,865,212)	(2,451,785)
Amortization Of:		
Transition (Asset)/Obligation	0	0
Prior Service Cost/(Credit)	0	0
Net (Gain)/Loss	124,414	73,742
Net Periodic Benefit Cost/(Income)	\$ (233,656)	\$ 57,628
Settlement/Curtailment Expense/(Income)	0	0
Special Termination Benefits	0	0
Total ASC 715 Expense/(Income)	\$ (233,656)	\$ 57,628
Other Changes in Plan Assets and Benefit Obligation Recognized in Other Comprehensive Income		
Net Actuarial (Gain)/Loss	\$ 1,613,120	\$ 1,315,953
Prior Service Cost/(Credit)	0	0
Amortization Of:		
Transition Asset/(Obligation)	0	0
Prior Service (Cost)/Credit	0	0
Actuarial Gain/(Loss)	(124,414)	(73,742)
Total Recognized in Other Comprehensive Income	\$ 1,488,706	\$ 1,242,211

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$ 0
Prior Service Cost/(Credit)	\$ 0
Net Actuarial (Gain)/Loss	\$ 93,479



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Weighted Average Assumptions for Balance Sheet Liability at End of Year		
Discount Rate	4.34%	3.74%
Expected Long-Term Rate of Return	5.41%	5.38%
Rate of Compensation Increase	N/A	N/A
Measurement Date	December 31, 2016	December 31, 2017
Weighted Average Assumptions for Benefit Cost at Beginning of Year		
Effective Discount Rate for Benefit Obligations	4.63%/4.13%	4.34%
Expected Long-Term Rate of Return	6.37%	5.41%
Rate of Compensation Increase	3.75%	3.75%
Estimated Future Benefit Payments		
2017 (2018) Payouts	\$ 2,283,000	\$ 2,944,000
2018 (2019) Payouts	\$ 2,542,000	\$ 2,909,000
2019 (2020) Payouts	\$ 2,648,000	\$ 2,918,000
2020 (2021) Payouts	\$ 2,800,000	\$ 3,008,000
2021 (2022) Payouts	\$ 2,982,000	\$ 3,123,000
2022 (2023) Payouts to 2026 (2027)	\$ 16,806,000	\$ 17,129,000
Expected Fiscal Year 2017 (2018) Contributions	\$ 740,000	\$ 1,571,000

Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

Pension Cost/(Income)

	Preliminary Fiscal 2018
Service Cost	\$ 0
Interest Cost	2,309,546
Expected Return on Assets	(2,729,931)
Amortization Of:	
Transition (Asset)/Obligation	0
Prior Service Cost	0
Net (Gain)/Loss	93,479
Total Amortization Amounts	93,479
Net Periodic Pension Cost/(Income)	\$ (326,906)
Settlement/Curtailment Expense/(Income)	0
Special Termination Benefits	0
Total Expense/(Income)	\$ (326,906)
Key Assumptions	
Effective Discount Rate for Benefit Obligations	3.74%
Expected Long-Term Rate of Return	5.38%
Additional Information	
Expected Benefit Payments	\$ 2,944,431
Expected Contributions	\$ 1,571,000
Benefit Obligation	\$ 63,211,260
Market-Related Value of Assets	\$ 51,635,649
Average Remaining Life Expectancy	36.96 Years



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Total Plan Fiscal 2017	Peoples TWP Fiscal 2017	EGC Fiscal 2017	Service Company Fiscal 2017	Peoples Natural Gas Fiscal 2017
Accumulated Benefit Obligation, End of Year	\$ 63,211,260	\$ 465,601	\$ 685,122	\$ 2,855,731	\$ 59,204,806
Change in Benefit Obligation					
Benefit Obligation, Beginning of Year	\$ 57,250,686	\$ 485,456	\$ 635,979	\$ 2,710,490	\$ 53,418,761
Service Cost	0	0	0	0	0
Interest Cost	2,435,671	19,265	25,918	116,084	2,274,404
Plan Amendments	0	0	0	0	0
Actuarial (Gain)/Loss	6,299,873	72,963	118,440	124,977	5,983,493
Plan Participant Contributions	0	0	0	0	0
Actual Benefits Paid	(2,774,970)	(112,083)	(95,215)	(95,820)	(2,471,852)
Liability (Gain)/Loss Due to Curtailment	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0
Benefit Obligation, End of Year	<u>\$ 63,211,260</u>	<u>\$ 465,601</u>	<u>\$ 685,122</u>	<u>\$ 2,855,731</u>	<u>\$ 59,204,806</u>
Change in Plan Assets					
Fair Value of Plan Assets, Beginning of Year	\$ 46,234,914	\$ 392,047	\$ 513,609	\$ 2,188,957	\$ 43,140,301
Actual Return on Plan Assets	7,435,705	100,373	141,265	239,636	6,954,431
Employer Contributions	740,000	0	0	0	740,000
Plan Participant Contributions	0	0	0	0	0
Actual Benefits Paid	(2,774,970)	(112,083)	(95,215)	(95,820)	(2,471,852)
Fair Value of Plan Assets, End of Year	<u>\$ 51,635,649</u>	<u>\$ 380,337</u>	<u>\$ 559,659</u>	<u>\$ 2,332,773</u>	<u>\$ 48,362,880</u>
Funded Status of the Plan	\$ (11,575,611)	\$ (85,264)	(125,463)	(522,958)	\$ (10,841,926)
Additional Amounts Recognized in the Statement of Financial Position					
Noncurrent Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Current Liabilities	0	0	0	0	0
Noncurrent Liabilities	(11,575,611)	(85,264)	(125,463)	(522,958)	(10,841,926)
Net Asset/(Liability) at End of Year	<u>\$ (11,575,611)</u>	<u>\$ (85,264)</u>	<u>\$ (125,463)</u>	<u>\$ (522,958)</u>	<u>\$ (10,841,926)</u>
Amounts Recognized in Accumulated Other Comprehensive Income					
Net Transition (Asset)/Obligation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Service Cost/(Credit)	0	0	0	0	0
Net Actuarial (Gain)/Loss	9,776,126	(438,877)	(21,425)	342,117	9,894,311
Total	<u>\$ 9,776,126</u>	<u>\$ (438,877)</u>	<u>\$ (21,425)</u>	<u>\$ 342,117</u>	<u>\$ 9,894,311</u>



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	<u>Total Plan</u> Fiscal 2017	<u>Peoples TWP</u> Fiscal 2017	<u>EGC</u> Fiscal 2017	<u>Service</u> <u>Company</u> Fiscal 2017	<u>Peoples</u> <u>Natural Gas</u> Fiscal 2017
Components of Net Periodic Benefit Cost					
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Cost	2,435,671	19,265	25,918	116,084	2,274,404
Expected Return on Assets	(2,451,785)	(18,967)	(25,694)	(116,494)	(2,290,630)
Amortization Of:					
Transition (Asset)/Obligation	0	0	0	0	0
Prior Service Cost/(Credit)	0	0	0	0	0
Net (Gain)/Loss	73,742	(11,754)	0	1,618	83,878
Preliminary Net Periodic Benefit Cost/(Income)	\$ 57,628	\$ (11,456)	\$ 224	\$ 1,208	\$ 67,652
Settlement/Curtailment Expense/(Income)	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0
Total ASC 715 Expense/(Income)	\$ 57,628	\$ (11,456)	\$ 224	\$ 1,208	\$ 67,652
Other Changes in Plan Assets and Benefit Obligation					
Recognized in Other Comprehensive Income					
Net Actuarial (Gain)/Loss	\$ 1,315,953	\$ (8,443)	\$ 2,869	\$ 1,835	\$ 1,319,692
Prior Service Cost/(Credit)	0	0	0	0	0
Amortization Of:					
Transition Asset/(Obligation)	0	0	0	0	0
Prior Service (Cost)/Credit	0	0	0	0	0
Actuarial Gain/(Loss)	(73,742)	11,754	0	(1,618)	(83,878)
Total Recognized in Other Comprehensive Income	\$ 1,242,211	\$ 3,311	\$ 2,869	\$ 217	\$ 1,235,814
The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:					
Net Transition (Asset)/Obligation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Prior Service Cost/(Credit)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Actuarial (Gain)/Loss	\$ 93,479	\$ (12,008)	\$ 0	\$ 1,352	\$ 104,135



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	<u>Total Plan</u> Fiscal 2017	<u>Peoples TWP</u> Fiscal 2017	<u>EGC</u> Fiscal 2017	<u>Service</u> <u>Company</u> Fiscal 2017	<u>Peoples</u> <u>Natural Gas</u> Fiscal 2017
Weighted Average Assumptions for Balance Sheet Liability at End of Year					
Discount Rate	3.74%	3.74%	3.74%	3.74%	3.74%
Expected Long-Term Rate of Return	5.38%	5.38%	5.38%	5.38%	5.38%
Rate of Compensation Increase	N/A	N/A	N/A	N/A	N/A
Measurement Date	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017	December 31, 2017
Weighted Average Assumptions for Benefit Cost at Beginning of Year					
Discount Rate	4.34%	4.34%	4.34%	4.34%	4.34%
Expected Long-Term Rate of Return	5.41%	5.41%	5.41%	5.41%	5.41%
Rate of Compensation Increase	3.75%	3.75%	3.75%	3.75%	3.75%
Estimated Future Benefit Payments					
2018 Payouts	\$ 2,944,000	\$ 60,000	\$ 73,000	\$ 102,000	\$ 2,709,000
2019 Payouts	\$ 2,909,000	\$ 41,000	\$ 70,000	\$ 111,000	\$ 2,687,000
2020 Payouts	\$ 2,918,000	\$ 36,000	\$ 58,000	\$ 111,000	\$ 2,713,000
2021 Payouts	\$ 3,008,000	\$ 35,000	\$ 60,000	\$ 117,000	\$ 2,796,000
2022 Payouts	\$ 3,123,000	\$ 29,000	\$ 59,000	\$ 126,000	\$ 2,909,000
2023 Payouts to 2027	\$ 17,129,000	\$ 133,000	\$ 229,000	\$ 703,000	\$ 16,064,000
Expected Fiscal Year 2018 Contributions	\$ 1,571,000	\$ 0	\$ 0	\$ 0	\$ 1,571,000

Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.



Peoples Natural Gas Company LLC
PNG Companies LLC Pension Plan

Pension Cost/(Income)	Total Plan	Peoples TWP	EGC	Service Company	Peoples Natural Gas
	Preliminary Fiscal 2018	Preliminary Fiscal 2018	Preliminary Fiscal 2018	Preliminary Fiscal 2018	Preliminary Fiscal 2018
Service Cost	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Interest Cost	2,309,546	16,305	24,272	104,913	2,164,056
Expected Return on Assets	(2,729,931)	(18,874)	(28,174)	(122,794)	(2,560,089)
Amortization Of:					
Transition (Asset)/Obligation	0	0	0	0	0
Prior Service Cost	0	0	0	0	0
Net (Gain)/Loss	93,479	(12,008)	0	1,352	104,135
Total Amortization Amounts	93,479	(12,008)	0	1,352	104,135
Net Periodic Pension Cost/(Income)	\$ (326,906)	\$ (14,577)	\$ (3,902)	\$ (16,529)	\$ (291,898)
Settlement/Curtailment Expense/(Income)	0	0	0	0	0
Special Termination Benefits	0	0	0	0	0
Total Expense/(Income)	\$ (326,906)	\$ (14,577)	\$ (3,902)	\$ (16,529)	\$ (291,898)
Key Assumptions					
Discount Rate	3.74%	3.74%	3.74%	3.74%	3.74%
Expected Long-Term Rate of Return	5.38%	5.38%	5.38%	5.38%	5.38%
Additional Information					
Expected Benefit Payments	\$ 2,944,431	\$ 59,818	\$ 72,931	\$ 102,057	\$ 2,709,625
Expected Contributions	\$ 1,571,000	\$ 0	\$ 0	\$ 0	\$ 1,571,000
Benefit Obligation	\$ 63,211,260	\$ 465,601	\$ 685,122	\$ 2,855,731	\$ 59,204,806
Market-Related Value of Assets	\$ 51,635,649	\$ 380,337	\$ 559,659	\$ 2,332,773	\$ 48,362,880
Average Remaining Life Expectancy	39.96 Years	32.67 Years	35.81 Years	41.84 Years	36.56 Years



Peoples Natural Gas Company LLC
DB Plan for Former Employees of Equitable Gas Company

Pension Cost/(Income)

	Fiscal 2017
Service Cost	\$ 500,000
Interest Cost	1,116,474
Expected Return on Assets	(980,230)
Amortization Of:	
Transition (Asset)/Obligation	0
Prior Service Cost	0
Net (Gain)/Loss	104,118
Total Amortization Amounts	104,118
Net Periodic Pension Cost/(Income)	\$ 740,362
Settlement/Curtailment Expense/(Income)	0
Special Termination Benefits	0
Total Expense/(Income)	\$ 740,362
Key Assumptions	
Effective Discount Rate for Benefit Obligations	3.99%
Expected Long-Term Rate of Return	4.96%
Additional Information	
Assumed Expenses in Service Cost	\$ 500,000
Expected Benefit Payments	\$ 3,107,315
Expected Contributions	\$ 1,279,000
Benefit Obligation	\$ 29,520,278
Market-Related Value of Assets	\$ 21,341,335
Average Remaining Life Expectancy	16.57 Years



Peoples Natural Gas Company LLC
DB Plan for Former Employees of Equitable Gas Company

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Accumulated Benefit Obligation, End of Year	\$ 29,520,278	\$ 28,400,015
Change in Benefit Obligation		
Benefit Obligation, Beginning of Year	\$ 30,824,513	\$ 29,520,278
Service Cost	0	0
Interest Cost	1,222,476	1,116,474
Plan Amendments	0	0
Actuarial (Gain)/Loss	1,365,316	875,566
Plan Participant Contributions	0	0
Actual Benefits Paid	(3,892,027)	(3,112,303)
Liability (Gain)/Loss Due to Curtailment	0	0
Special Termination Benefits	0	0
Benefit Obligation, End of Year	\$ 29,520,278	\$ 28,400,015
Change in Plan Assets		
Fair Value of Plan Assets, Beginning of Year	\$ 24,160,677	\$ 21,341,335
Actual Return on Plan Assets	1,573,119	2,869,243
Employer Contributions	0	1,279,000
Plan Participant Contributions	0	0
Actual Expenses Paid	(500,434)	(568,194)
Actual Benefits Paid	(3,892,027)	(3,112,303)
Fair Value of Plan Assets, End of Year	\$ 21,341,335	\$ 21,809,081
Funded Status of the Plan	\$ (8,178,943)	\$ (6,590,934)
Additional Amounts Recognized in the Statement of Financial Position		
Noncurrent Assets	\$ 0	\$ 0
Current Liabilities	0	0
Noncurrent Liabilities	(8,178,943)	(6,590,934)
Net Asset/(Liability) at End of Year	\$ (8,178,943)	\$ (6,590,934)
Amounts Recognized in Accumulated Other Comprehensive Income		
Net Transition (Asset)/Obligation	\$ 0	\$ 0
Prior Service Cost/(Credit)	0	0
Net Actuarial (Gain)/Loss	4,677,257	3,627,886
Total	\$ 4,677,257	\$ 3,627,886



Peoples Natural Gas Company LLC
DB Plan for Former Employees of Equitable Gas Company

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Components of Net Periodic Benefit Cost		
Service Cost	\$ 227,000	\$ 500,000
Interest Cost	1,222,476	1,116,474
Expected Return on Assets	(1,258,896)	(980,230)
Amortization Of:		
Transition (Asset)/Obligation	0	0
Prior Service Cost/(Credit)	0	0
Net (Gain)/Loss	16,756	104,118
Net Periodic Benefit Cost/(Income)	\$ 207,336	\$ 740,362
Settlement/Curtailment Expense/(Income)	0	0
Special Termination Benefits	0	0
Total ASC 715 Expense/(Income)	\$ 207,336	\$ 740,362
Other Changes in Plan Assets and Benefit Obligation		
Recognized in Other Comprehensive Income		
Net Actuarial (Gain)/Loss	\$ 1,324,527	\$ (945,253)
Prior Service Cost/(Credit)	0	0
Amortization Of:		
Transition Asset/(Obligation)	0	0
Prior Service (Cost)/Credit	0	0
Actuarial Gain/(Loss)	(16,756)	(104,118)
Total Recognized in Other Comprehensive Income	\$ 1,307,771	\$ (1,049,371)

The estimated net transition (asset)/obligation, prior service cost/(credit) and actuarial (gain)/loss for the plan that will be amortized from accumulated other comprehensive income into net periodic benefit cost during the following fiscal year are as follows:

Net Transition (Asset)/Obligation	\$ 0
Prior Service Cost/(Credit)	\$ 0
Net Actuarial (Gain)/Loss	\$ 48,907



Peoples Natural Gas Company LLC
DB Plan for Former Employees of Equitable Gas Company

ASC 715 Disclosure

This disclosure is presented in the format described in ASC 715-20.

	Fiscal 2016	Fiscal 2017
Weighted Average Assumptions for Balance Sheet Liability at End of Year		
Discount Rate	3.99%	3.56%
Expected Long-Term Rate of Return	4.96%	4.98%
Rate of Compensation Increase	N/A	N/A
Measurement Date	December 31, 2016	December 31, 2017
Weighted Average Assumptions for Benefit Cost at Beginning of Year		
Effective Discount Rate for Benefit Obligations	4.18%	3.99%
Expected Long-Term Rate of Return	5.63%	4.96%
Rate of Compensation Increase	N/A	N/A
Estimated Future Benefit Payments		
2017 (2018) Payouts	\$ 3,107,000	\$ 2,841,000
2018 (2019) Payouts	\$ 2,955,000	\$ 2,664,000
2019 (2020) Payouts	\$ 2,706,000	\$ 2,422,000
2020 (2021) Payouts	\$ 2,512,000	\$ 2,302,000
2021 (2022) Payouts	\$ 2,407,000	\$ 2,188,000
2022 (2023) Payouts to 2026 (2027)	\$ 10,179,000	\$ 9,275,000
Expected Fiscal Year 2017 (2018) Contributions	\$ 1,279,000	\$ 1,401,000

Alternative Amortization Method

As permitted under ASC 715-30-35-13, the amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan.

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Peoples Natural Gas Company LLC
DB Plan for Former Employees of Equitable Gas Company

Pension Cost/(Income)

	Preliminary Fiscal 2018
Service Cost	\$ 600,000
Interest Cost	960,912
Expected Return on Assets	(1,018,890)
Amortization Of:	
Transition (Asset)/Obligation	0
Prior Service Cost	0
Net (Gain)/Loss	48,907
Total Amortization Amounts	48,907
Net Periodic Pension Cost/(Income)	\$ 590,929
Settlement/Curtailment Expense/(Income)	0
Special Termination Benefits	0
Total Expense/(Income)	\$ 590,929
Key Assumptions	
Effective Discount Rate for Benefit Obligations	3.56%
Expected Long-Term Rate of Return	4.98%
Additional Information	
Assumed Expenses in Service Cost	\$ 600,000
Expected Benefit Payments	\$ 2,841,097
Expected Contributions	\$ 1,401,000
Benefit Obligation	\$ 28,400,015
Market-Related Value of Assets	\$ 21,809,081
Average Remaining Life Expectancy	16.11 Years

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 39. Please reconcile the historical and future test year SFAS No. 106 expense levels with the amount identified in the actual report.

* * * * *

There is a \$234,752 difference between the Gross HTY expense recorded and the expense identified in the Actuarial Report. The difference is due to three months of 2017 expense and nine months of 2018 expense being included in the HTY whereas the Actuarial Report is on a Calendar Year basis. Also, a portion of the Equitable Division expense is allocated to other companies.

There is a \$72,110 difference between the Gross Estimated FTY expense and the FTY OPEB Actuarial projected expense for 2019. The difference is due to a portion of Equitable Division expense being allocated to other companies.

There is a \$67,274 difference between the Gross Estimated FPFTY expense and the FPFTY OPEB Actuarial projected expense for 2020. The difference is due to a portion of Equitable Division expense being allocated to other companies.

Refer to Page 2 for a detailed reconciliation of these periods.

Refer to Exhibit 4, Schedule 3 for the Actuarial Report.

HTY Reconciliation

	Oct-Dec 2017 Gross Expense	Jan - Sep 2018 Gross Expense	Sep 2018 TTM Gross Expense	2018 Actuarial Report	Variance
	\$ 275,571	\$ 1,294,301	\$ 1,569,872	\$ 1,804,624	\$ 234,752
	2017 Actuarial Report	Three Months Gross Expense	Allocation	Per Books Gross Expense	
PNG Salary	\$ (12,717)	\$ (3,179)	100.0%	\$ (3,179)	
PNG Union	\$ 650,478	\$ 162,620	100.0%	\$ 162,620	
PED	\$ 521,822	\$ 130,456	89.0%	\$ 116,130	
	\$ 1,159,583	\$ 289,896		\$ 275,571	
	2018 Actuarial Report	Nine Months Gross Expense	Allocation	Per Books Gross Expense	
PNG Salary	\$ 67,580	\$ 50,685	100.0%	\$ 50,685	
PNG Union	\$ 1,182,372	\$ 886,779	100.0%	\$ 886,779	
PED	\$ 554,672	\$ 416,004	85.8%	\$ 356,837	
	\$ 1,804,624	\$ 1,353,468		\$ 1,294,301	

FTY Reconciliation

	2019 Actuary Gross Estimate	Allocation	Estimated Gross Expense	Variance
PNG Salary	\$ 57,000	100.0%	\$ 57,000	
PNG Union	\$ 1,139,000	100.0%	\$ 1,139,000	
PED	\$ 507,000	85.8%	\$ 434,889.90	
	\$ 1,703,000		\$ 1,630,890	\$ 72,110

FPFTY Reconciliation

	2020 Actuary Gross Estimate	Allocation	Estimated Gross Expense	Variance
PNG Salary	\$ 46,000	100.0%	\$ 46,000	
PNG Union	\$ 1,124,000	100.0%	\$ 1,124,000	
PED	\$ 473,000	85.8%	\$ 405,725.68	
	\$ 1,643,000		\$ 1,575,726	\$ 67,274

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 40. Please identify the actual or projected amounts contributed to SFAS No. 106 funds for the historic and future test years. Identify the actual or projected dates and amounts of the contributions.

* * * * *

The combined HTY actual OPEB contribution was made in December, 2017 in the amount of \$1,975,247.

The combined FTY OPEB contribution was made in December, 2018 in the amount of \$ 2,587,438.

The combined FPFTY projected OPEB contribution will be made in December, 2019 in the amount of \$ 2,532,486.

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 41. Please explain the funding options or plans which are being used for SFAS No. 106 costs. Identify the portion of the costs which are eligible for tax preferred funding.

* * * * *

Consistent with Commission Order at Docket No. R-2010-2201702 (Peoples Division), SFAS 106 accrued costs will be placed into a dedicated trust fund. Amounts are deductible when placed in the trust. The Equitable Division does not have a dedicated trust and SFAS 106 costs are deductible when paid.

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 42. Is the company studying and/or anticipating any changes to its postretirement benefits offered to employees as a result of SFAS No. 106 or for other reasons? If yes, please provide such study and/or explain the anticipated change.

* * * * *

The Company is not contemplating any changes to these benefits at this time.

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 43. Please state whether the Company has included expenses related to SFAS No. 112 in its test year claim. If so, please provide complete details and include a copy of the actuarial study.

* * * * *

The Company has claimed SFAS No.112 costs on a 'pay-as-you-go' basis, consistent with the settlements and Commission orders at R-943252, R-2010-2201702 and R-2012-2285985.

**Peoples Natural Gas Company LLC
Standard Data Request
Revenue Requirements**

RR 44. Please provide all documentation supporting the uncollectible accrual rate reflected in the Company's filing.

* * * * *

Peoples did not use an uncollectible accrual rate in this filing but instead used an actual uncollectible experienced rate. Data and documentation supporting the development of this rate is provided by the following attachments.

	Equitable		Peoples	Combined
RESIDENTIAL				
Total 3 Year Revenue	\$ 562,806,667	\$ 782,187,018	\$ 1,344,993,685	
Total 3 Year Charge-Off	\$ 13,929,916	\$ 19,621,883	\$ 33,551,799	
Uncollectible Rate	2.48%	2.51%	2.49%	
COMMERCIAL				
Total 3 Year Revenue	\$ 166,434,539	\$ 214,903,300	\$ 381,337,840	
Total 3 Year Charge-Off	\$ 255,138	\$ 570,892	\$ 826,030	
Uncollectible Rate	0.15%	0.27%	0.21%	
INDUSTRIAL				
Total 3 Year Revenue	\$ 23,250,472	\$ 54,458,372	\$ 77,708,843	
Total 3 Year Charge-Off	\$ -	\$ 5,825	\$ 5,825	
Uncollectible Rate	0.00%	0.01%	0.01%	

Peoples Natural Gas Company LLC
Equitable Division
Residential Charge-off Analysis

	2016	2017	2018
TOTAL RESIDENTIAL REVENUE	\$ 158,227,568	\$ 177,857,891	\$ 226,721,208
TOTAL RESIDENTIAL CHARGE-OFFS	\$ 4,938,189	\$ 5,694,268	\$ 6,166,212
Charge-off % (Current Year Rev to Current Year C/O)	3.12%	3.20%	2.72%
TOTAL RESIDENTIAL RECOVERIES	\$ (1,211,699)	\$ (765,421)	\$ (891,633)
Recoveries (Current Year Rev to Current Year C/O)	-0.77%	-0.43%	-0.39%
TOTAL NET CHARGE-OFFS	\$ 3,726,490	\$ 4,928,846	\$ 5,274,580
Total Charge-off % (Current Year Rev to Current Year C/O)	2.36%	2.77%	2.33%

Peoples Natural Gas Company LLC
Equitable Division
Commercial Charge-off Analysis

	2016	2017	2018
TOTAL COMMERCIAL REVENUE	\$ 48,332,069	\$ 53,562,401	\$ 64,540,069
TOTAL COMMERCIAL CHARGE-OFFS	\$ 65,194	\$ 112,007	\$ 133,388
Charge-off % (Current Year Rev to Current Year C/O)	0.13%	0.21%	0.21%
TOTAL COMMERCIAL RECOVERIES	\$ (21,912)	\$ (13,291)	\$ (20,247)
Recoveries (Current Year Rev to Current Year C/O)	-0.05%	-0.02%	-0.03%
TOTAL NET CHARGE-OFFS	\$ 43,282	\$ 98,716	\$ 113,141
Total Charge-off % (Current Year Rev to Current Year C/O)	0.09%	0.18%	0.18%

Peoples Natural Gas Company LLC
Equitable Division
Industrial Charge-off Analysis

	2016	2017	2018
TOTAL INDUSTRIAL REVENUE	\$ 6,891,096	\$ 7,819,806	\$ 8,539,569
TOTAL INDUSTRIAL CHARGE-OFFS	\$ -	\$ -	\$ -
Charge-off % (Current Year Rev to Current Year C/O)	0.00%	0.00%	0.00%
TOTAL INDUSTRIAL RECOVERIES	\$ -	\$ -	\$ -
Recoveries (Current Year Rev to Current Year C/O)	0%	0%	0%
TOTAL NET CHARGE-OFFS	\$ -	\$ -	\$ -
Total Charge-off % (Current Year Rev to Current Year C/O)	0%	0%	0%

Peoples Natural Gas Company LLC
Peoples Division
Residential Charge-off Analysis

	2016	2017	2018
TOTAL RESIDENTIAL REVENUE	\$ 228,409,340	\$ 246,399,228	\$ 307,378,450
TOTAL RESIDENTIAL CHARGE-OFFS	\$ 7,247,278	\$ 8,455,877	\$ 8,757,880
Charge-off % (Current Year Rev to Current Year C/O)	3.17%	3.43%	2.85%
TOTAL RESIDENTIAL RECOVERIES	\$ (1,580,303)	\$ (1,798,447)	\$ (1,460,401)
Recoveries (Current Year Rev to Current Year C/O)	-0.69%	-0.73%	-0.48%
TOTAL NET CHARGE-OFFS	\$ 5,666,975	\$ 6,657,429	\$ 7,297,479
Total Charge-off % (Current Year Rev to Current Year C/O)	2.48%	2.70%	2.37%

Peoples Natural Gas Company LLC
Peoples Division
Commercial Charge-off Analysis

	2016	2017	2018
TOTAL COMMERCIAL REVENUE	\$ 62,186,445	\$ 67,982,309	\$ 84,734,546
TOTAL COMMERCIAL CHARGE-OFFS	\$ 385,684	\$ 221,257	\$ 37,812
Charge-off % (Current Year Rev to Current Year C/O)	0.62%	0.33%	0.04%
TOTAL COMMERCIAL RECOVERIES	\$ (33,283)	\$ (39,878)	\$ (700)
Recoveries (Current Year Rev to Current Year C/O)	-0.05%	-0.06%	0.00%
TOTAL NET CHARGE-OFFS	\$ 352,401	\$ 181,379	\$ 37,112
Total Charge-off % (Current Year Rev to Current Year C/O)	0.57%	0.27%	0.04%

Peoples Natural Gas Company LLC
Peoples Division
Industrial Charge-off Analysis

	2016	2017	2018
TOTAL INDUSTRIAL REVENUE	\$ 17,002,918	\$ 17,396,412	\$ 20,059,042
TOTAL INDUSTRIAL CHARGE-OFFS	\$ 6,312	\$ (12)	\$ 5,379
Charge-off % (Current Year Rev to Current Year C/O)	0.04%	0.00%	0.03%
TOTAL INDUSTRIAL RECOVERIES	\$ (5,855)	\$ -	\$ -
Recoveries (Current Year Rev to Current Year C/O)	0%	0%	0%
TOTAL NET CHARGE-OFFS	\$ 458	\$ (12)	\$ 5,379
Total Charge-off % (Current Year Rev to Current Year C/O)	0%	0%	0%

Peoples Natural Gas Company LLC
Combined
Residential Charge-off Analysis

	2016	2017	2018
TOTAL RESIDENTIAL REVENUE	\$ 386,636,907	\$ 424,257,119	\$ 534,099,659
TOTAL RESIDENTIAL CHARGE-OFFS	\$ 12,185,467	\$ 14,150,145	\$ 14,924,092
Charge-off % (Current Year Rev to Current Year C/O)	3.15%	3.34%	2.79%
TOTAL RESIDENTIAL RECOVERIES	\$ (2,792,002)	\$ (2,563,869)	\$ (2,352,034)
Recoveries (Current Year Rev to Current Year C/O)	0.72%	0.60%	0.44%
TOTAL NET CHARGE-OFFS	\$ 9,393,465	\$ 11,586,276	\$ 12,572,058
Total Charge-off % (Current Year Rev to Current Year C/O)	2.43%	2.73%	2.35%

Peoples Natural Gas Company LLC
Combined
Commercial Charge-off Analysis

	2016	2017	2018
TOTAL COMMERCIAL REVENUE	\$ 110,518,514	\$ 121,544,710	\$ 149,274,615
TOTAL COMMERCIAL CHARGE-OFFS	\$ 450,878	\$ 333,264	\$ 171,200
Charge-off % (Current Year Rev to Current Year C/O)	0.41%	0.27%	0.11%
TOTAL COMMERCIAL RECOVERIES	\$ (55,195)	\$ (53,169)	\$ (20,947)
Recoveries (Current Year Rev to Current Year C/O)	-0.05%	-0.04%	-0.01%
TOTAL NET CHARGE-OFFS	\$ 395,683	\$ 280,095	\$ 150,253
Total Charge-off % (Current Year Rev to Current Year C/O)	0.36%	0.23%	0.10%