

Peoples Natural Gas Company LLC
Combined
Industrial Charge-off Analysis

	2016	2017	2018
TOTAL INDUSTRIAL REVENUE	\$ 23,894,015	\$ 25,216,218	\$ 28,598,611
TOTAL INDUSTRIAL CHARGE-OFFS	\$ 6,312	\$ (12)	\$ 5,379
Charge-off % (Current Year Rev to Current Year C/O)	0.00%	0.00%	0.00%
TOTAL INDUSTRIAL RECOVERIES	\$ (5,855)	\$ -	\$ -
Recoveries (Current Year Rev to Current Year C/O)	\$ (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
Standard Data Request
Revenue Requirements**

RR 45. Please provide all workpapers and documentation supporting the Company's claimed balance of gas stored underground- current. Include support for the monthly injections and withdrawals and the gas cost rate.

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Refer to pages 2 through 11 for gas stored underground – current workpapers.

Date	MCF	Storage Inv \$	WACOG	MCF	Storage Inv \$	WACOG	MCF	Storage Inv \$	WACOG
Oct 2018	13,290,335	\$ 34,223,231	\$ 2.58	8,456,477	\$ 8,015,001	\$ 0.95	21,746,812	\$ 42,238,232	\$ 1.94
Nov 2018	11,440,335	\$ 29,502,031	\$ 2.58	8,142,477	\$ 7,131,311	\$ 0.88	19,582,812	\$ 36,633,342	\$ 1.87
Dec 2018	8,481,335	\$ 21,950,663	\$ 2.59	7,605,087	\$ 5,618,934	\$ 0.74	16,086,422	\$ 27,569,597	\$ 1.71
Jan 2019	5,181,335	\$ 13,409,887	\$ 2.59	6,315,087	\$ 2,654,796	\$ 0.42	11,496,422	\$ 16,064,683	\$ 1.40
Feb 2019	3,081,335	\$ 7,974,847	\$ 2.59	4,157,087	\$ 1,580,152	\$ 0.38	7,238,422	\$ 9,554,999	\$ 1.32
Mar 2019	1,466,335	\$ 3,795,043	\$ 2.59	2,691,087	\$ 1,026,649	\$ 0.38	4,157,422	\$ 4,821,692	\$ 1.16
Apr 2019	2,922,335	\$ 7,655,918	\$ 2.62	3,141,087	\$ 1,196,551	\$ 0.38	6,063,422	\$ 8,852,469	\$ 1.46
May 2019	4,592,335	\$ 11,937,631	\$ 2.60	3,855,087	\$ 1,466,129	\$ 0.38	8,447,422	\$ 13,403,760	\$ 1.59
Jun 2019	6,412,335	\$ 16,623,403	\$ 2.59	4,905,087	\$ 1,862,567	\$ 0.38	11,317,422	\$ 18,485,970	\$ 1.63
Jul 2019	8,282,335	\$ 21,465,955	\$ 2.59	6,055,087	\$ 2,296,761	\$ 0.38	14,337,422	\$ 23,762,716	\$ 1.66
Aug 2019	10,117,335	\$ 26,144,287	\$ 2.58	7,155,087	\$ 4,352,498	\$ 0.61	17,272,422	\$ 30,496,786	\$ 1.77
Sep 2019	11,817,335	\$ 30,221,227	\$ 2.56	8,090,087	\$ 6,983,869	\$ 0.86	19,907,422	\$ 37,205,096	\$ 1.87
Oct 2019	13,287,335	\$ 33,774,070	\$ 2.54	9,005,087	\$ 9,513,935	\$ 1.06	22,292,422	\$ 43,288,006	\$ 1.94
Nov 2019	11,437,335	\$ 29,071,696	\$ 2.54	8,691,087	\$ 8,645,694	\$ 0.99	20,128,422	\$ 37,717,390	\$ 1.87
Dec 2019	8,478,335	\$ 21,550,438	\$ 2.54	7,945,087	\$ 6,582,929	\$ 0.83	16,423,422	\$ 28,133,367	\$ 1.71
Jan 2020	5,178,335	\$ 13,162,418	\$ 2.54	6,655,087	\$ 16,916,061	\$ 2.54	11,833,422	\$ 30,078,479	\$ 2.54
Feb 2020	3,078,335	\$ 7,824,587	\$ 2.54	4,497,087	\$ 11,430,805	\$ 2.54	7,575,422	\$ 19,255,392	\$ 2.54
Mar 2020	1,463,335	\$ 3,719,541	\$ 2.54	3,031,087	\$ 7,704,490	\$ 2.54	4,494,422	\$ 11,424,031	\$ 2.54
Apr 2020	2,919,335	\$ 7,328,091	\$ 2.51	3,481,087	\$ 8,738,196	\$ 2.51	6,400,422	\$ 16,066,287	\$ 2.51
May 2020	4,589,335	\$ 11,301,188	\$ 2.46	4,195,087	\$ 10,330,356	\$ 2.46	8,784,422	\$ 21,631,545	\$ 2.46
Jun 2020	6,409,335	\$ 15,653,536	\$ 2.44	5,245,087	\$ 12,810,090	\$ 2.44	11,654,422	\$ 28,463,626	\$ 2.44
Jul 2020	8,279,335	\$ 20,113,486	\$ 2.43	6,395,087	\$ 15,535,969	\$ 2.43	14,674,422	\$ 35,649,455	\$ 2.43
Aug 2020	10,114,335	\$ 24,488,493	\$ 2.42	7,495,087	\$ 18,146,856	\$ 2.42	17,609,422	\$ 42,635,349	\$ 2.42
Sep 2020	11,814,335	\$ 28,296,493	\$ 2.40	8,430,087	\$ 20,190,886	\$ 2.40	20,244,422	\$ 48,487,380	\$ 2.40
Oct 2020	13,284,335	\$ 31,610,608	\$ 2.38	9,345,087	\$ 22,237,009	\$ 2.38	22,629,422	\$ 53,847,617	\$ 2.38
Nov 2020	11,434,335	\$ 27,208,459	\$ 2.38	9,031,087	\$ 21,489,834	\$ 2.38	20,465,422	\$ 48,698,293	\$ 2.38
Dec 2020	8,475,335	\$ 20,167,400	\$ 2.38	8,285,087	\$ 19,714,697	\$ 2.38	16,760,422	\$ 39,882,097	\$ 2.38

164.1 - Current Storage Inventory

FTY 9/30/19	\$ 18,742,010	\$ 3,682,101	\$ 22,424,112
FPFTY 10/28/20	\$ 17,843,381	\$ 13,272,445	\$ 31,115,826

2018 EGC

EGC PA Gas Storage 2018 Injections/(Withdrawals)					
	BTU Factor	DTH	MCF	AMOUNT (\$)	\$ Per MCF
BALANCE-BEGIN OF PERIOD		<u>8,430,551</u>	<u>8,098,510</u>	<u>\$ 19,109,033.88</u>	\$ 2.3596
January	1.041	(3,159,100)	(3,034,678)	\$ (7,160,547.86)	\$ 2.3596
February	1.041	(1,837,753)	(1,765,373)	\$ (4,165,527.62)	\$ 2.3596
March	1.041	(2,720,084)	(2,612,953)	\$ (6,165,455.88)	\$ 2.3596
April	1.041	1,335,272	1,282,682	\$ 3,386,280.58	\$ 2.6400
May	1.041	2,222,682	2,135,141	\$ 5,380,555.85	\$ 2.5200
June	1.041	2,017,941	1,938,464	\$ 4,923,698.50	\$ 2.5400
July	1.041	2,062,778	1,981,535	\$ 5,231,252.56	\$ 2.6400
August	1.041	2,003,154	1,924,259	\$ 5,214,742.88	\$ 2.7100
September	1.041	1,897,480	1,822,747	\$ 4,775,598.08	\$ 2.6200
October	1.041	1,582,320	1,520,000	\$ 3,693,600.00	\$ 2.4300
November	1.041	(1,925,850)	(1,850,000)	\$ (4,721,200.00)	\$ 2.5520
December	1.041	(3,080,319)	(2,959,000)	\$ (7,551,368.00)	\$ 2.5520
BALANCE-END OF PERIOD		<u>8,829,072</u>	<u>8,481,335</u>	<u>\$ 21,950,662.98</u>	1.041 0.000
2018 Avg Cost of Stored Gas		<u>\$ 2.4862</u>	<u>\$ 2.5881</u>	1.041 0.000	

2019 EGC

EGC PA Gas Storage 2019 Injections/(Withdrawals)			
	MCF	AMOUNT (\$)	\$ Per MCF
BALANCE-BEGIN OF PERIOD	8,481,335	\$ 21,950,662.98	\$ 2.5881
January	(3,300,000)	\$ (8,540,776.47)	\$ 2.5881
February	(2,100,000)	\$ (5,435,039.57)	\$ 2.5881
March	(1,615,000)	\$ (4,179,804.24)	\$ 2.5881
April	1,456,000	\$ 3,860,875.20	\$ 2.6517
May	1,670,000	\$ 4,281,713.00	\$ 2.5639
June	1,820,000	\$ 4,685,772.00	\$ 2.5746
July	1,870,000	\$ 4,842,552.00	\$ 2.5896
August	1,835,000	\$ 4,678,332.50	\$ 2.5495
September	1,700,000	\$ 4,076,940.00	\$ 2.3982
October	1,470,000	\$ 3,552,843.00	\$ 2.4169
November	(1,850,000)	\$ (4,702,374.81)	\$ 2.5418
December	(2,959,000)	\$ (7,521,257.88)	\$ 2.5418
BALANCE-END OF PERIOD	8,478,335	\$ 21,550,437.71	
2019 Avg Cost of Stored Gas		\$ 2.5418	

2020 EGC

EGC PA Gas Storage 2020 Injections/(Withdrawals)			
	MCF	AMOUNT (\$)	\$ Per MCF
BALANCE-BEGIN OF PERIOD	8,478,335	\$ 21,550,437.71	\$ 2.5418
January	(3,300,000)	\$ (8,388,019.94)	\$ 2.5418
February	(2,100,000)	\$ (5,337,830.87)	\$ 2.5418
March	(1,615,000)	\$ (4,105,046.12)	\$ 2.5418
April	1,456,000	\$ 3,608,550.40	\$ 2.4784
May	1,670,000	\$ 3,973,097.00	\$ 2.3791
June	1,820,000	\$ 4,352,348.00	\$ 2.3914
July	1,870,000	\$ 4,459,950.00	\$ 2.3850
August	1,835,000	\$ 4,375,007.00	\$ 2.3842
September	1,700,000	\$ 3,808,000.00	\$ 2.2400
October	1,470,000	\$ 3,314,115.00	\$ 2.2545
November	(1,850,000)	\$ (4,402,149.18)	\$ 2.3795
December	(2,959,000)	\$ (7,041,059.14)	\$ 2.3795
BALANCE-END OF PERIOD	8,475,335	\$ 20,167,399.86	
2020 Avg Cost of Stored Gas	\$	2.3795	

RESERVE TAB

The Peoples Natural Gas Company Calculation of Reserve for Replacement 2018										
	Current Month Activity		Actual Increase <Reduction> In Inventory			Inventory at the End of the Period			Reserve for Replacement	Monthly PNG Current Inventory
	MCF	Amount	MCF	Rate	Amount	MCF	Rate	Amount		
Beginning Inventory:										
Base Layer						1,867,377	0.38531	719,527.48		
Pre 1967 Layer						1,369,140	0.38531	527,534.58		
1967 Increment						4,768,178	0.37756	1,800,273.31		
2016 Increment						848,942	1.83940	1,561,543.91		
2017 Increment						52,535	2.58620	135,866.02		
						<u>8,906,172</u>		<u>4,744,745.30</u>		
January	(894,076)	(2,404,617.40)	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31		
			(841,541)	1.83940	(1,547,930.52)	7,401	1.83940	13,613.39		
			(52,535)	2.58620	(135,866.02)	0	2.58620	(0.00)		
		0	<u>(894,076)</u>		<u>(1,683,796.54)</u>	<u>8,012,096</u>		<u>3,060,948.76</u>	720,820.86	\$ 2,341,422
February	(1,979,255)	(5,323,206.32)	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			(1,971,854)	0.37756	(744,493.20)	2,796,324	0.37756	1,055,780.11		
			(7,401)	1.83940	(13,613.40)	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>(1,979,255)</u>		<u>(758,106.60)</u>	<u>6,032,841</u>		<u>2,302,842.17</u>	4,565,099.72	\$ 1,583,315
March	(1,405,932)	(3,781,254.11)	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			(1,405,932)	0.37756	(530,823.69)	1,390,392	0.37756	524,956.42		
			0	1.83940	0.00	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>(1,405,932)</u>		<u>(530,823.69)</u>	<u>4,626,909</u>		<u>1,772,018.48</u>	3,250,430.42	\$ 1,062,491
April	(820,309)	(1,888,007.76)	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			(820,309)	0.37756	(309,715.87)	570,083	0.37756	215,240.55		
			0	1.83940	0.00	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>(820,309)</u>		<u>(309,715.87)</u>	<u>3,806,600</u>		<u>1,462,302.61</u>	1,578,291.89	\$ 742,776
May	1,125,197	2,956,005.04	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			1,125,197	0.37756	424,829.38	1,695,280	0.37756	640,069.93		
			0	1.83940	0.00	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>1,125,197</u>		<u>424,829.38</u>	<u>4,931,797</u>		<u>1,887,131.99</u>	(2,531,175.66)	\$ 1,167,605
June	1,239,761	3,256,976.12	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			1,239,761	0.37756	468,084.16	2,935,041	0.37756	1,108,154.09		
			0	1.83940	0.00	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>1,239,761</u>		<u>468,084.16</u>	<u>6,171,558</u>		<u>2,355,216.15</u>	(2,788,891.96)	\$ 1,635,685
July	978,960	2,541,804.13	0	0.38531	0.00	1,867,377	0.38531	719,527.48		
			0	0.38531	0.00	1,369,140	0.38531	527,534.58		
			978,960	0.37756	369,616.14	3,914,001	0.37756	1,477,770.23		
			0	1.83940	0.00	0	1.83940	0.00		
			0	2.58620	0.00	0	2.58620	(0.00)		
		0	<u>978,960</u>		<u>369,616.14</u>	<u>7,150,518</u>		<u>2,724,832.29</u>	(2,172,187.99)	\$ 2,005,305

RESERVE TAB

The Peoples Natural Gas Company Calculation of Reserve for Replacement 2018											
	Current Month Activity		Actual Increase <Reduction> In Inventory				Inventory at the End of the Period			Reserve for Replacement	Monthly PNG Current Inventory
	MCF	Amount	MCF	Rate	Amount	MCF	Rate	Amount			
August	1,172,044	3,099,118.74	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			854,177	0.37756	322,503.07	4,768,178	0.37756	1,800,273.30			
			317,867	1.83940	584,684.56	317,867	1.83940	584,684.56			
			0	2.58620	0.00	0	2.58620	(0.00)			
		0	1,172,044		907,187.63	8,322,562		3,632,019.92	(2,191,931.11)	\$ 2,912,495	
September	1,501,292	3,969,716.31	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.30			
			531,075	1.83940	976,859.36	848,942	1.83940	1,561,543.92			
			52,535	2.58620	135,866.02	52,535	2.58620	135,866.01			
			917,682	2.64420	2,426,534.74	917,682	2.64420	2,426,534.74			
		0	1,501,292		3,539,260.12	9,823,854		7,171,280.04	(430,456.19)	\$ 6,451,753	
October	500,000	1,407,150.00	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.30			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			500,000	2.81430	1,407,150.00	1,417,682	2.81430	3,989,782.45			
		0	500,000		1,407,150.00	10,323,854		8,734,527.75	0.00	\$ 8,015,001	
November	(314,000)	(883,690.20)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.30			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			(314,000)	2.81430	(883,690.20)	1,103,682	2.81430	3,106,092.25			
		0	(314,000)		(883,690.20)	10,009,854		7,850,837.55	0.00	\$ 7,131,311	
December	(537,390)	(1,512,376.68)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.30			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			(537,390)	2.81430	(1,512,376.68)	566,292	2.81430	1,593,715.58			
		0	(537,390)		(1,512,376.68)	9,472,464		6,338,460.87	0.00	\$ 5,618,934	
YTD Total	566,292	1,437,617.87									
Base Layer			0	0.38531	0.00	1,867,377	0.38531	719,527.48			
Pre 1967 Layer			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
1967 Increment			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
2016 Increment			0	1.83940	(0.00)	848,942	1.83940	1,561,543.91			
2017 Increment			0	2.58620	(0.00)	52,535	2.58620	135,866.01			
2018 Increment			566,292	2.81430	1,437,617.87	566,292	2.81430	1,593,715.58			
			566,292		1,437,617.87	9,472,464		6,338,460.86	0.00		
			0		0.00	0		(0.00)			

RESERVE TAB

The Peoples Natural Gas Company Calculation of Reserve for Replacement 2019											
Activity	Current Month		Actual Increase <Reduction>				Inventory at the End of the Period			Reserve for Replacement	Monthly PNG Current Inventory
	MCF	Amount	MCF	In Inventory Rate	Amount	MCF	Rate	Amount			
Beginning Inventory:											
Base Layer						1,867,377	0.38531	719,527.48			
Pre 1967 Layer						1,369,140	0.38531	527,534.58			
1967 Increment						4,768,178	0.37756	1,800,273.31			
2016 Increment						848,942	1.83940	1,561,543.91			
2017 Increment						52,535	2.58620	135,866.01			
2018 Increment						566,292	2.81430	1,593,715.58			
						9,472,464		6,338,460.87			
January	(1,290,000)	(3,630,447.00)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
			(671,173)	1.83940	(1,234,555.62)	177,769	1.83940	326,988.30			
			(52,535)	2.58620	(135,866.02)	0	2.58620	(0.00)			
			(566,292)	2.81430	(1,593,715.58)	0	2.81430	0.00			
			0		(2,964,137.21)	0		3,374,323.67	666,309.79		\$ 2,654,797
February	(2,158,000)	(6,073,259.40)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			(1,980,231)	0.37756	(747,656.02)	2,787,947	0.37756	1,052,617.29			
			(177,769)	1.83940	(326,988.30)	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0		(1,074,644.31)	0		2,299,679.36	4,998,615.09		\$ 1,580,152
March	(1,466,000)	(4,125,763.80)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			(1,466,000)	0.37756	(553,502.96)	1,321,847	0.37756	499,114.33			
			0	1.83940	0.00	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0		(553,502.96)	0		1,746,176.40	3,572,260.84		\$ 1,026,649
April	450,000	1,266,435.00	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			450,000	0.37756	169,902.00	1,771,947	0.37756	668,016.33			
			0	1.83940	0.00	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0		169,902.00	0		1,916,078.40	(1,096,533.00)		\$ 1,196,551
May	714,000	2,009,410.20	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			714,000	0.37756	269,577.84	2,485,947	0.37756	938,594.17			
			0	1.83940	0.00	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0		269,577.84	0		2,185,656.24	(1,739,832.36)		\$ 1,466,129
June	1,050,000	2,955,015.00	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			1,050,000	0.37756	396,438.00	3,535,947	0.37756	1,335,032.17			
			0	1.83940	0.00	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0		396,438.00	0		2,682,094.24	(2,558,577.00)		\$ 1,862,567

RESERVE TAB

The Peoples Natural Gas Company Calculation of Reserve for Replacement 2019										Reserve for Replacement	Monthly PNG Current Inventory
Current Month Activity	Actual Increase <Reduction> In Inventory		Inventory at the End of the Period				Reserve for Replacement				
	MCF	Amount	MCF	Rate	Amount	MCF			Rate		
July	1,150,000	3,236,445.00	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			1,150,000	0.37756	434,194.00	4,685,947	0.37756	1,769,226.17			
			0	1.83940	0.00	0	1.83940	0.01			
			0	2.58620	0.00	0	2.58620	(0.00)			
			0	2.81430	0.00	0	2.81430	0.00			
			0	1,150,000	434,194.00	7,922,464		3,016,288.24	(2,802,251.00)		\$ 2,296,761
August	1,100,000	3,095,730.00	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			82,231	0.37756	31,047.14	4,768,178	0.37756	1,800,273.31			
			848,942	1.83940	1,561,543.91	848,942	1.83940	1,561,543.92			
			52,535	2.58620	135,866.02	52,535	2.58620	135,866.01			
			116,292	2.81430	327,280.58	116,292	2.81430	327,280.58			
			0	1,100,000	327,280.58	9,022,464		6,072,025.68	(1,039,992.36)		\$ 4,352,499
September	935,000	2,631,370.50	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			450,000	2.81430	1,266,435.00	566,292	2.81430	1,593,715.58			
			485,000	2.76510	1,364,935.50	485,000	2.76510	1,364,935.50			
			0	935,000	2,631,370.50	9,957,464		7,703,396.38	0.00		\$ 6,983,869
October	915,000	2,530,066.50	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			0	2.81430	0.00	566,292	2.81430	1,593,715.58			
			915,000	2.76510	2,530,066.50	1,400,000	2.76510	3,895,002.00			
			0	915,000	2,530,066.50	10,872,464		10,233,462.88	0.00		\$ 9,513,936
November	(314,000)	(868,241.40)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			0	2.81430	0.00	566,292	2.81430	1,593,715.58			
			(314,000)	2.76510	(868,241.40)	1,086,000	2.76510	3,026,760.60			
			0	(314,000)	(868,241.40)	10,558,464		9,365,221.48	0.00		\$ 8,645,694
December	(746,000)	(2,062,764.60)	0	0.38531	0.00	1,867,377	0.38531	719,527.48			
			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
			0	2.58620	0.00	52,535	2.58620	135,866.01			
			0	2.81430	0.00	566,292	2.81430	1,593,715.58			
			(746,000)	2.76510	(2,062,764.60)	340,000	2.76510	963,996.00			
			0	(746,000)	(2,062,764.60)	9,812,464		7,302,456.88	0.00		\$ 6,582,930
YTD Total	340,000	963,996.00									
Base Layer			0	0.38531	0.00	1,867,377	0.38531	719,527.48			
Pre 1967 Layer			0	0.38531	0.00	1,369,140	0.38531	527,534.58			
1967 Increment			0	0.37756	0.00	4,768,178	0.37756	1,800,273.31			
2016 Increment			0	1.83940	0.00	848,942	1.83940	1,561,543.92			
2017 Increment			0	2.58620	0.00	52,535	2.58620	135,866.01			
2018 Increment			0	2.81430	0.00	566,292	2.81430	1,593,715.58			
2019 Increment			340,000	2.76510	963,996.00	340,000	2.76510	963,996.00			
			340,000		963,996.00	9,812,464		7,302,456.88	(0.00)		
			0		0.00	0		0.00			

FS INVENTORY

THE PEOPLES NATURAL GAS COMPANY
GAS STORED UNDERGROUND - VOLUMES IN MCF
5205620 5205610

STORAGE POOLS	INVENTORY JAN 1, 2018	Month of September 2018		YTD Since January 1, 2018			Closing Inventory as of September 2018		
		DELIVERED TO STORAGE	WITHDRAWN FROM STORAGE	DELIVERED TO STORAGE	WITHDRAWN FROM STORAGE	TOTAL	CURRENT (ACCT 164)	NON CURRENT (ACCT 117)	PLANT (ACCT 352.3)
		5205620	5205610	5205620	5205610	1141600	1321230	1311052 (3)	
MURRYSVILLE	2,842,824	226,042	10,042	1,056,507	948,494	2,950,837	1,318,837	1,334,688	297,312
COLVIN	235,377	0	0	0	0	235,377	0	0	235,377
BB&A STORAGE (2)	(1,078,324)	(233,084)	0	(1,296,287)	(1,079,022)	(1,295,589)	(1,295,589)	0	0
CONTRACT STORAGE - AVC	5,453,687	1,151,697	0	4,632,571	4,239,830	5,846,428	5,846,428	0	0
CONTRACT STORAGE - DTI	976,269	284,799	0	1,353,131	830,784	1,498,616	1,498,616	0	0
CONTRACT STORAGE - NFGS	476,339	81,880	0	511,469	399,623	588,185	588,185	0	0
TOTAL VOLUMES	8,906,172	1,511,334	10,042	6,257,391	5,339,709	9,823,854	7,956,477	1,334,688	532,689
SUBTOTAL VOLUMES	8,906,172	1,511,334	10,042	6,257,391	5,339,709	9,823,854	7,956,477	1,334,688	532,689
AVERAGE RATE	0.53275	2.64420	2.64420	2.64420	2.64420	0.72999	0.81088	0.38532	0.38531
CURRENT YEAR AMOUNT	\$ 4,744,745.30	\$ 3,996,269.36	\$ 26,553.06	\$ 16,545,793.28	\$ 14,119,258.54	\$ 7,171,280.05	\$ 6,451,752.57	\$ 514,276.71	\$ 205,250.77
Grand Total Volumes	8,906,172	1,511,334	10,042	6,257,391	5,339,709	9,823,854	7,956,477	1,334,688	532,689
AVERAGE RATE	0.53275	2.64420	2.64420	2.64420	2.64420	0.72999	0.81088	0.38532	0.38531
AMOUNT PER BOOKS	4,744,745.30	3,996,269.36	26,553.06	16,545,793.28	14,119,258.54	7,171,280.05	6,451,752.57	514,276.71	205,250.77
						7,171,280.05			7,171,280.05
						0.00			0.00

(1) Includes Reserve for Replacement of \$ 0.00 GL Acct 2299045 (YTD)

(2) BB&A Storage as of September 30, 2018 is 1,295,589 mcf. These volumes were injected for BB&A users from Apr 2018 - Oct 2018. These will be withdrawn from Nov 2018 - Mar 2019.

(3) The plant value of \$205,250.77 recorded in GL account 1311052 is fully amortized in GL account 1331052 Accumulated Depreciation-UG Storage Plant.

	117	352.3	Total
MCF	1,334,688	532,689	1,867,377
\$	\$ 514,276.71	\$ 205,250.77	\$ 719,527.48

NG/EGC 2018/2019 STORAGE ACTIVITY
from 1307(f)-2018 SUPPLY PLAN

		2018												
IN MCF		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
PNG														
STORAGE INJECTIONS														
AVC-PNG/GSS		0	0	0	200,000	300,000	600,000	600,000	600,000	460,000	480,000	0	0	
DTI-PNG/GSS		0	0	0	90,000	164,000	200,000	270,000	200,000	200,000	147,000	0	0	
NFG-PNG/ESS		0	0	0	40,000	100,000	100,000	100,000	100,000	100,000	108,000	0	0	
DICE		0	0	0	120,000	150,000	150,000	180,000	200,000	175,000	180,000	0	0	
TOTAL		0	0	0	450,000	714,000	1,050,000	1,150,000	1,100,000	935,000	915,000	0	0	6,314,000
STORAGE WITHDRAWALS														
AVC-PNG/GSS		370,000	1,010,483	1,060,000	0	0	0	0	0	0	0	0	0	
DTI-PNG/GSS		382,381	278,713	146,000	0	0	0	0	0	0	0	150,000	375,000	
NFG-PNG/ESS		157,671	150,454	130,000	0	0	0	0	0	0	0	64,000	146,000	
DICE		495,000	388,462	150,000	0	0	0	0	0	0	0	100,000	225,000	
TOTAL		1,405,052	1,828,111	1,486,000	0	0	0	0	0	0	0	314,000	746,000	5,779,163
EGC														
STORAGE INJECTIONS														
EQT-60SS/115SS		0	0	0	1,186,000	1,400,000	1,550,000	1,600,000	1,555,000	1,400,000	1,250,000	0	0	
DTI-EGC/GSS		0	0	0	270,000	270,000	270,000	270,000	280,000	300,000	270,000	0	0	
TOTAL		0	0	0	1,456,000	1,670,000	1,820,000	1,870,000	1,835,000	1,700,000	1,520,000	0	0	11,871,000
STORAGE WITHDRAWALS														
EQT-60SS/115SS		2,686,538	1,500,000	1,400,000	0	0	0	0	0	0	0	1,600,000	2,500,000	
DTI-EGC/GSS		531,596	450,000	175,000	0	0	0	0	0	0	0	250,000	459,000	
TOTAL		3,218,135	1,950,000	1,575,000	0	0	0	0	0	0	0	1,850,000	2,959,000	11,552,135

		2019												
IN MCF		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
PNG														
STORAGE INJECTIONS														
AVC-PNG/GSS		0	0	0	200,000	300,000	600,000	600,000	600,000	460,000	480,000	0	0	
DTI-PNG/GSS		0	0	0	90,000	164,000	200,000	270,000	200,000	200,000	147,000	0	0	
NFG-PNG/ESS		0	0	0	40,000	100,000	100,000	100,000	100,000	100,000	108,000	0	0	
DICE		0	0	0	120,000	150,000	150,000	180,000	200,000	175,000	180,000	0	0	
TOTAL		0	0	0	450,000	714,000	1,050,000	1,150,000	1,100,000	935,000	915,000	0	0	6,314,000
STORAGE WITHDRAWALS														
AVC-PNG/GSS		400,000	1,500,000	1,060,000	0	0	0	0	0	0	0	0	0	
DTI-PNG/GSS		350,000	278,000	146,000	0	0	0	0	0	0	0	150,000	375,000	
NFG-PNG/ESS		165,000	130,000	110,000	0	0	0	0	0	0	0	64,000	146,000	
DICE		375,000	250,000	150,000	0	0	0	0	0	0	0	100,000	225,000	
TOTAL		1,290,000	2,158,000	1,466,000	0	0	0	0	0	0	0	314,000	746,000	5,974,000
EGC														
STORAGE INJECTIONS														
EQT-60SS/115SS		0	0	0	1,186,000	1,400,000	1,550,000	1,600,000	1,555,000	1,400,000	1,200,000	0	0	
DTI-EGC/GSS		0	0	0	270,000	270,000	270,000	270,000	280,000	300,000	270,000	0	0	
TOTAL		0	0	0	1,456,000	1,670,000	1,820,000	1,870,000	1,835,000	1,700,000	1,470,000	0	0	11,821,000
STORAGE WITHDRAWALS														
EQT-60SS/115SS		2,700,000	1,650,000	1,440,000	0	0	0	0	0	0	0	1,600,000	2,500,000	
DTI-EGC/GSS		600,000	450,000	175,000	0	0	0	0	0	0	0	250,000	459,000	
TOTAL		3,300,000	2,100,000	1,615,000	0	0	0	0	0	0	0	1,850,000	2,959,000	11,824,000

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

RR 46. Please provide a comparison between actual and budgeted O&M expenses by budget cost element for the historical test year and explain any budget variances of 10 percent or more.

* * * * *

Charge Type	Actual	Plan	Difference	%
Salaries, Wages, Benefits & Employee Related Expenses	\$ 85,079,589	\$ 81,120,470	\$ 3,959,119	4.9%
Outside Services	\$ 34,814,100	\$ 37,548,171	\$ 2,734,071	(7.3)%
Materials & Supplies Expense	\$ 8,562,732	\$ 8,767,376	\$ 204,644	(2.3)%
Injuries, Damage & Insurance	\$ 4,438,564	\$ 3,934,736	\$ 503,828	12.8%
Company Memberships	\$ 954,273	\$ 1,004,069	\$ 49,796	(5.0)%
Rent Expense	\$ 2,800,277	\$ 2,119,501	\$ 680,776	32.1%
Fleet	\$ 3,613,850	\$ 2,037,629	\$ 1,576,221	77.4%
Utilities and Miscellaneous	\$ 7,609,101	\$ 7,414,443	\$ 194,659	2.6%
Uncollectable Accounts	\$ 10,977,974	\$ 10,543,182	\$ 434,792	4.1%
Subtotal	\$ 158,850,459	\$ 154,489,576	\$ 4,360,882	2.8%
Rider Expenses	\$ 12,354,735	\$ 3,680,749	\$ 8,673,986	
Total O&M*	\$ 171,205,194	\$ 158,170,325	\$ 13,034,869	

* includes Rider Expenses

Explanation of Variances of 10% or more:

Injuries, Damage & Insurance

The variance is due to increased claims experience.

Rent Expense

The variance is due to the increased usage of rental equipment and land leases.

Fleet

The variance is due to higher then planned fleet maintenance expenses as well as higher than planned fuel expenses due to rising gasoline prices.

Rider Expenses

The variance is primarily due to Rider Expenses being excluded from the plan in 2018.

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

RR 47. Please provide the most recent actual number of eligible participants in each of the employee medical and dental plans reflected in the Company's filing.

* * * * *

The Company does not track the number of eligible participants in the employee medical and dental plans. All employees and their families are eligible to participate in these plans and the projected number of participants is reflected in the Company's filing.

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

RR 48. Please provide workpapers showing the derivation of future test year Social Security and Medicare FICA taxes based on future test year labor expense. Identify both the total and O&M amounts.

* * * * *

Exhibit No. 6, Schedule 2 includes the derivation of Social Security and Medicare taxes for both the Peoples and Equitable Divisions.

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

RR 49. Please provide workpapers showing the derivation of future test year federal and state unemployment taxes. Show both the total O&M amounts.

* * * * *

Exhibit No. 6, Schedule 2 includes the derivation of federal and state unemployment taxes for both the Peoples and Equitable Divisions.

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

RR 50. Please provide workpapers showing the derivation of future test year capital stock taxes.

* * * * *

Not applicable to either the Peoples or Equitable Divisions. The future test year capital stock tax rate is zero.

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

RR 51. If applicable, please provide a copy of the billing and payment terms for all contracts between the Company and its parent or an affiliated company for services. Further, to the extent that the parent of affiliated company provides service to non-affiliated companies, please provide the corresponding billing and payment terms.

* * * * *

On February 20, 2018, Peoples Natural Gas Company LLC (“Peoples”) requested approval of an affiliated interest agreement between Peoples Natural Gas Company LLC and PNG Companies LLC (“PNG”) for the provision of various administrative and management services by PNG to Peoples. This agreement replaces the service agreement approved in Docket G-2012-22900114. The agreement was approved in Docket G-2018-3000126, on December 11, 2018.

On February 23, 2018, Peoples Natural Gas Company LLC (“Peoples”) filed the Second Amended Operational Service Agreement between Peoples, Peoples Gas Company LLC (“Peoples Gas”), PNG Gathering LLC (“Gathering”), and Peoples Gas WV LLC (“Peoples WV”). This agreement would replace the first Amended Operational Service Agreement that was approved on July 19, 2016 and docketed at G-2012-2290018. The agreement was approved in Docket G-2012-2290018 on October 15, 2018.

RECEIVED

FEB 20 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

SERVICE AGREEMENT

BETWEEN

PEOPLES NATURAL GAS COMPANY LLC

AND

PNG COMPANIES LLC

Dated _____, 2017

RECEIVED

FEB 20 2018

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

SERVICE AGREEMENT

This Service Agreement ("Agreement") is entered into as of the __ day of _____, 2017, by and between Peoples Natural Gas Company LLC ("Peoples Natural") and PNG Companies LLC ("PNG") (collectively, Peoples Natural and PNG may hereinafter be referred to as the "Parties").

WHEREAS, Peoples Natural is a public utility certificated by the Pennsylvania Public Utility Commission that provides natural gas service to approximately 625,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland;

WHEREAS, Peoples Natural is, as shown on the organizational chart attached hereto as **Exhibit A**, a wholly-owned direct subsidiary of PNG, which in turn is a wholly-owned direct subsidiary of LDC Holdings LLC ("Holdings"); Holdings is a Delaware limited liability company and a wholly-owned direct subsidiary of LDC Funding LLC ("Funding"), a Delaware limited liability company;

WHEREAS, PNG will be staffed with employees who are presently employed by Peoples Natural or Peoples Gas Company LLC ("Peoples Gas") and who will transition to employment by PNG to efficiently manage PNG's provision of shared services;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby Peoples Natural may agree to purchase certain administrative, management, and other services as described in **Exhibit B** from PNG as Peoples Natural may choose at cost as determined in accordance with this Agreement;

WHEREAS, the Parties believe that it is in their interest to enter into an arrangement whereby PNG may agree to purchase certain services as described in **Exhibit B** from Peoples Natural as PNG may choose at cost as determined in accordance with this Agreement; and

WHEREAS, the Parties believe that it is in their interest that PNG act as counter-party to Peoples Natural for the exchange of certain services as described in **Exhibit B** between Peoples Natural and affiliates of PNG that are not a party to this Service Agreement but have entered into the same form of service agreement with PNG ("Non-Party Affiliates") and that are listed in **Exhibit B**.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

1. **DESCRIPTION OF SERVICES.**

PNG agrees to provide certain administrative, management or other services to Peoples Natural as described in **Exhibit B**. Such services shall be provided to Peoples Natural at the request of Peoples Natural.

Peoples Natural agrees to provide services to PNG as described in **Exhibit B**. Such services shall be provided to PNG at the request of PNG.

PNG agrees to act as counter-party to Peoples Natural for services, as described in **Exhibit B**, exchanged between Peoples Natural and PNG's Non-Party Affiliates. PNG must pass-through the charges for such services at cost without mark-up. For simplicity of billing, Peoples Natural may directly bill Non-Party Affiliates for services rendered. PNG shall provide to Peoples Natural or to PNG's Non-Party Affiliates, as the case may be, upon request, proof of the costs of such services.

A Party purchasing services is hereinafter referred to as the "Client Company" and a Party providing services is hereinafter the "Service Company." **Exhibit B** hereto lists and describes the administrative, management or other services that are available from Peoples Natural and PNG (hereinafter, the "Services").

2. PERSONNEL.

In order to provide the Services, PNG will employ executive officers, accountants, financial advisers, technical advisers, attorneys, and other persons with the necessary qualifications. If necessary, the Parties may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the Services provided under this Agreement.

3. COMPENSATION AND ALLOCATION.

The Service Company shall directly assign the costs for such Services to the Client Company where Services are for capitalized projects, are provided for a special project requested by a Client Company, or where current allocations are not representative of current efforts. In all other instances, such costs shall be allocated as indicated in **Exhibit B**.

4. TERMINATION.

This Agreement shall be in full force and effect as of the date of execution, subject to any necessary approval of governmental agencies having jurisdiction over this matter, and shall continue until terminated by any Party hereto giving the other Party one year written notice of termination; provided, however, that this Agreement shall terminate immediately with regard to any Party as of the date such Party ceases to be affiliated with the other Party. This Agreement shall also be subject to termination, without notice, if and to the extent performance under this Agreement may conflict with any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more of the Parties. The Parties' obligations under this Agreement, which by their nature are intended to continue beyond the termination or expiration of this Agreement, shall survive such termination or expiration.

5. SERVICE REQUESTS.

A Client Company requesting Services will prepare a Service Request on or before December 1st of each year listing the Services to be provided by the Service Company in the coming year and any special arrangements related to the provision of such Services for the coming year, based on the Services provided during the preceding year. The Client Company and Service Company may supplement the Service Request during the year to reflect any additional or special Services that Client Company wishes to obtain from the Service Company, and the arrangements relating thereto.

6. BILLING AND PAYMENT.

As soon as practical after the last day of each month, a billing shall be rendered for all amounts due for Services and expenses for such period, computed pursuant to this Agreement. All amounts so billed shall be paid within 30 days. Payment for Services provided shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of Client Company and Service Company. Any amount remaining unpaid after 30 days following receipt of the bill shall bear interest thereon from the due date of the bill until payment at a rate equal to the prime rate on the due date. The Parties shall keep their books and records available at all reasonable times for inspection by representatives of the other Party or by regulatory bodies having jurisdiction over them and, upon request, shall furnish any and all information required with respect to the services rendered, the costs thereof, and the allocation of costs among all Parties to this Agreement.

7. NOTICE.

All notices, requests and other communications shall be deemed to have been duly given or delivered if transmitted by personal service or, if mailed, postage prepaid, return receipt requested, to the following addresses:

If to Peoples Natural:

President
Peoples Natural Gas Company LLC
375 North Shore Drive
Pittsburgh, PA 15212

If to PNG:

President
PNG Companies LLC
375 North Shore Drive
Pittsburgh, PA 15212

8. GOVERNING LAW.

The construction and interpretation of the terms and provisions of this Agreement shall be in accordance with and governed by the laws of the Commonwealth of Pennsylvania.

9. COMPLIANCE WITH LAW AND REGULATIONS.

Unless specifically exempted, this Agreement will be performed in full conformance with all applicable federal, state, and local labor and employment laws and regulations.

10. MODIFICATION.

No amendment, change, or modification to this Agreement shall be valid, unless made in writing and signed by all Parties hereto; provided however that all amendments, changes, and modifications must be approved as necessary by any governmental agencies having jurisdiction.

11. PARTICIPATION BY ADDITIONAL NON-PARTY AFFILIATES.

Notwithstanding anything to the contrary contained herein, PNG may enter into service agreements with additional Non-Party Affiliates, without the consent of Peoples Natural and without modification of this Agreement, provided that: (a) the agreement with the new Non-Party Affiliate contains the same material terms and conditions as the instant Agreement (including modifications pursuant to Section 10 above), including but not limited to the cost allocation factors contained **Exhibit B** attached hereto; and (b) the agreement with the new Non-Party Affiliate does not result in increased costs for Peoples Natural.

12. ENTIRE AGREEMENT.

This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.

13. WAIVER.

No waiver by either party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

14. FORCE MAJEURE.

It is agreed that, in the event a *force majeure* renders any Party wholly or partially unable to carry out its obligations under this Agreement, other than its obligations to make payments on

money due incident to performance hereunder, the obligation of the Party so affected shall be suspended during the continuance of any such liability. The Party claiming a *force majeure* shall remedy the condition and resume performance with all reasonable dispatch. "*Force Majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockages, boycotts, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrest and restraints (either economic or physical) of government, rulers and people, civil disturbances, explosions, governmental regulations, curtailment or other inability to obtain required governmental permits and other causes, whether of the kind herein enumerated or otherwise, not within the reasonable control of a Party, and which by the exercise of reasonable diligence such Party is unable to prevent or overcome; provided that the settlement of strikes or lockouts by a Party to this Agreement shall be entirely within the discretion of the Party to the Agreement having the difficulty, and the above requirements that any event of *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by a Party to this Agreement when such course is deemed inadvisable in the discretion of the Party to the Agreement having the difficulty.

15. ASSIGNMENT.

This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. The rights, interests, or obligations hereunder and under any agreements with third parties may be assigned between Peoples Natural, PNG, and Non-Party Affiliates through mutual consent, which consent shall not be unreasonably withheld, delayed, or conditioned.

16. SEVERABILITY.

If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

17. REPRESENTATIONS.

By their execution hereof, the Parties represent and warrant that they are authorized to enter into this Agreement, that it does not conflict with any contract, lease, instrument, or other obligation, that it represents their valid and binding obligation, enforceable in accordance with its terms, and that each Party has all legal power and authority to own and use its properties and to transact the business in which it engages or proposes to engage, and has all governmental authorizations necessary and required therefor.

18. CONFIDENTIALITY.

A Party shall hold, and shall cause its Non-Party Affiliates to hold, in confidence any information concerning the affairs of the other Party that it has reason to believe is reasonably considered by the other Party, or a Non-Party Affiliate of the other Party, to be confidential and shall not (except as required by law or regulatory authority, subject to available confidentiality

protections) disclose, publish, or make use of such information without the consent of the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives, effective as of the ____ day of _____, 2017.

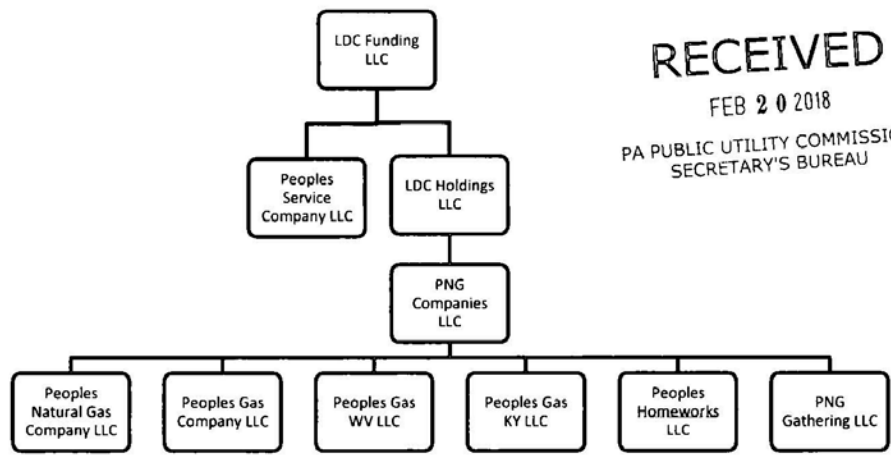
PNG Companies LLC

Peoples Natural Gas Company LLC

By: _____

By: _____

EXHIBIT A



RECEIVED
FEB 20 2018
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU



EXHIBIT B

DESCRIPTION OF SERVICES AND ALLOCATION METHODOLOGIES

This Exhibit provides a description of all products and services provided under the Service Agreement between Peoples Natural Gas Company LLC and PNG Companies LLC ("Agreement") and the cost allocation methodologies to be used in connection therewith. As used herein, the term "Service Company" refers to the company providing services and the term "Client Company" refers to the company receiving services.

DESCRIPTIONS OF PRODUCTS AND SERVICES

PNG Companies LLC ("PNG") agrees to provide services to Peoples Natural Gas Company LLC ("Peoples Natural") at the request of Peoples Natural. PNG shall act as counter-party to Peoples Natural where such services are provided by PNG's Non-Party Affiliates to Peoples Natural. All such services, as may be amended from time to time, shall be charged based upon the Direct Charge method where services are provided for capitalized projects, special project requested by a Client Company or where current allocations are not representative of current efforts. In all other instances the cost of services shall be allocated as identified in **Attachment 1**. PNG shall pass-through the charges for services rendered by PNG's Non-Party Affiliates to Peoples Natural at cost without mark-up. PNG shall provide to Peoples Natural, upon request, proof of the costs of services.

All services set forth in **Attachment 1**, with the exception of services provided through Peoples Natural's IT system investments which will remain at Peoples Natural, will be provided by PNG. For services provided through Peoples Natural's IT system investments, PNG shall act as counter-party to Peoples Natural where such services are provided by Peoples Natural to PNG's Non-Party Affiliates. PNG shall pass-through the charges for services rendered by Peoples Natural to PNG's Non-Party Affiliates at cost without mark-up. For simplicity of billing, Peoples Natural may directly bill Non-Party Affiliates for services rendered. Peoples Natural shall provide to PNG, upon request, proof of the costs of services.

COST OF SERVICES AND ALLOCATION METHODOLOGIES

1. The costs of services provided by Service Company will be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The costs of services provided by the Service Company that cannot be charged directly to the Client Company receiving the service will be allocated among the Client Companies by utilizing one of the methods described below that most accurately distributes the costs. The method of cost allocation varies based on the department rendering the Service.

- II. The costs of rendering service by Service Company will include all costs of doing business. Costs of doing business include, as applicable, wages and salaries of employees and related fringe benefit expenses (such as health care, life insurance, payroll taxes, pensions and other employee welfare expenses), equipment, tooling, materials, subcontract costs, overheads, cost of capital and taxes. The investment in IT systems to provide services will remain at Peoples Natural and the associated costs will be charged to the Client Companies. The costs of such investment shall include depreciation, return on the investment and associated taxes. The rate of return used to calculate the return costs shall be based on the rate of return approved in Peoples Natural's most recent base rate case. If a rate of return is not available in Peoples Natural's rate case, the cost of capital used in Peoples Natural's currently effective DSIC tariff will be used.
- A. Service Company will maintain a separate record of each department's costs of rendering services. The costs of services of each department will include:
1. those expenses that are directly attributable to such department, and
 2. an appropriate portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department (excluding building rents and other facilities charges), which shall be allocated to the department in accordance with the allocation procedures set forth in Section VII.
- B. The costs of rendering services of a department will not include:
1. those incremental out-of-pocket expenses that are incurred for the direct benefit and convenience of an individual Client Company or group of Client Companies,
 2. Service Company overhead expenses that are attributable to maintaining the corporate existence of Service Company (including building rents and other facilities charges), and all other incidental overhead expenses including those auditing fees, internal auditing department expenses and accounting department expenses attributable to Service Company.
- C. Service Company will establish annual budgets for controlling the expenses of each department and for determining estimated costs to be included in interim monthly billing.
- III. The charges to a Client Company that are to be computed pursuant to the Direct Charge Method will be determined by multiplying the hours reported by employees in rendering such service by the hourly rates applicable to such employees. When such employees render service that is to be allocated as identified in **Attachment 1**, the charge to each Client Company will be determined by multiplying non-directly charged costs of the department by the ratio of the applicable allocation basis for the receiving company to the

total application basis for all parties to this agreement, allocation set forth in **Attachment 1**.

- IV. To the extent appropriate and practical, the foregoing computations of hourly rates and charges may be determined for groups of employees within reasonable salary range limits.
- V. Those expenses of the Service Company that are not included in the annual expense of a department under Section II. above will be charged to Client Companies receiving service as follows:
 - A. Incremental out-of-pocket costs incurred for the direct benefit and convenience of a Client Company will be charged directly to such Client Company. Such costs incurred for a group of Client Companies will be allocated on the basis of the appropriate formula set forth in Attachment 1.
 - B. Service Company overhead expenses referred to in Section II. above will be charged to the Client Company either on the proportion of direct charges to that Client Company or, if such allocation is not possible, under the allocation formulas set forth in Section VII. of this Exhibit.
- VI. Monthly bills will be issued for the Services rendered to the Client Company on an actual basis. However, if such actual information is not available at the time of preparation of the monthly bill, estimates may be used. Estimates will normally be predicated on service department budgets and estimated productive hours of employees for the year. At the end of each quarter, estimated figures will be revised and adjustments will be made in amounts billed to give effect to such revision.
- VII. The following tables describe the services and basis for allocation (by Service Department and Function) that shall be used to allocate the costs of services, which are not directly charged, to individual Client Companies. PNG may enter into other service agreements without modification of this **Exhibit B** and **Attachment 1** in accordance with Section 11 of the Agreement.

PNG Companies Services and Allocation Factors

Service	Description of Services	Function	Allocation Basis
Accounting	Provide the organization, direction and resources to Affiliated Companies for accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary systems such as fixed assets, the preparation and analysis of financial reports, and the processing of certain accounts such as accounts payable and accounts receivable. Coordinate the examination of accounting records with the independent public accountants.	General Accounting	O&M less purchased gas expense; Fixed Assets added, retired or transferred; Accounts Payable documents processed)
		Fixed Assets	Fixed Assets added, retired or transferred
		Accounts Payable	Accounts Payable documents processed
Auditing	Periodically audit the accounting and other records and processes maintained by Affiliated Companies. The audit staff will report on their examination and submit recommendations, as appropriate, on improving methods of internal control and accounting procedures. Interact with and report to the Risk & Audit Committee regarding internal audit results and Risk Register analysis.	Auditing	O&M less purchased gas expense; capex (Previous year's services billed for future periods)
Budgets and Financial Strategy	Provide the organization, direction and resources to Affiliated Companies for the study, planning and reporting of 5-year financial business plan and financial strategy, O&M and capital expenditures, economic analyses, special projects and benchmarking. Coordinate information and activities among parent company and Board of Directors. Support Board of Directors meetings through preparation of various management reports.	Budgets and Financial Strategy	O&M less purchased gas expense; capex (Previous year's services billed for future periods)
Business Operations	Perform general business and operations support services, including business, plant and facilities operation, maintenance and management including physical security, fleet, mail services, and record retention	Facilities	Office Square Footage
		Fleet	Number of Vehicles
		All Other	Employees
Community Relations	Formulate and assist with public relations, advertising, and external/internal communications programs and with the administration of corporate contribution and community affairs programs.	Community Relations	Customers
Customer Services	Provide organization, direction, resources and systems dedicated to customer service, including billing, remittance, credit, collections, customer relations, call centers and metering.	Customer Services	Customers

PNG Companies Services and Allocation Factors

Service	Description of Services	Function	Allocation Basis
Executive	Direct and advise Affiliated Companies in the solution of major problems and in the formulation and execution of the general plans and policies of Affiliated Companies. Advise and direct Affiliated Companies as to operations, issues arising out of or required by the various Federal and State regulatory requirements, business, public utilities and corporation laws, the selection of management and administrative personnel, the representation of Affiliated Companies before regulatory bodies, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other related matters.	Executive	O&M less purchased gas expense; capex - Adj for CEO (Previous year's services billed for future periods)
Gas Control	Provide monitoring of the flow and control of the Affiliated Companies' operating systems.	Gas Control	Control Points
Gas Supply (Planning/Gas Supply Local Production)	Direct and advise Affiliated Companies in all matters relating to Gas Supply including gas supply planning, supply portfolio design, interstate and local gas acquisition, gas hedging, gas scheduling, contract support and regulatory support.	Gas Supply Planning	System Throughput
		Local Production	PO Taps
Human Resources	Provide the organization, direction and resources to Affiliated Companies for the formulation and administration of human resources policies and programs relating to the Affiliated Companies' payroll, labor relations, personnel administration, training, wage and salary administration and employee services and health and worker's compensation. Direct and administer all medical and health activities of Affiliated Companies. Provide central administration for employee benefit and pension plans of Affiliated Companies. Advise and assist Affiliated Companies in the administration of such plans and prepare and maintain records of employee and company accounts under the said plans, together with such statistical data and reports as are pertinent to the plans.	Human Resources	Employees
Information Technology, Electronic Transmission and Computer Services (Applications; Telecommunications)	Provide the organization and resources for the operation of an information technology function including the development, implementation and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications and support of individual applications in Affiliated Companies. Develop, implement, and process those computerized applications for Affiliated Companies that can be economically best accomplished on a centralized basis.	Information Technology, Electronic Transmission and Computer Services (Applications; Telecommunications)	Customers and Users (50/50)
Land Management	Provide oversight and procure necessary land rights of way or parcel purchases/dispositions. Manage associated right of way lease agreements.	Land Management	Capital Budget

PNG Companies Services and Allocation Factors

Service	Description of Services	Function	Allocation Basis
Legal	Provide Legal services in connection with, or in support of, any of the other services provided hereunder including, but not limited to, general corporate matters	Legal	O&M less purchased gas expense; capex (Previous year's services billed for future periods)
Legislative (Government) Affairs	Formulate and support public relations with the administration of corporate contribution and community affairs programs. Represent and support the Affiliated Companies' interests in existing and emerging legislation	Legislative (Government) Affairs	Customers - PA Only
Operations	Direct and advise Affiliated Companies in the study, planning, engineering and construction of plant facilities of the Affiliated Companies as a whole, and advise, assist and manage the planning, engineering (including maps and records), field customer service, construction, operations, maintenance, employee safety, environmental (identifying, managing and remediating environmental threats or risks), vegetation maintenance and other compliance activities of Affiliated Companies. Develop long-range operational programs for the Affiliated Companies and direct and advise in the coordination of such programs with the programs of the other Affiliated Companies. Provide services related to maintenance, testing and repair of meters.	Field Customer Service	Customers
		Field Operations	Miles of Pipe
		GIS Planning & Pipeline Assessment	Miles of Pipe
		Construction Management; Pipeline Replacement Program	Capital Budget
		Meter Management	Number of Meters
Rates & Regulatory Affairs	Provide the organization, direction and resources to Affiliated Companies for the submission and support of all state and federal regulatory filings and programs and manage their relationships with state and federal commissions, federal, state and local governments, agencies and legislative bodies. Prepare and support all regulatory filings including base rate case, gas cost recovery and tariff filings. Advise and direct the analysis of rate structure, and the formulation of rate policies. Provide the organization, direction and resources to Affiliated Companies for proceedings before regulatory bodies involving the rates and operations of Affiliated Companies where such rates and operations directly or indirectly affect Affiliated Companies. Provide the organization, direction and resources to Affiliated Companies to create and manage various universal service programs in compliance with regulatory requirements. Also, provide customer requirements forecasting in support of daily, monthly, seasonal and long-range usage and financial estimates.	Rates	Regulated Revenue
		Transportation Services	Sales and Transportation Volumes
		Customer Relations	Customers
Risk Management	Provide the organization, direction and resources to Affiliated Companies for securing requisite insurance, in the purchase and administration of all property, casualty and in providing risk prevention advice.	Risk Management	Insurance Premiums

PNG Companies Services and Allocation Factors

Service	Description of Services	Function	Allocation Basis
Safety & Training	Provide services related to safety programs. Develop and facilitate technical and safety training for workers associated with operational activities, including mainline, meter, fleet, warehouse, field engineering and dispatch.	Safety & Training	Field Union Employees
Sales & Marketing	Plan, formulate, implement and administer Affiliated Companies' marketing and transportation programs, as well as provide associated marketing services to assist Affiliated Companies with improving customer satisfaction, load retention, growth of gas sales and deliveries.	Large Volume Sales	Customers - C&I
		Residential Sales	Customers - Residential
Software Pooling	Provide services related to safety programs. Develop and facilitate technical and safety training for workers associated with operational activities, including mainline, meter, fleet, warehouse, field engineering and dispatch.	Software Pooling	Employees; Customers
Supply Chain	Direct and advise Affiliated Companies in the procurement of real and personal property, materials, supplies and services, conduct purchase negotiations, prepare procurement agreements and administer programs of material control.	Purchasing	\$ values of PO purchases
		Materials Management	\$ value of material inventory purchases
Tax Accounting and Compliance	Provide the organization, direction and resources to Affiliated Companies for the preparation of Federal and other tax returns, and generally advise Affiliated Companies as to any problems involving taxes.	Tax Accounting and Compliance	Income and deductions per tax return
Treasury and Cash Management	Provide direction and services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and other risk management activities; investment and commercial banking relationships; and general financing activities.	Treasury and Cash Management	O&M less purchased gas expense; capex (Previous year's services billed for future periods)
Use of Space	Use or lease of office, warehouse, storage and other space or facilities, associated warehousing and storage services	Use of Space	Employees; Customers

Second Amended Operational Service Agreement

This Second Amended Operational Service Agreement ("Agreement") is entered into as of the ____ day of _____, 2017, by and among Peoples Gas Company LLC (formerly Peoples TWP LLC), a Pennsylvania limited liability company ("Peoples Gas"), PNG Gathering LLC, a Delaware limited liability company ("Gathering"), Peoples Natural Gas Company LLC, a Pennsylvania limited liability company ("Peoples Natural") and Peoples Gas WV LLC, a West Virginia limited liability company ("Peoples WV") (collectively, Peoples Gas, Gathering, Peoples Natural and Peoples WV may hereinafter be referred to as the "Parties").

WHEREAS, Peoples Gas is a public utility certificated by the Pennsylvania Public Utility Commission ("PUC") that provides natural gas service to approximately 60,900 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland;

WHEREAS, Gathering is a Delaware company that owns the Goodwin and Tombaugh gathering pipeline systems located in Greene and Washington Counties that aggregate producer supplies and deliver gas to approximately 1,500 Peoples - Equitable Division field line customers;

WHEREAS, Peoples Natural is a public utility certificated by the PUC that provides natural gas service to approximately 625,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Jefferson, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland;

WHEREAS, Peoples WV is a public utility certificated by the Public Service Commission of West Virginia ("PSC") that provides natural gas service to approximately 12,700 customers in all or a portion of the following counties in West Virginia: Barbour, Braxton, Clay, Doddridge, Gilmer, Harrison, Lewis, Marion, Marshall, Monongalia, Ritchie, Taylor, Tyler, Upshur and Wetzel;

WHEREAS, each of Peoples Gas, Gathering, Peoples Natural and Peoples WV is a direct subsidiary of PNG Companies LLC (attached hereto as **Exhibit I** is an organizational chart);

WHEREAS, all of the unionized operating employees of Peoples Natural and Peoples Gas have been integrated into a single union, and in order to maximize operating efficiency, all operating employees in Pennsylvania are to become employees of Peoples Natural; and

WHEREAS, each of Peoples Gas, Gathering, Peoples Natural and Peoples WV believes that it is in its interest to provide for an arrangement whereby Peoples Gas, Gathering and Peoples WV may, from time to time and at their option, agree to purchase services related to gas operations, as described in **Exhibit II** ("Operational Services"), from Peoples Natural; and

WHEREAS, the purchaser of such services may sometimes hereinafter be referred to as “the receiving company” and the seller of such services may sometimes hereinafter be referred to as “the providing company.”

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

- I. OPERATIONAL SERVICES. The providing company hereby offers to supply Operational Services to the receiving company consisting of the services set forth in **Exhibit II** hereof. Such Operational Services are and will be provided to the receiving company only at the request of the receiving company.
- II. PERSONNEL. The providing company will provide services by utilizing the services of such operating personnel and other persons as have the necessary qualifications.
- III. COMPENSATION AND ALLOCATION. The providing company will provide such services at cost and directly bill the receiving company. **Exhibit II** hereof contains rules for determining costs for the providing company.
- IV. TERMINATION AND MODIFICATION.
 - A. This Agreement shall be in full force and effect as of the date of execution, subject to any necessary approval of governmental agencies having jurisdiction over this matter, and shall continue until terminated by any of the Parties hereto giving the other Party ninety days written notice of termination; provided, however, that this Agreement shall terminate immediately with regard to any Party as of the date such Party ceases to be affiliated with the other Parties. This Agreement shall also be subject to termination at any time, without notice, if and to the extent performance under this Agreement may conflict with any state or federal statute, or any rule, decision, or order of any state or federal regulatory agency having jurisdiction over one or more of the Parties. The Parties’ obligations under this Agreement, which by their nature are intended to continue beyond the termination or expiration of this Agreement, shall survive such termination or expiration.
 - B. Service Requests. A receiving company requesting Services will prepare a Service Request on or before December 1st of each year listing the Services to be provided by the providing company in the coming year and any special arrangements related to the provision of such Services for the coming year,

based on the Services provided during the preceding year. The receiving company and providing company may supplement the Service Request during the year to reflect any additional or special Services that receiving company wishes to obtain from the providing company, and the arrangements relating thereto.

- C. **Modification of Other Terms and Conditions.** No other amendment, change or modification of this Agreement shall be valid, unless made in writing and signed by the Parties hereto; provided, however, that all amendments, changes, and modifications must be approved as necessary by any governmental agency having jurisdiction.
- V. **NOTICE.** All notices, requests and other communications shall be deemed to have been duly given or delivered if transmitted by personal service or, if mailed, postage prepaid, return receipt requested, to the following addresses:

To Peoples Gas:

Vice President, Operations
Peoples Gas Company LLC
205 N. Main Street
Butler, PA 16001

To PNG Gathering:

President
PNG Gathering LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

To Peoples Natural:

President
Peoples Natural Gas Company LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

To Peoples WV:

President
Peoples Gas WV LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

- VI. GOVERNING LAW. The construction and interpretation of the terms and provisions of this Agreement shall be in accordance with and governed by the laws of the Commonwealth of Pennsylvania.
- VII. COMPLIANCE WITH LAW AND REGULATIONS. Unless specifically exempted, this agreement will be performed in full conformance with all applicable federal, state, and local labor and employment laws and regulations.
- VIII. ENTIRE AGREEMENT. This Agreement, together with its exhibits and appendix, constitutes the entire understanding and agreement of the Parties with respect to its subject matter, and effective upon the execution of this Agreement by the respective Parties hereof, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and canceled in their entirety and are of no further force and effect, except to the extent transactions thereunder have taken place prior to such effective date in which case such agreements will govern the terms of such transactions.
- IX. WAIVER. No waiver by any Party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.
- X. ASSIGNMENT. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns. No assignment of this Agreement or any Party's rights, interests or obligations hereunder may be made without the other Parties' consent, which shall not be unreasonably withheld, delayed or conditioned.
- XI. FORCE MAJEURE. It is agreed that, in the event a *force majeure* renders any Party wholly or partially unable to carry out its obligations under this Agreement, other than its obligations to make payments on money due incident to performance hereunder, the obligation of the Party so affected shall be suspended during the continuance of any such liability. The Party claiming a *force majeure* shall remedy the condition and resume performance with all reasonable dispatch. "*Force Majeure*" shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of the public enemy, wars, blockages,

boycotts, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints (either economic or physical) of government, rulers and people, civil disturbances, explosions, governmental regulations, curtailment or other inability to obtain required governmental permits and other causes, whether of the kind herein enumerated or otherwise, not within the reasonable control of a Party, and which by the exercise of reasonable diligence such Party is unable to prevent or overcome; provided that the settlement of strikes or lockouts by a Party to this Agreement shall be entirely within the discretion of the Party to the Agreement having the difficulty, and the above requirements that any event of *force majeure* shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by a Party to this Agreement when such course is deemed inadvisable in the discretion of the Party to the Agreement having the difficulty.

- XII. SEVERABILITY. If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.
- XIII. REPRESENTATIONS. By their execution hereof, the Parties represent and warrant that they are authorized to enter into this Agreement, that it does not conflict with any contract, lease, instrument, or other obligation, that it represents their valid and binding obligation, enforceable in accordance with its terms, and that each Party has all legal power and authority to own and use its properties and to transact the business in which it engages or proposes to engage, and has all governmental authorizations necessary and required therefor.
- XIV. CONFIDENTIALITY. A Party shall hold, and shall cause its Non-Party Affiliates to hold, in confidence any information concerning the affairs of the other Party that it has reason to believe is reasonably considered by the other Party, or a Non-Party Affiliate of the other Party, to be confidential and shall not (except as required by law or regulatory authority, subject to available confidentiality protections) disclose, publish, or make use of such information without the consent of the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above mentioned.

Peoples Gas Company LLC:

By: _____

Its: _____

Attest:

PNG Gathering LLC:

By: _____

Its: _____

Attest:

Peoples Natural Gas Company LLC:

By: _____

Its: _____

Attest:

Peoples Gas WV LLC:

By: _____

Its: _____

Attest:

EXHIBIT I

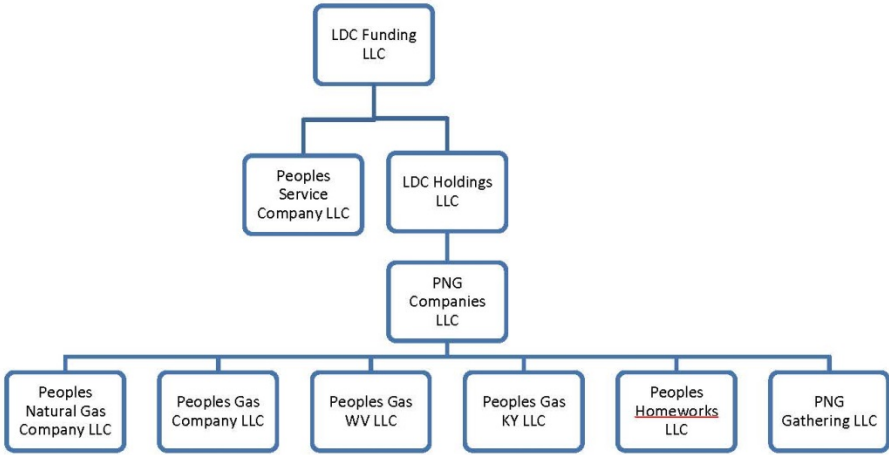


EXHIBIT II

I. OPERATIONAL SERVICES AND COST ALLOCATION

1. As used herein, "Operational Services" refers to, but is not limited to, the list of services set forth in Attachment A. All such services shall be charged based upon the Direct Charge method where services are provided for capitalized projects, special projects requested by a receiving company or where current allocations are not representative of current efforts. In all other instances services shall be allocated as identified in Attachment A. Allocated charges will be determined by multiplying the non-directly charged costs of service by the ratio of the applicable allocation basis for the receiving company to the total application basis for all parties opting for service under this Agreement, as set forth in Attachment A.

2. All Operational Services rendered under and in accordance with this Agreement shall be provided at cost without mark-up and directly billed to the receiving company. The cost of rendering such services shall include: (1) a directly charged or allocated portion of the salaries and wages of employees of the providing company determined as set forth above; (2) the cost of employees' benefits, payroll taxes and compensated absences attributable to salaries and wages billed under (1), above; (3) a directly charged or allocated portion of all other out-of-pocket operating costs, including expenses for transportation tolls, and other expenses incurred by the providing company or its employees in connection with the performance of services under this Agreement; (4) the allocated costs of materials and supplies furnished by the providing company in connection with the performance of services under this Agreement; and (5) administrative and general costs attributable to services performed under this Agreement.

3. Upon request, the providing company shall provide to the receiving company proof of the costs of services.

4. The providing company shall render monthly statements to the receiving company for services supplied under this Agreement. Such statements shall include the costs of all services supplied thereunder during the preceding calendar month. All statements so tendered will be due and payable upon receipt.

Services and Allocation Factors

Attachment A to Exhibit II

Service	Description of Services	Function	Allocation Basis						
Operations - Field Operations	Manage and Supervise in the study, planning, and operation of plant facilities of Affiliated Companies as a whole, and advise, assist and manage the planning, operations, maintenance, environmental (identifying, managing and remediating environmental	<table border="1"> <tr><td data-bbox="1219 961 1243 1056">Compliance</td></tr> <tr><td data-bbox="1187 961 1211 1056">Corrosion</td></tr> <tr><td data-bbox="1154 961 1179 1129">Damage Prevention</td></tr> <tr><td data-bbox="1122 961 1146 1056">Leak Survey</td></tr> <tr><td data-bbox="1089 961 1114 1140">Pipeline Maintenance</td></tr> <tr><td data-bbox="1057 961 1081 1035">Pressure</td></tr> </table>	Compliance	Corrosion	Damage Prevention	Leak Survey	Pipeline Maintenance	Pressure	Miles (ft) of Pipeline
Compliance									
Corrosion									
Damage Prevention									
Leak Survey									
Pipeline Maintenance									
Pressure									
Operations - Measurement	Manage, Supervise, Advise and assist in the study, planning, and operation of measurement and demarcation facilities of the Affiliated Companies.	Demarcation and Measurement standards	Throughput						
Operations - Construction	Manage, Supervise, Advise and assist in the study, planning, engineering (including maps and records), and construction of plant	<table border="1"> <tr><td data-bbox="976 961 1000 1014">Design</td></tr> <tr><td data-bbox="943 961 967 1056">Engineering</td></tr> <tr><td data-bbox="911 961 935 1140">Pipeline Replacement</td></tr> </table>	Design	Engineering	Pipeline Replacement	Capital Budget			
Design									
Engineering									
Pipeline Replacement									
Operations - Field Customer Service	Manage, Supervise, advise and assist in the study, planning, and operation of field customer service activities	Field Customer Service	Customers						
Operations - Compression	Manage, Supervise, Advise and assist in the study, planning, and operation of compression facilities of the Affiliated Companies.	Compression	Number of Stations						

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

RR 52. Please provide the annual level of outside services employed for the preceding three calendar years. Include in your response a breakdown of the test year amount indicating the service provider and the type of service performed.

* * * * *

The annual levels of outside services for the preceding three calendar years are as follows:

Combined:

Twelve Months Ended December 31, 2017	\$ 9,058,743
Twelve Months Ended December 31, 2016	\$ 8,789,190
Twelve Months Ended December 31, 2015	\$ 10,394,814

Peoples Division:

Twelve Months Ended December 31, 2017	\$ 7,281,571
Twelve Months Ended December 31, 2016	\$ 6,928,148
Twelve Months Ended December 31, 2015	\$ 7,235,313

Equitable Division:

Twelve Months Ended December 31, 2017	\$ 1,777,172
Twelve Months Ended December 31, 2016	\$ 1,861,042
Twelve Months Ended December 31, 2015	\$ 3,159,501

Refer to Exhibit 4, Schedule 11 (53.53.III.A.28) for a breakdown by service provider and type of service performed for the historic test year.

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

RR 53. Please describe each budgeted or planed cost savings program to be implemented during the historic or future year. Please identify the cost of implementing the program and the anticipated annual savings.

* * * * *

Over the past eight years the Company has achieved significant savings resulting from multiple measures including the acquisition of Equitable Gas Company, the optimization of operations and the accelerated infrastructure replacement through its Long-Term Infrastructure Improvement Plan. The claim reflects all savings achieved as a result of the above measures.

Please refer to Exhibit No. 4, Schedule 1 for the Company's O&M expense claim.

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

RR 54. Please explain how the Company has treated reserve accruals and balances for ratemaking purposes and provide the requested level of any self-funded reserve accruals by type of item.

* * * * *

Peoples and Equitable Division

Refer to Exhibit 2, Schedule 4 (53.53 III.A.17) for all adjustments.

ASC 715 post-retirement benefits other than pension (PBOP) have been claimed on an accrual basis.

The Company is claiming “pay as you go” recovery for FAS 112 claims expense. The Company is self-funded up to the level of insurance retention limits.

The Company is self-insured for medical expenses for the historical test year period and records a reserve to recognize the estimated medical expenses incurred but not yet reported to the insurance administrator. Beginning 1/1/2019 the Company will be moving to a fully insured medical plan so the reserve will no longer be required after the claim run out period.

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

RR 55. Please provide a copy of the corporate federal tax returns and supporting schedules for the preceding three years and, if applicable, a copy of the calculation workpapers for the Company's consolidated tax savings adjustment.

* * * * *

Refer to Exhibit 7, Schedule 25 for the tax returns.

Refer to Exhibit 7, Schedule 3 for a discussion of the consolidated tax savings adjustment.