

Peoples TWP LLC

Before the

Pennsylvania Public Utility Commission

VOLUME VII

Standard Data Requests RR.24 to RR.55

INFORMATION SUBMITTED PURSUANT TO:

Title 52 Pennsylvania Code § 53.51, et seq.,
Pa. P.U.C. Regulations Re: Filing of Rate Changes

Peoples TWP's 2013 General Rate Filing

Peoples TWP LLC
§ Exhibit VI.II

RR 24. Please provide a description of each employee benefit program or plan.

* * * * *

Refer to the following attachments.

1. 2011 Benefits Enrollment Guide
2. Peoples TWP LLC Retiree Medical Plan for salaried employees hired prior to June 1, 2002 and at least 55 years of age on June 1, 2012.



2012 BENEFITS ENROLLMENT GUIDE



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Guide to Your 2012 Flexible Benefits

Maximizing the value of your PTWP benefits starts with a partnership between PTWP and you. PTWP has put together a benefits package that:

- Is competitive with other employers in the industry,
- Supports good health and access to good healthcare,
- Gives you flexibility to choose the options that best meet the changing needs of you and your family, and
- Protects your financial security.

This guide has been provided to help you make the important decision of which benefits to choose. It includes:

- An overview of the benefit options you can select, and
- Tips to help you be a better healthcare consumer.

Before enrollment, thoroughly review this guide and explore the tools and resources available. Take time to identify the best benefit choices for you and your family.

Your Once-a-Year Opportunity to Make Choices

Whether you are enrolling as part of annual open enrollment or as a new employee at PTWP, your benefit choices are important. This is your only opportunity to make your benefit elections for you and your family. IRS regulations concerning changes to pre-tax plans allow you to change your coverage during the calendar year only if certain life events occur. If you do experience a qualifying life event and wish to make changes to your benefit elections, you must do so within 31 days of the life event.

You have decisions to make about:

- Medical coverage
- Dental coverage
- Vision coverage
- Employee Life Insurance
- Dependent Life Insurance
- Long-Term Disability Insurance
- Dependents
- Beneficiaries

Eligibility and Enrollment

Eligibility

Regular, full-time and part-time employees who are scheduled to work at least 1,000 hours during the year are eligible to enroll for benefit coverage.

Dependents

You may also enroll your eligible dependents in many of these coverages. Your eligible dependents are:

- Spouse or domestic partner
- Children (defined as your natural children, legally adopted children, children placed with you for legal adoption, and stepchildren):
 - up to age 26 regardless of student status, residency or marital status.
- Mentally or physically disabled children, regardless of age, who are dependent on you for their support, provided they became disabled before age 26.

Domestic Partner

You may also enroll your domestic partner on an after-tax basis. Domestic partners are eligible for medical, dental and vision benefits, and you pay the full cost of coverage for your domestic partner. You may cover a domestic partner if both you and your domestic partner are:

- 18 years of age or older;
- unmarried;
- the sole domestic partner of the other person and have been so for the immediately preceding 12 months;
- sharing a primary residence for the immediately preceding 12 months; and
- not related in a manner that would bar your marriage under applicable state law.

Coverage Dates

The PTWP coverage options you select will be in effect for the entire calendar year, as long as you remain employed by PTWP in an eligible category. Coverage for benefits begins on:

- Your employment date,
- January 1 for annual open enrollment changes, or
- A qualifying life event change date.

Making Benefit Changes During the Year

You may make changes in your coverage only during open enrollment, unless you have a qualifying life event. Some examples of qualifying life events include:

- Marriage or divorce
- Birth or adoption
- Satisfying or ceasing to satisfy dependent eligibility requirements
- Death of a dependent
- Changes in employment status that cause a gain or loss of eligibility under your PTWP coverage or your spouse's or domestic partner's employer coverage

If you experience a qualifying life event, you must submit benefit changes within 31 days of the event.

Making Good Choices

Making the best choices begins by evaluating your medical, dental and vision options. You should always keep in mind that using the Flexible Spending Accounts can save you money by providing a tax advantage when you use the account to pay for eligible expenses that the medical, dental and vision plans don't cover. Thinking about how to use these options to your advantage is the key. Select those options that can work best for you.

Medical Coverage

To help protect you and your family against significant costs in the event of injury or illness, PTWP offers medical benefits. You also have the option of waiving medical coverage and receiving a \$100 per month payment if you can document coverage under another external program. If you are able to choose to elect husband/wife or family coverage with another PTWP employee, you will be eligible for the premium waiver payment.

The medical plan option provided to you is a Preferred Provider Organization (PPO). A PPO allows you to choose between network care and out-of-network care each time care is needed. Using network care gives you the advantage of discounted network costs. For out-of-network services you are paying the full cost of care and only amounts up to allowable costs count toward your deductible.

Managing Your Healthcare

Managing your health and your medical care costs involves:

- Taking care of yourself including everything from diet and exercise to preventive care that can help detect and treat emerging health issues early.
- Understanding how your medical plan works so you can use your plan benefits well.

Preventive Care

The PTWP medical plan emphasizes the importance of preventive care and overall

wellness. Exams and tests can help identify problems early. When you and your family members take advantage of the plan's preventive care benefits through regular exams and other wellness services, you can keep more serious problems from developing. This can save time, money and worry...and most importantly, help you feel your best.

A Brief Definition of Terms

Copayment – Your share of the cost for covered services. This can be a percentage of the cost or a specific dollar amount.

Deductible – The amount you pay for covered services each calendar year before most plan benefits begin except for services where deductibles do not apply.

Out-of-Pocket Maximum – The most you will have to pay each calendar year for covered services before the plan begins to pay 100% of covered expenses. This does not include certain expenses such as deductibles and copayments.

Brand-Name Drugs – Drugs that are manufactured and marketed under a product name by a pharmaceutical company.

Generic Drugs – Drugs that have the same chemical compounds as brand-name drugs and meet the same quality and safety standards.

The summary on the following pages provides an overview of the key features of our medical plan.

Please note that the deductibles and out-of-pocket maximums for 2012 have been prorated based on an 8-month plan year.



Summary of Custom Benefits

Active Employee

With your PPO, or Preferred Provider Organization, if you receive services from a provider who is in the PPO network, you'll receive the highest level of benefits. If you receive services from a provider who is not in the PPO network, you'll receive the lower level of benefits. In either case, you coordinate your own care. There is no requirement to select a Primary Care Physician (PCP) to coordinate your care. Below are specific benefit levels that apply during your benefit period.

Benefit	Network	Out-of-Network
Benefit Period (1)	Calendar Year	
Deductible (per benefit period)		
Individual		\$140
Family		\$281
Plan Payment Level – Based on the provider's reasonable charge (PRC)	90% after deductible	70% after deductible
Out-of-Pocket Maximums (Once met, plan payment level becomes 100%) (Out of pocket maximum cross apply between in and out of network)		
Individual	\$616	\$1,184
Family	\$1,231	\$2,367
Autism Spectrum Disorders (ASD) Maximum (per person)(2)	\$36,000/benefit period	
Lifetime Maximum (per person)	Unlimited	
Primary Care Physician Office Visits	100% after \$15 copayment	70% after deductible
Specialist Office Visits	100% after \$25 copayment	70% after deductible
Preventive Care (3)		
<i>Routine Adult</i>		
Physical exams	100% (deductible does not apply)	70% after deductible
Adult immunizations	100% (deductible does not apply)	70% after deductible
Colorectal cancer screening	100% (deductible does not apply)	70% after deductible
Routine gynecological exams, including a Pap Test	100% (deductible does not apply)	70% (deductible does not apply)
Mammograms, annual routine and medically necessary	100% (deductible does not apply)	70% after deductible
Diagnostic services and procedures	100% (deductible does not apply)	70% after deductible
<i>Routine Pediatric</i>		
Physical exams	100% (deductible does not apply)	70% after deductible
Pediatric immunizations	100% (deductible does not apply)	70% (deductible does not apply)
Diagnostic services and procedures	100% (deductible does not apply)	70% after deductible
Emergency Room Services	90% after deductible	
Spinal Manipulations	90% after deductible	70% after deductible
	Limit: \$500 per person	
Physical Medicine	90% after deductible	70% after deductible
Speech Therapy	90% after deductible	70% after deductible
Occupational Therapy	90% after deductible	70% after deductible
Allergy Extracts and Injections	90% after deductible	70% after deductible
Ambulance	90% after network deductible	
Applied Behavior Analysis for ASD (2)	90% after deductible	70% after deductible
Assisted Fertilization Procedures	Not Covered	
Dental Services Related to Accidental Injury	90% after deductible	70% after deductible
Diabetes Treatment	90% after deductible	70% after deductible

Witness: Lynda W. Petrichevich

Benefit	Network	Out-of-Network
Diagnostic Services <i>Advanced Imaging</i> (MRI, CAT, PET scan, etc.)	90% after deductible	70% after deductible
<i>Basic Diagnostic Services</i> (standard imaging, diagnostic medical, lab/pathology, allergy testing)	90% after deductible	70% after deductible
Durable Medical Equipment, Orthotics and Prosthetics	90% after deductible	
Enteral Formulae	90% (deductible does not apply)	70% (deductible does not apply)
Home Infusion Therapy	90% after network deductible	
Home Health Care	90% after deductible	70% after deductible
Hospice	90% after deductible	70% after deductible
Hospital Services		
Inpatient	90% after deductible	70% after deductible
Outpatient	90% after deductible	70% after deductible
Infertility Counseling, Testing and Treatment (4)	90% after deductible	70% after deductible
Maternity (facility & professional services)	90% after deductible	70% after deductible
Medical/Surgical Expenses (except office visits)	90% after deductible	70% after deductible
Mental Health		
Inpatient	90% after deductible	70% after deductible
Outpatient	90% after deductible	70% after deductible
Private Duty Nursing	90% after network deductible	
Respiratory Therapy	90% after network deductible	
Skilled Nursing Facility Care	90% after deductible	70% after deductible
Substance Abuse		
Inpatient Detoxification	90% after deductible	70% after deductible
Inpatient Rehabilitation	90% after deductible	70% after deductible
Outpatient	90% after deductible	70% after deductible
Therapy Services (Cardiac Rehab, Infusion Therapy, Chemotherapy, Radiation Therapy and Dialysis)	90% after deductible	70% after deductible
Transplant Services	90% after deductible	70% after deductible
Precertification Requirements (5)	Yes	
Prescription Drug Deductible	None	
Individual	None	
Family	None	
Premier Prescription Drug Program Mandatory Generic(6) <i>Defined by Premier Pharmacy Network - Not Physician Network. Prescriptions filled at a non-network pharmacy are not covered.</i>	<p>\$345 per individual/\$690 per family Out of Pocket Maximum</p> <p>Retail Drugs (31-/60-/90-day Supply) Plan pays 80% per generic Plan pays 80% per brand</p> <p>Maintenance Drugs through Mail Order (90-day Supply) Plan pays 80% per generic Plan pays 80% per brand</p>	

- (1) Your group's benefit period is based on a Calendar Year which runs from January 1 to December 31.
- (2) Coverage for eligible members to age 21. Services will be paid according to the benefit category (e.g. speech therapy). Treatment for autism spectrum disorders does not reduce visit/day limits.
- (3) Services are limited to those listed on the Highmark Preventive Schedule. Gender, age and frequency limits may apply.
- (4) Treatment includes coverage for the correction of a physical or medical problem associated with infertility. Infertility drug therapy may or may not be covered depending on your group's prescription drug program.
- (5) Highmark Healthcare Management Services (HMS) must be contacted prior to a planned inpatient admission or within 48 hours of an emergency or maternity-related inpatient admission. Some facility providers will contact HMS and obtain precertification of the inpatient admission on your behalf. Be sure to verify that your provider is contacting HMS for precertification. If not, you are responsible for contacting HMS. If this does not occur and it is later determined that all or part of the inpatient stay was not medically necessary or appropriate, you will be responsible for payment of any costs not covered.
- (6) You are responsible for the payment differential when a generic drug is authorized by your doctor and you purchase a brand name drug. Your payment is the price difference between the brand name drug and generic drug in addition to the brand name drug copayment or coinsurance amounts, which may apply

Dental Coverage

PTWP offers a dental plan administered by MetLife that covers:

- Diagnostic and preventive care, such as exams, cleanings and x-rays, and
- Basic restorative and major services, such as fillings, crowns and dentures.

Under the dental plan you can choose between network care and out-of-network care each time care is needed. Using network care gives you the advantage of discounted network costs.

The summary on the following pages provides an overview of the key features of our dental plan.



MetLife® Dental Benefits

Peoples Natural Gas Company LLC Dental Plan Benefits

For the savings you need, the flexibility you want and service you can trust.

Benefit Summary

Coverage Type	PDP In-Network	Out-of-Network
Type A – cleanings, oral examinations	100% of PDP Fee*	100% of R&C Fee**
Type B – fillings, TMJ	80% of PDP Fee*	80% of R&C Fee**
Type C – bridges and dentures	60% of PDP Fee*	50% of R&C Fee**
Type D – orthodontia	60% of PDP Fee*	50% of R&C Fee**
Deductible [†]	In-Network	Out-of-Network
Individual	\$25.00	\$25.00
Family	\$75.00	\$75.00
Annual Maximum Benefit	In-Network	Out-of-Network
Per Person	\$1,500	\$1,500
Orthodontia Lifetime Maximum	In-Network	Out-of-Network
Per Person	\$1,500	\$1,500
Late Enrollment Period: Will not be able to enroll until the next annual enrollment period.		

*PDP Fee refers to the fees that participating PDP dentists have agreed to accept as payment in full, subject to any co-payments, deductibles, cost sharing and benefits maximums.

**R&C fee refers to the Reasonable and Customary (R&C) charge, which is based on the lowest of (1) the dentist's actual charge, (2) the dentist's usual charge for the same or similar services, or (3) the charge of most dentists in the same geographic area for the same or similar services as determined by MetLife.

[†] Applies only to Type B & C Services.

MetLife® Dental Benefits

PDP Savings* Example

This hypothetical example** shows how receiving services from a PDP (in-network) dentist can save you money.

Your Dentist says you need a Crown, a Type C service —

- PDP Fee: \$375.00
- R&C Fee: \$500.00
- Dentist's Usual Fee: \$600.00

IN-NETWORK When you receive care from a participating PDP dentist		OUT-OF-NETWORK When you receive care from a non-participating dentist	
Dentist's Usual Fee is:	\$600.00	Dentist's Usual Fee is:	\$600.00
The PDP Fee is:	\$375.00	R&C Fee is:	\$500.00
Your Plan Pays:		Your Plan Pays:	
60% X \$375 PDP Fee:	- \$225.00	50% X \$500 R&C Fee:	- \$250.00
Your Out-of-Pocket Cost:	\$150.00	Your Out-of-Pocket Cost:	\$350.00

In this example, you save \$200.00 (\$350.00 minus \$150.00)...
 by using a participating PDP dentist.

*Savings from enrolling in the MetLife PDP Program will depend on various factors, including how often participants visit the dentist and the cost for services rendered.

**Please note: These examples assume that your annual deductible has been met.

MetLife® Dental Benefits

List of Primary Covered Services & Limitations

Type A - Preventive	How Many/How Often
Prophylaxis (cleanings)	• Two per calendar year.
Oral Examinations	• Two exams per calendar year.
Topical Fluoride Applications	
X-rays	• Full mouth X-rays: one per 36 months. • Bitewing X-rays: one set every 6 months.
Space Maintainers	• Space Maintainers for dependent children up to 19th birthday.
Sealants	• One application of sealant material per tooth, non-restored, non-decayed 1st and 2nd molar of a dependent child up to 19th birthday.
Type B - Basic Restorative	How Many/How Often
Fillings	
Simple Extractions	
Crown, Denture, and Bridge Repair/Reconstructions	
Endodontics	• Root canal treatment.
General Anesthesia	• When dentally necessary in connection with oral surgery, extractions or other covered dental services.
Oral Surgery	
Periodontics	• Periodontal scaling and root planing. • Periodontal surgery. • Periodontal maintenance.
Crowns/Inlays/Onlays	
Type C - Major Restorative	How Many/How Often
Implants	
Bridges and Dentures	• Initial placement to replace one or more natural teeth, which are lost while covered by the Plan. • Dentures and bridgework replacement: one every 60 months. • Replacement of an existing temporary full denture if the temporary denture cannot be repaired and the permanent denture is installed within 12 months after the temporary denture was installed.
Type D - Orthodontia	How Many/How Often
	• Your Children, up to age 19, are covered while Dental Insurance is in effect. • All dental procedures performed in connection with orthodontic treatment are payable as Orthodontia. • Payments are on a repetitive basis. • 20% of the Orthodontia Lifetime Maximum will be considered at initial placement of the appliance and paid based on the plan benefit's coinsurance level for Orthodontia as defined in the Plan Summary. • Orthodontic benefits end at cancellation of coverage.

The service categories and plan limitations shown above represent an overview of your Plan Benefits. This document presents the majority of services within each category, but is not a complete description of the Plan.

Vision Coverage

The vision plan provides coverage for routine eye exams, lenses (including contact lenses) and frames, or prescription safety glasses (in lieu of routine eyewear) from any vision provider of the Highmark Davis Vision network of providers.

Under the vision plan you can choose between network care and out-of-network care each time care is needed. Using network care gives you the advantage of discounted network costs. If you choose to use an out-of-network provider, you must pay the provider directly for all charges and then submit a claim form.

The summary on the following page provides an overview of the key features of our vision plan.

Summary of Designer Advantage Benefits

PTWP Natural Gas



BENEFIT	NETWORK	OUT-OF-NETWORK REIMBURSEMENT ⁽¹⁾
FREQUENCY⁽²⁾ Eye examination (including dilation, as professionally indicated) Eyeglass lenses Frames Contact lenses (in lieu of eyeglass lenses)		Once every calendar year Once every calendar year Once every other calendar year Once every calendar year
EYE EXAMINATION (including dilation as professionally indicated)	Covered In Full	Up to \$55 allowance
FRAMES Fashion level frames from "The Collection" Designer level frames from "The Collection" Premier level frames from "The Collection" Retail allowance towards a provider's frame	Covered In Full Covered In Full \$25 copayment Up to \$80 allowance	Up to \$65 allowance
STANDARD EYEGLASS LENSES⁽³⁾ (per pair) Single vision Bifocal Trifocal Lenticular	Covered In Full Covered In Full Covered In Full Covered In Full	Up to \$60 allowance Up to \$80 allowance Up to \$100 allowance Up to \$120 allowance
OPTIONAL EYEGLASS LENSES (per pair) Standard progressive lenses ⁽⁴⁾ Premium progressive lenses ⁽⁴⁾ Glass Grey #3 prescription sunglasses Polycarbonate lenses <i>Adult⁽⁵⁾</i> <i>Dependent children</i> Single vision Polycarbonate lenses (in lieu of single vision eyeglass lenses)	\$50 discounted price \$90 discounted price Covered In Full \$30 discounted price Covered In Full	Not Covered Not Covered Not Covered Not Covered Not Covered
Bifocal Polycarbonate lenses (in lieu of bifocal eyeglass lenses)	Covered In Full	Not Covered
Trifocal Polycarbonate lenses (in lieu of trifocal eyeglass lenses)	Covered In Full	Not Covered
Blended segment lenses Intermediate vision lenses Glass photochromic lenses Plastic photosensitive lenses High-index (thinner and lighter) lenses Polarized lenses	\$20 discounted price \$30 discounted price \$20 discounted price \$65 discounted price \$55 discounted price \$75 discounted price	Not Covered Not Covered Not Covered Not Covered Not Covered Not Covered
OPTIONAL EYEGLASS LENS COATINGS/TREATMENTS Fashion, sun or gradient tinted plastic lenses Ultraviolet Coating Scratch-resistant coating Standard ARC (anti-reflective coating) Premium ARC (anti-reflective coating) Ultra ARC (anti-reflective coating)	Covered In Full \$12 discounted price \$20 discounted price \$35 discounted price \$48 discounted price \$60 discounted price	Not Covered Not Covered Not Covered Not Covered Not Covered Not Covered
CONTACT LENSES⁽⁶⁾ (in lieu of eyeglass lenses—per pair or initial supply of disposable contact lenses) Contact lens evaluation and fitting	Not Covered	Not Covered
Standard daily wear contact lenses Specialty contact lenses Disposable contact lenses Medically necessary contact lenses (prior approval required)	Up to \$110 allowance Up to \$110 allowance Up to \$110 allowance Covered In Full	Up to \$100 allowance Up to \$100 allowance Up to \$100 allowance Up to \$225 allowance
LOW VISION SERVICES Evaluation – one visit every 5 years (prior approval required) Follow-up visits—up to four follow-up visits every 5 years Low vision aids		Up to \$300 allowance per visit Up to \$100 allowance per visit Up to \$600 allowance per aid/\$1,200 allowance lifetime maximum

(1) If you choose an out-of-network provider, you must pay the provider directly for all charges and then submit a claim for reimbursement.

(2) Eligibility will be determined from the date of the last similar service paid under this program, or any other Highmark vision program for this group.

(3) Includes glass, plastic or oversized lenses.

(4) Progressive multifocals can be worn by most people. Conventional bifocals will be supplied at no additional charge for anyone who is unable to adapt to progressive lenses. However, the discounted price will not be refunded.

(5) Discounted member price waived for monocular patients and patients with prescriptions +/- 6.00 diopters or greater.

(6) Contact lenses can be worn by most people. Once the contact lens option is selected and the lenses fitted, they may not be exchanged for eyeglasses. (

Long Term Disability Insurance

Long-term disability (LTD) coverage provides financial protection in the event you cannot work for a long period of time because of an accident or personal illness. The LTD plan pays you a monthly benefit for as long as you are disabled, as defined by the plan, beginning after you have been continuously disabled for at least 180 days and continuing up to age 65, unless you recover.

You automatically receive LTD coverage in the amount of 60% of your normal monthly earnings at no cost to you.

PTWP utilizes the IRS Ruling 2004-55 for taxability of the LTD benefit. This provision of the tax code allows you to decide whether you want the premium for the coverage to be taxed (post-tax) or the amount of the LTD benefit to be taxed (pre-tax). You must choose one of the following two options for tax treatment of your benefit.

- **Post-tax:** The premium for this coverage is included on your W-2 as taxable income, and you would receive the LTD benefit at the time of disability on a tax free basis.
- **Pre-tax:** The premium for the cost of coverage is not included on your W-2 as taxable income, and at the time of disability you would be responsible for paying taxes on the benefit payment.

For example, if your monthly base pay was \$4,000, you're LTD benefit amount would be 60% or \$2,400. The cost of insurance for this amount of coverage would be approximately \$2.61 per month. If you choose the post-tax treatment the monthly cost of insurance, in this case \$2.61 per month, would be added to your W-2 as taxable income. If you choose the pre-tax treatment, the cost of insurance would not be added to your W-2 as taxable income. However, if you were to become disabled and receive LTD benefits, in this case \$2,400 per month, the benefit paid to you would be taxable income.

Life/AD&D Insurance

To provide financial protection for you and your family, PTWP provides basic life and accidental death and dismemberment (AD&D) insurance coverage for you equal to your annual base pay (rounded to the next \$1,000) up to a maximum of \$750,000. You do not need to enroll for this coverage.

You may also purchase optional life/AD&D insurance coverage for yourself on an after-tax basis of one to four times your annual base pay (rounded to the next \$1,000) up to a maximum of \$750,000.

The maximum amount of life/AD&D insurance coverage you may have is \$1,500,000.

Costs for optional life insurance are based on your age. Enrollment in optional life/AD&D insurance coverage is available without providing a Statement of Health form as long as you are enrolling for coverage only one increment more than your current coverage, and you are requesting less than \$300,000 in coverage. If you do not meet these conditions, you will need to provide additional medical information by completing a Statement of Health form.

Dependent Life Insurance

You may elect life insurance separately for your spouse and for your dependent children. You are automatically the beneficiary for dependent life insurance benefits.

For your spouse you can select coverage of \$5,000 to \$250,000 in \$5,000 increments, up to 100% of your total coverage amount.

For your children you can select coverage of \$2,500, \$5,000, \$7,500 or \$10,000 which covers all your eligible children. Dependent children are ages from 15 days to 19 years old, or 25 years old if a child is a full-time student.

RETIREE MEDICAL BENEFITS – PTWP SALARIED**Employees Hired Prior to June 1, 2002, and at Least 55 Years of Age on June 1, 2012*****Eligibility -***

- Full-time employees hired prior to June 1, 2002
- At least 55 years of age on June 1, 2012
- Minimum retirement age of 60

Plan Type -

- Same medical plan as active employees until age 65
- No post-65 coverage

Dependent Coverage -

- Eligible dependents may participate in the plan if covered at the time of the employee's retirement.
- After the death of the retiree, spouse coverage continues to age 65.

Retiree Contributions -

- 25% of total premium

Employees Hired On Or After June 1, 2002, or Less Than 55 Years of Age on June 1, 2012***Eligibility -***

- Full-time employees hired on or after June 1, 2002, or less than 55 years of age on June 1, 2012
- Retirement no earlier than age 58
- Minimum 3 years of service

Plan Type -

- Retirement Medical Account (RMA)
- \$6,500 for each year of service between ages 45-65 (maximum 20 years)
- Pre-sale T.W. Phillips service will count towards eligibility
- RMA is credited with interest based on 30-year Treasury rates
- RMA can be used to pay medical premiums and out-of-pocket expenses incurred after retirement

Dependent Coverage -

- Eligible dependents can receive 90% of the value of the RMA

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RR 25. Please provide a description of the Company's merit and cost of living wage rate increase policies.

* * * * *

Bargaining unit wage increases are set by the collective bargaining agreement. Please refer to attachment for salaried merit increases. There are no cost of living wage rate increases.

Peoples TWP 2012 Merit Program Guidelines Management Summary

Key Features

- The budget for the 2012 Merit Program for all non-union employees, management and non-management, is 4.0% of the base salaries of eligible employees. *Note: This is an exception to the Peoples Natural Gas budgeted merit increase of 3% to specifically address the lower average compa-ratios of females in the Peoples TWP organization.*
- Performance reviews were required for all employees. Merit increases will not be processed in the absence of a written, signed performance evaluation for the affected employee. (Note: exclusion for post 10/1/11 hires who receive new-hire performance evaluations).
- The Merit Increase Guideline matrix is included to provide managers with pay increase guidelines based on employees' performance and position in the salary ranges.
- Merit increases will be effective the beginning of the pay period closest to **March 1, 2012**.
Semi-monthly Paid Employees – 1/1/2012
- Communication of merit increases to employees can begin upon executive department head approval, but **no earlier than March 1**.

Merit Budget

- Merit lump sums are included as part of the merit budget.
- An automatic 2% increase is noted for employees hired between 10/1/11 & 1/1/12. These increases are factored into the merit budget.
- Merit dollars are allocated to departments based on current base salaries and current department headcount.
- The merit budget is shown on the department merit spreadsheet which will be provided by HR.

Individual Merit Pay Decisions

There is no standard merit increase that should be given to eligible employees. The “appropriate” increase is determined by management considering overall department merit budget and the attached merit increase grid that combines performance with compa-ratio considerations. There are two merit increase grids due to the difference in salary range “spreads”

between Grades 4-14 and Grades 15 and higher. Your merit increase spreadsheet will include the salary grade for each employee.

- **Performance**

- Merit increase amounts generally should correlate with performance ratings. That is, *all other factors being equal*, an employee whose performance consistently exceeds expectations should generally receive a larger increase than one whose performance meets expectations. Merit increases should be used over time to foster differences in the level of pay between employees within the same or similar jobs to reflect relative performance, contribution, and value to the organization. *In other words, over time, the salary of an employee whose performance consistently exceeds expectations should be higher than the salary of another employee in the same job whose performance consistently meets expectations.*
- *An employee who receives a “Needs Improvement” rating may or may not receive a merit increase.* Employees with NI ratings should only receive an increase if they are new in their position, exceptionally low in the salary range or for other extenuating circumstances. The responsible manager should work with HR to develop a Performance Development Plan to assist the employee with meeting expectations going forward and setting a schedule for quarterly performance evaluations.
- Merit awards provide the primary means by which management can appropriately align individual pay relative to external market pay and internal pay relationships.
- Managers should strive to align performance and individual pay by taking into consideration factors such as position in range, contribution level, differences in specific job duties and responsibilities, employee’s salary in relation to the job’s worth and special retention or market concerns.

- **Position in Range (Compa-Ratio)** – The compa-ratio is an indicator of where the employee's salary falls within the salary range for a job and is used to help management determine if employees are paid at appropriate levels within their ranges. The compa-ratio is calculated by dividing the actual pay rate by the “mid-point” of the pay range as shown below:

$$\text{Compa-Ratio} = \frac{\text{Actual Salary}}{\text{Mid-Point}}$$

This ratio compares an individual’s actual pay level to the salary range mid-point. A compa-ratio can be calculated for an individual, a group, a department, or an entire organization. An employee may be above or below the mid-point for many reasons (i.e., years in position, level of experience, performance, etc.). If management feels an employee’s compa-ratio is in line with his/her level of contribution, a lower merit increase should be recommended. Likewise, it may be appropriate for an employee with a very low compa-ratio to receive a larger than average base pay increase.

- ***Employees close to salary range maximum-*** Merit increases will be added to an employee's base pay, even if the resulting salary exceeds the maximum for the range.

Merit Lump Sums

When an employee's salary reaches the range maximum, the employee must receive the equivalent of his/her merit increase in the form of a one-time lump sum payment. Lump-sums are only permitted for employees identified as "red-lined" on the merit spreadsheet.

Merit lump sum awards are:

- Included in the employee's regular paycheck, identified as a separate line item.
- Subject to applicable federal and state tax withholding based on the employee's established W-4 elections.
- Eligible for Savings Plan deductions and associated company match.
- Included in the definition of final average earnings for retirement plan calculations.
- Included in Plan Compensation under the Annual Incentive Plan.
- ***Considered part of the merit budget.***

Eligibility

Eligible

- Active, full-time and part-time (none currently) non-union employees of Peoples Natural Gas are eligible for merit awards. Employees hired between 10/1/11 and 3/1/12 will receive an automatic 2% increase. Exceptions are listed in the "Not Eligible" section below.

Not Eligible

- Employees in the following classifications are **not eligible** for merit base pay increases and/or merit lump sums.
 - Retired
 - Disabled (LTD recipients)
 - Terminated (prior to merit effective date)
 - Union-represented employees
 - Temporary employees
 - Contractors
 - Student employees (Co-ops, Interns and Student Workers)
 - Employees on Leave of Absence (except for Military Leave/Furlough or FMLA)

Approval and Communication of Merit Awards

Merit awards must be approved by Executives/Department Heads *before* management communicates this information to individual employees. Approval is expected by 3/1/2012 with distribution of individual merit worksheets issued to Managers for each employee. Carolyn McKinney, VP Human Resources will communicate to management when merit awards have been approved.

Merit Increase Guidelines

2012 MERIT INCREASE MATRIX (PAY GRADES 15 AND HIGHER)

		Compa-Ratio 75% - 87%	Compa-Ratio 88% - 100%	Compa-Ratio 101% - 113%	Compa-Ratio 114% - 125%
Performance Rating	Exceeds Expectations (EE)	5.5% - 7.5%	5.0% - 7.0%	4.5% - 6.5%	3.5% - 5.5%
	Meets Expectations (ME)	3.0% - 5.0%	2.5% - 4.5%	2.0% - 4.0%	0.0% - 3.0%
	Needs Improvement (NI)	0.0% - 3.0%	0.0% - 2.0%	0%	0%

2012 MERIT INCREASE MATRIX (PAY GRADES 4 THROUGH 14)

		Compa-Ratio 80% - 90%	Compa-Ratio 91% - 100%	Compa-Ratio 101% - 110%	Compa-Ratio 111% - 120%
Performance Rating	Exceeds Expectations (EE)	5.5% - 7.5%	5.0% - 7.0%	4.5% - 6.5%	3.5% - 5.5%
	Meets Expectations (ME)	3.0% - 5.0%	2.5% - 4.5%	2.0% - 4.0%	0.0% - 3.0%
	Needs Improvement (NI)	0.0% - 3.0%	0.0% - 2.0%	0%	0%

Peoples Natural Gas & Peoples TWP 2013 Merit Program Guidelines Management Summary

Key Features

- The budget for the 2013 Merit Program for all non-union employees, management and non-management, is 3.0% of the base salaries of eligible employees, (see exceptions below).
- Performance reviews were required for all employees. Merit increases will not be processed in the absence of a written, signed performance evaluation for the affected employee. (Note: exclusion for post 10/1/12 hires who receive new-hire performance evaluations).
- The Merit Increase Guideline matrix is included to provide managers with pay increase guidelines based on employees' performance and position in the salary ranges.
- Merit increases will be effective the beginning of the pay period closest to **March 1, 2013**.
 BiWeekly Paid Employees – 3/3/2013
 Monthly Paid Employees – 3/1/2013
- Communication of merit increases to employees can begin upon executive department head approval, but **no earlier than March 1**.
- The 2013 salary ranges have been adjusted by 2%. Employees whose salary was below the minimum of the new salary range have already been increased to the minimum of the 2013 salary range on March 1, 2013, prior to the merit increase.

Merit Budget

- Merit lump sums are included as part of the merit budget.
- An automatic 2% increase is noted for employees hired between 10/1/12 & 1/1/13. These increases are factored into the merit budget.
- Increases for recent promotions are already factored into the spreadsheet with the exception of employees moving from Non-Exempt to Exempt positions in which case HR will notify you directly and work on manual adjustments.
- Merit dollars are allocated to departments based on current base salaries and current department headcount.
- The merit budget is shown on the department specific merit spreadsheet. The market supports average increases of 3%. However, in order to address some internal equity issues, some departments have higher merit budgets. Here's how merit budgets are allocated:

If the department average compa-ratio is at 100% or above, the merit increase budget is 3%.

If the department average compa-ratio is:

- *Between 95%-100%; merit increase budget is 3.25%.*
- *Between 90%-95%; merit increase budget is 3.5%*
- *Less than 90%; merit increase budget is 3.75%*

The additional merit budget is intended to address specific issues, for M or EE performers only, such as:

- *Inequities between employees in similar positions that have similar experience.*
- *Employees that have 5+ years of experience in their current jobs but where compa-ratio is less than 95%.*
- *Potential gender inequities where a female with M or EE performance might be substantially lower than a male in the same position with comparable experience.*
- *Many exceptions will apply to PTWP employees as we identified that overall average compa-ratio at PTWP is significantly lower (94%) than that of PNG (102%).*

The additional merit budget, if required, is already included in your merit spreadsheets. While use of the fully allotted merit increase budget is not required, all merit increase recommendations will be reviewed by HR to ensure that inequities are adequately being addressed

Individual Merit Pay Decisions

There is no standard merit increase that should be given to eligible employees. The “appropriate” increase is determined by management considering overall department merit budget and the attached merit increase grid that combines performance with compa-ratio considerations. There are two merit increase grids due to the difference in salary range “spreads” between Grades 4-14 and Grades 15 and higher. Your merit increase spreadsheet will include the salary grade for each employee.

• Performance

- Merit increase amounts generally should correlate with performance ratings. That is, *all other factors being equal*, an employee whose performance consistently exceeds expectations should generally receive a larger increase than one whose performance meets expectations. Merit increases should be used over time to foster differences in the level of pay between employees within the same or similar jobs to reflect relative performance, contribution, and value to the organization. *In other words, over time, the salary of an employee whose performance consistently exceeds expectations should be higher than the salary of another employee in the same job whose performance consistently meets expectations.*
- *An employee who receives a “Needs Improvement” rating may or may not receive a merit increase.* Employees with NI ratings should only receive an increase if they are new in their position, exceptionally low in the salary range or for other extenuating

circumstances. The responsible manager should work with HR to develop a Performance Development Plan to assist the employee with meeting expectations going forward and setting a schedule for quarterly performance evaluations.

- Merit awards provide the primary means by which management can appropriately align individual pay relative to external market pay and internal pay relationships.
- Managers should strive to align performance and individual pay by taking into consideration factors such as position in range, contribution level, differences in specific job duties and responsibilities, employee's salary in relation to the job's worth and special retention or market concerns.
- **Position in Range (Compa-Ratio)** – The compa-ratio is an indicator of where the employee's salary falls within the salary range for a job and is used to help management determine if employees are paid at appropriate levels within their ranges. The compa-ratio is calculated by dividing the actual pay rate by the “mid-point” of the pay range as shown below:

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- ***Employees close to salary range maximum-*** Merit increases will be added to an employee's base pay, up to but not exceeding the maximum for the range. Any remaining merit increase above the maximum of the range will be paid in a one-time lump sum.

Merit Lump Sums

When an employee's salary reaches the range maximum, the employee must receive the equivalent of his/her merit increase in the form of a one-time lump sum payment. Lump-sums are only permitted for employees identified as “red-lined” on the merit spreadsheet.

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- Included in Plan Compensation under the Annual Incentive Plan.
- ***Considered part of the merit budget.***

Eligibility

Eligible

- Active, full-time and part-time (none currently) non-union employees of Peoples Natural Gas & Peoples TWP are eligible for merit awards. Employees hired between 10/1/12 and 3/1/13 will receive an automatic 2% increase. Exceptions are listed in the "Not Eligible" section below.

Not Eligible

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 - Retired
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 - Temporary employees
 - Contractors
 - Student employees (Co-ops, Interns and Student Workers)
 - Employees on Leave of Absence (except for Military Leave/Furlough or FMLA)

Approval and Communication of Merit Awards

Merit awards must be approved by Executives/Department Heads *before* management communicates this information to individual employees. Approval is expected by 3/1/2013 Carolyn McKinney, VP Human Resources will communicate to management when merit awards have been approved.

Merit Increase Guidelines

2013 MERIT INCREASE MATRIX (PAY GRADES 15 AND HIGHER)

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Performance Rating	Exceeds Expectations (EE)	5.5% - 7.5%	5.0% - 7.0%	4.5% - 6.5%	3.5% - 5.5%
	Meets Expectations (ME)	3.0% - 5.0%	2.5% - 4.5%	2.0% - 4.0%	0.0% - 3.0%
	Needs Improvement (NI)	0.0% - 3.0%	0.0% - 2.0%	0%	0%

2013 MERIT INCREASE MATRIX (PAY GRADES 4 THROUGH 14)

		Compa-Ratio 80% - 90%	Compa-Ratio 91% - 100%	Compa-Ratio 101% - 110%	Compa-Ratio 111% - 120%
Performance Rating	Exceeds Expectations (EE)	5.5% - 7.5%	5.0% - 7.0%	4.5% - 6.5%	3.5% - 5.5%
	Meets Expectations (ME)	3.0% - 5.0%	2.5% - 4.5%	2.0% - 4.0%	0.0% - 3.0%
	Needs Improvement (NI)	0.0% - 3.0%	0.0% - 2.0%	0%	0%

Peoples TWP LLC
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RR 26. Please provide the following monthly labor data for the year prior to the HTY, the HTY and the FTY through the most recent date available.

- a. number of actual employees broken down between type (e.g., salaried, hourly, union, non-union, temporary, etc.);
- b. regular payroll broken down between expensed, capitalized and other;
- c. overtime payroll broken down between expensed, capitalized and other;
- d. temporary payroll broken down between expensed, capitalized and other; and
- e. other payroll (specify).

* * * * *

Refer to Attachment 1 for item a, and Attachment 2 for items b and c.

Item d and e are not applicable.

Peoples TWP, LLC
Attachment 1: Exhibit VI.II.RR 26
Schedule fo Actual Employee Monthly Labor Data

Month	2012		Total		2012 Hourly
	Salary	PT	Salary	Emp	
January	77	4	81		120
February	77	4	81		120
March	77	4	81		120
April	76	4	80		119
May	79	4	83		119
June	78	4	82		119
July	78	4	82		119
August	78	4	82		119
September	78	4	82		119
October	78	4	82		118
November	78	4	82		118
December	77	4	81		119

Month	2011		Total		2011 Hourly
	Salary	PT	Temp	Salary Emp	
January	80	2	1	83	120
February	81	2	1	84	120
March	81	2	1	84	119
April	80	2	1	83	119
May	79	3	1	83	118
June	79	3	1	83	118
July	78	3	1	82	118
August	78	3	1	82	118
September	79	3	1	83	118
October	78	3	1	82	120
November	80	3	1	84	120
December	79	3	1	83	120

Peoples TWP LLC
Attachment 2: Exhibit VI.II.RR.26
Schedule of Actual Employee Monthly Labor Data

b. Straight-Time

	Capitalized &			HTY	Capitalized &				
	Prior to HTY *	Other	Expense		Other	Expense			
Jan-11	\$	73,106.78	\$	1,076,586.91	Jan-12	\$	74,154.74	\$	909,964.24
Feb-11	\$	89,322.38	\$	972,826.08	Feb-12	\$	63,703.03	\$	911,768.14
Mar-11	\$	102,846.54	\$	992,796.93	Mar-12	\$	73,609.91	\$	924,703.66
Apr-11	\$	113,497.78	\$	931,947.81	Apr-12	\$	506,174.33	\$	1,312,693.45
May-11	\$	139,756.71	\$	1,215,318.70	May-12	\$	84,003.19	\$	920,447.31
Jun-11	\$	114,153.66	\$	925,682.05	Jun-12	\$	74,777.60	\$	918,735.71
Jul-11	\$	78,647.52	\$	948,223.65	Jul-12	\$	62,602.83	\$	934,393.08
Aug-11	\$	80,972.59	\$	949,270.42	Aug-12	\$	96,687.83	\$	897,798.70
Sep-11	\$	100,612.63	\$	941,795.55	Sep-12	\$	137,583.57	\$	1,144,876.50
Oct-11	\$	212,267.35	\$	1,170,767.81	Oct-12	\$	91,755.71	\$	895,866.55
Nov-11	\$	140,156.74	\$	948,136.94	Nov-12	\$	76,255.39	\$	932,745.02
Dec-11	\$	99,984.63	\$	937,130.18	Dec-12	\$	71,971.28	\$	1,110,992.98

c. Over-Time *

	Capitalized &			HTY	Capitalized &				
	Prior to HTY *	Other	Expense		Other	Expense			
Jan-11	\$	-	\$	-	Jan-12	\$	3,769.83	\$	38,768.82
Feb-11	\$	-	\$	-	Feb-12	\$	4,984.90	\$	37,881.04
Mar-11	\$	-	\$	-	Mar-12	\$	4,396.01	\$	28,369.28
Apr-11	\$	-	\$	-	Apr-12	\$	6,154.86	\$	32,065.48
May-11	\$	-	\$	-	May-12	\$	5,379.40	\$	32,764.26
Jun-11	\$	-	\$	-	Jun-12	\$	6,466.95	\$	32,684.39
Jul-11	\$	-	\$	-	Jul-12	\$	3,612.87	\$	29,183.23
Aug-11	\$	-	\$	-	Aug-12	\$	4,509.73	\$	32,473.07
Sep-11	\$	-	\$	-	Sep-12	\$	9,859.21	\$	54,689.18
Oct-11	\$	-	\$	-	Oct-12	\$	7,545.73	\$	30,395.96
Nov-11	\$	-	\$	-	Nov-12	\$	5,632.90	\$	33,660.30
Dec-11	\$	-	\$	-	Dec-12	\$	7,663.34	\$	45,891.15

* For HTY ended December 31, 2011, the split between straight-time pay and over-time pay by month is not readily available. For purposes of this schedule, total payroll by month for HTY ended December 31, 2011 has been presented as straight-time. For this period, total Overtime pay was \$647,484.61 and total Straight-time pay was \$12,705,823.73.

Peoples TWP LLC
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RR 27. Please provide a copy of all incentive compensation and/or bonus plans and provide the level of related payments included in cost of service.

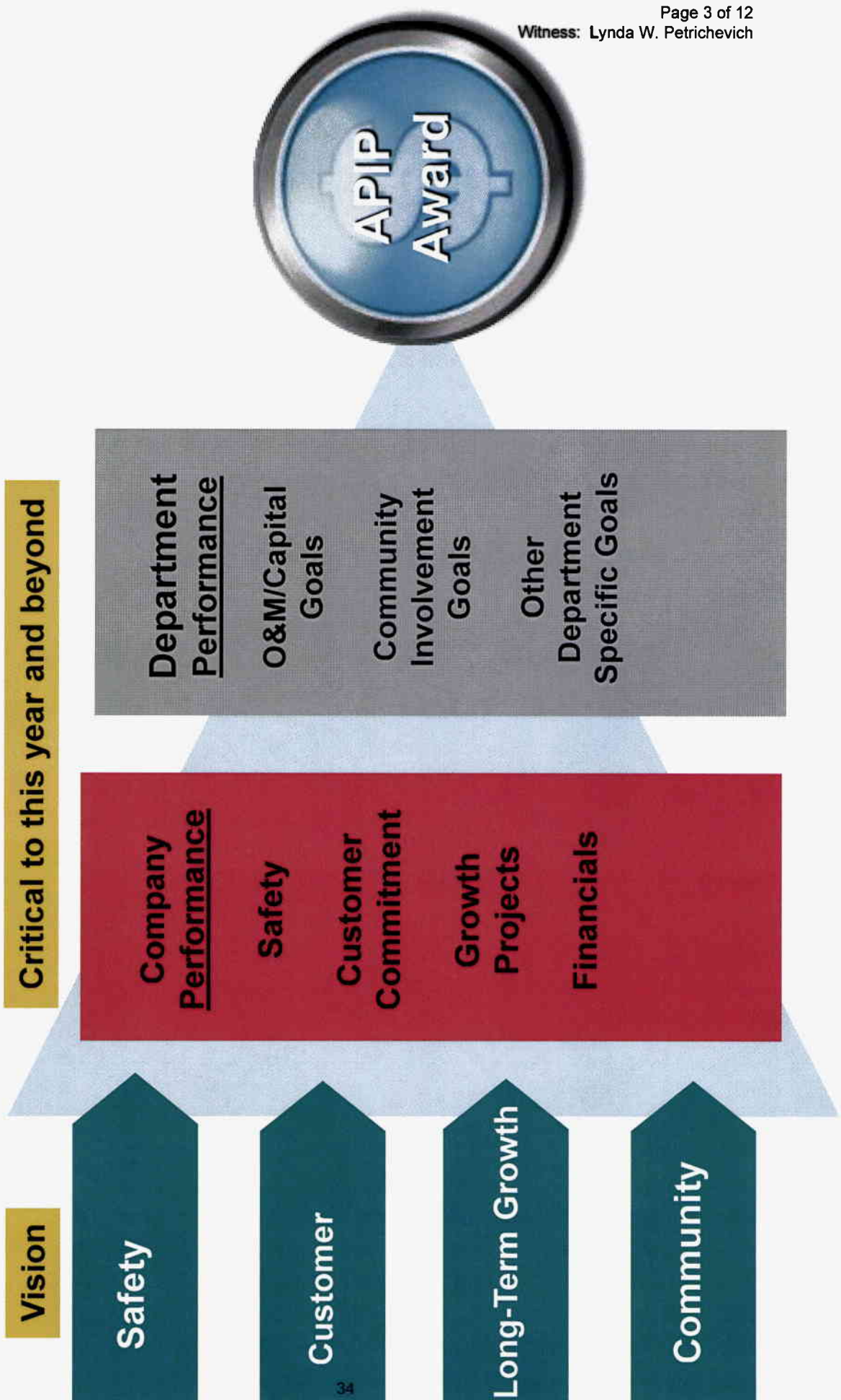
* * * * *

Please refer to the attachment for the current incentive plan. The plan is intended to keep all employees engaged in both company and departmental objectives. The structure of the program recognizes the links between individual, department and company goals and provides focus on performance measures that are critical to our success in 2013 and the future. All objectives support the Peoples TWP Vision & Values and support teamwork. The amount for the fully forecasted future test year is \$481,229.

2013 Annual Performance Incentive Plan (APIP)



Peoples APIP – Creating our Future



Critical to this year and beyond

Vision

Safety

Customer

Long-Term Growth

Community

Company Performance
Safety
Customer Commitment
Growth Projects
Financials

Department Performance
O&M/Capital Goals
Community Involvement Goals
Other Department Specific Goals



APIP Philosophy

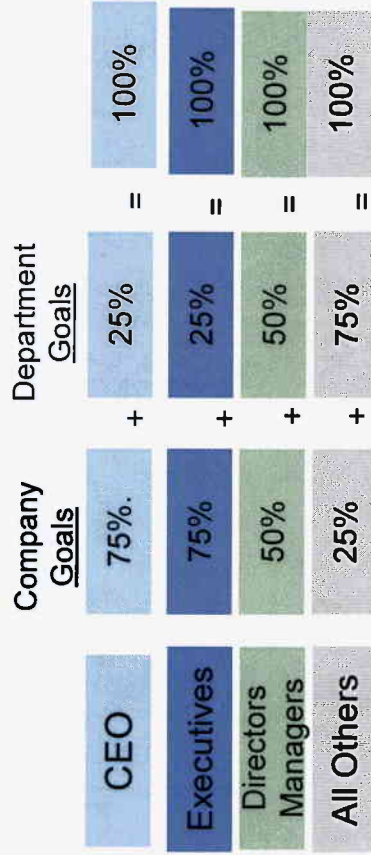
- **APIP is a key part of Peoples compensation program**
- **Keeps all employees engaged in company performance and objectives**
- **Recognizes the links between individual, department and company objectives and performance results**
- **Keeps us aligned with our Vision & Values**
- **Provides focus on performance measures for the year critical to our success**
- **Promotes teamwork; we all win if performance is good**
- **Rewards both company and department performance**

What has changed from last year?

- **New or Revised Company Goals**
 - Equitable Integration Plan
 - PTWP Base Rate Case (replaces Peoples Base Rate Case)
 - Continuation of Peoples/PTWP Integration (remove Service Company Formation)
 - Smart Modernization (DSIC) Program (replaces Cast Iron Program)
 - Additional/ revised metrics for Safety, Customer Service
 - New Financial Targets

How will the 2013 APIP work?

- Both company goals and department goals will drive APIP with the following weightings:



- Company Goal Achievement for all goals except Lost and Unaccounted For and Customer Service Metrics will be based on combined results
- Company Goal Achievement for Lost and Unaccounted For and Customer Service Metrics will be based on individual performance then combined based on throughput weighting for LUF and 80% Peoples/20% PTWP weighting for CS metrics
- Scoring will have partial as well as 100% performance targets, with step payouts
- Linear payout calculations will be used for metric based goals
- Payouts will still be made for departmental goal achievement, even if company goals are not met
- Goal achievement will be based on the targeted APIP annual percentage pay-out for your job group (pro-rated for new hires and pro-rated for different positions held during the year)

Company Objectives – Goal Targets

- **Safety**
 - LD/RD – Based on achieving 1st Quartile performance compared to AGA Peer Companies
 - Emergency Response – Based on meeting or exceeding 2012 performance
 - Utility Fault Damages – Based on meeting or exceeding 2012 performance
 - Smart Modernization Program – Based on meeting the Smart Modernization Program Plan
- **Customer Commitment**
 - PTWP Base Rate Case – Based on meeting plan that will provide financial stability & improve customer service
 - Unaccounted For Gas Reduction - Based on meeting or exceeding PUC 2013 Targets for Peoples and improvement over 2012 for PTWP
 - Customer Service Metrics - Based on meeting or exceeding Sales Settlement Agreements with the PUC
 - Peoples/PTWP Integration – Based on completing the conversion of PTWP’s Customer Care, Billing & Mobile Data Systems according to plan
- **Growth Strategy**
 - Equitable Transition Plan – Based on meeting all critical tasks & milestones to be ready for Day 1 Operation
- **Financial Targets**
 - Cash Flow (EBITDA) - Meet or exceed target
 - Capital – At or below target

Company Objectives - Importance

Objective	Importance
Safety	Reflects our commitment to employee and customer safety
Customer Commitment	Reflects our commitment to improving customer service levels, maintaining our assets in a safe, reliable & responsible manner and replacing aging infrastructure
Growth Strategy	Recognizes our commitment to invest capital to grow our business
Financial Targets	Recognizes the need to meet the financial expectations of the investors and manage our capital investment for the best overall value

2013 Company APIP Goals & Payout Targets

2013 Company APIP Goals			Goal Weighting				Company Goals - Payout Targets	
Category	Goal Wtg	Annual Target	Total	Executive	Managers /Directors	All Others	100% Payout	75% Payout
Safety – 25%								
LD/RD	5%	≤ AGA 1st Quartile	25.000%	18.750%	12.500%	6.250%	≤ AGA 1st Quartile	75% Payout
Emergency Response	5%	≥ 98.6%	5.000%	3.750%	2.500%	1.250%	≥ 98.6%	
Utility Fault Damages	5%	≤25%	5.000%	3.750%	2.500%	1.250%	≤25%	
Smart Modernization	10%	Meet Plan	10.000%	7.500%	5.000%	2.500%	Meet Plan	None
Customer Commitment - 25%								
PTWP Base Rate Case	5%	Meet Plan	5.000%	3.750%	2.500%	1.250%	Meet Plan	None
UAF Gas July % (Peoples/PTWP)	10%	≤ 4.39%/≤3.29%	10.000%	7.500%	5.000%	2.500%	≤ 4.39%/≤3.29%	≤ 4.89%/≤3.38%
CS Sales Settlement Metrics (Peoples - 2014/PTWP - 2013)	5%	≥ Sales Settlement	5.000%	3.750%	2.500%	1.250%	≥ Sales Settlement (7 metrics)	=Sales Settlement or 6 out of 7 metrics
PTWP Systems Integration	5%	Meet Plan	5.000%	3.750%	2.500%	1.250%	Meet Plan	None
Growth – 25%								
EQT Transition	25%	Meet Plan	25.000%	18.750%	12.500%	6.250%	Major milestones & critical tasks met	Growth
Financial - 25%								
EBITDA (\$MM)	12.50%	≥ \$155.3	12.500%	9.375%	6.250%	3.125%	≥ \$155.3	\$151.4 to \$155.2
Capital Budget (\$MM)	12.50%	≤ \$129.0	12.500%	9.375%	6.250%	3.125%	≤ \$129.0	\$128.9 to \$132.2
			100.000%	75.000%	50.000%	25.000%	Witness: Lynda W. Petrichevich	

Payouts will be based on 75% to 100% achievement with linear interpolation between those ranges

Financial Goal Definitions

- **Cash Flow – as defined by EBITDA or Earnings Before Interest, Tax, Depreciation and Amortization expenses**
 - This is a KEY Company Objective!
 - EBITDA Definitions
 - Company’s profit before taxes and financing costs
 - Revenues less expenses (excluding tax, interest, depreciation & amortization)
 - Operating revenues from customers less gas cost expense, less operation and maintenance expense less non-income taxes (payroll, property)
- **Capital – Funds spent on replacing/adding lines, services, regulating stations, equipment, compressor stations, vehicles, facilities, meters, etc. and on IT Infrastructure**

Departmental Objectives

- **Specific APIP Objectives for each department**
- **Department Goals will be shared within the department**
- **All departments will have O&M controllable budget and community involvement goals**
- **Operations & IT will have individual capital budget goals**
- **Department goal payout ranges will be 50% to 100%, with specific achievement levels identified for each goal. (e.g. 95% achievement of the Department O&M budget goal equates to a 50% payout for that goal.)**

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Questions?
Contact your HR Representative or
Ask your Supervisor

Peoples TWP LLC
§ Exhibit VI.II

RR 28. Please provide the percentage wage rate increases granted by the Company by date and employee category for the three most recent calendar years and the current year to date.

* * * * *

Category	2008	2009	2010	2011	2012
	1-Jan	1-Jan	1-Jan	1-Jan	1-Mar
Non-Union	4.27%	2.88%	N/A*	2.67%	3.00%
	1-May	1-May	1-May	1-May	1-May
Union	3.00%	3.00%	4.00%	3.00%	1.50%

* Non-Union data is not readily available

Peoples TWP LLC
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RR 29. Please provide an analysis (description, dates and amounts) of any gains or losses on utility property sold for the lesser of the last three years or since the Company's last rate case or anticipated during the FTY. Explain how such amounts have been treated for ratemaking purposes.

* * * * *

Peoples TWP has experienced no gains or losses on utility property sold within the last three years and does not anticipate any utility property sales during the future test year.

Peoples TWP LLC
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RR 30. Please provide the level of each of the following which is included in the Company's cost of service by separate type and/or payee, which are incurred directly by the Company or are allocated or billed to the Company by affiliates or its parent company.

- a. fines and penalties;
- b. contributions and donations;
- c. membership dues;
- d. lobbying expense;
- e. employee activity costs (e.g., picnics, parties, awards);
- f. investor relations expenses

* * * * *

Please refer to Attachment 1. Refer to the testimony of Lynda W. Petrichevich, Peoples TWP Statement No. 11, for the inclusions in the cost of service.

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR30
Twelve Months Ended December 31, 2012

a. Fines and Penalties:	
PA Fish & Boat Commission	1,500.00
Total Fines and Penalties:	<u>1,500.00</u>
b. Contributions and Donations:	
AMERICAN HEART ASSOCIATION	100.00
ARMSTRONG CO. FOSTER PARENTS	100.00
ARMSTRONG COUNTY COMMUNITY	100.00
BC3 EDUCATION FOUNDATION	1,300.00
BELL TWP FIRE CO.	250.00
BIG BROTHERS & BIG SISTER	500.00
BLACK LICK VFC	250.00
BUREAU OF FIRE	250.00
BUTLER CO. BAR ASSOCIATION	100.00
BUTLER CO. CHAMBER OF COMMERCE	500.00
BUTLER CO. COMMUNITY COLLEGE	50,000.00
BUTLER CO. EMERGENCY RELIEF	5,000.00
BUTLER CO. TOURISM	2,500.00
BUTLER COUNTY SYMPHONY ASSOCIATION	250.00
BUTLER FARM SHOW BUILDING	2,000.00
BUTLER GIRLS BASKETBALL	500.00
BUTLER LITTLE THEATER	120.00
BUTLER SCHOOL DISTRICT	219.00
BUTLER TOWNSHIP	395.00
CENTER FOR COMMUNITY RESOURCES	500.00
CITIZENS HOSE AMBULANCE	50.00
CITY OF BUTLER PARKS RECREATION	6,500.00
CITY OF BUTLER SHADE TREE	2,000.00
CLYMER VOL. FIRE DEPT.	250.00
COMMUNITIES IN SCHOOL OF PITTSBURGH - ALLEGHENY COUNTY	20,000.00
COMMUNITY ACTION PROGRAM	50.00
COMMUNITY CARE CONNECTION	200.00
COMMUNITY HEALTH CLINIC	500.00
COVENANT UNITED PRESBYTERY	150.00
DAVIDS HALLMARK - JEFFERSON DISTRICT GIFT BASKET	22.25
DAYTON DISTRICT	50.00
DISTINGUISHED YOUNG WOMEN	1,000.00
DOLLAR ENERGY FUND	7,500.00
EAST BUTLER VOLUNTEER FIRE COMPANY	50.00
EAST FRANKLIN VOLUNTEER FIRE COMPANY	50.00
ENCORE ENTERPRISES - OFFICER PHIL PROGRAM	199.00
ERIN GANNON	20.00
GIANT EAGLE - UNITED WAY GIFT CERTIFICATES	350.00
GOLDEN TORNADO SCHOLASTIC	850.00
HARRISON HILLS VOL.FIRE COMPANY	50.00
INDI-ANNA CHAPTER	100.00
JR ADVERTISING SPECIALTIES	1,298.57
KAIB	150.00
KNOCH FOOTBALL GAME PROGRAM	500.00
LEDDON CONTRACTING, LLC	8,720.00

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR30
Twelve Months Ended December 31, 2012

LEUKEMIA & LYMPHOMA SOCIETY	100.00
LICK HILL VOL. FIRE CO.	50.00
LIFESTEPS OF BUTLER COUNTY	50.00
LILY'S LLC - JEFFERSON UNITED WAY PROGRAM BREAKFAST	308.89
MARION CENTER FIRE DEPT.	250.00
MARION CENTER VARSITY SOFTBALL	200.00
MARY LEHNERD	100.00
MORAIN TRAILS COUNCIL	100.00
MT. ZION LUTHERAN CHURCH	50.00
NEW VISION FOR BUTLER	75.00
OLIVER TWP. FIRE CO.	250.00
ONEIDA VALLEY VFC	250.00
PAUL LAURENCE DUNBAR	2,500.00
PERRY TWP VOLUNTEER FIRE COMPANY	250.00
PIZZA JOES - TROOP COLLECTION	74.39
PLUMVILLE VOL. FIRE DEPT.	250.00
PROVIDENCE CONNECTIONS INC.	1,250.00
PUBLIC RELATIONS INSTITUTE	1,482.63
PUNXSUTAWNEY GROUNDHOG	100.00
PUNXSUTAWNEY WEATHER DISCOVERY CENTER	30,000.00
RAYBURN TWP. FIRE DEPT.	50.00
RINGGOLD AREA V.F.C	250.00
ROTARY CLUB OF BUTLER	125.00
SALTSBURG VOL. FIRE DEPT.	250.00
SARVER VFC	250.00
SPECIAL OLYMPICS BUTLER COUNTY	100.00
STARBUCKSSTORE.COM - GIFT BASKET	70.80
STRONGLAND CHAMBER OF COMMERCE	100.00
TANGLEWOOD CENTER	100.00
TARENTUM FIRE DEPARTMENT	50.00
THE FRESH AIR FUND	100.00
THE LIGHTHOUSE FONDATION	500.00
THE SALVATION ARMY	100.00
TODD WOGAN REHABILITATION	900.00
TOYS FOR TOTS	100.00
TUNNELTON CONEMAUGH TWP VFC	250.00
UNITED WAY OF BUTLER CO.	34,154.00
VICTIM OUTREACH INTERVENT	100.00
VNA	300.00
WAL-MART SUPERCENTER - BANTAM JEEP FESTIVAL	111.42
WAL-MART SUPERCENTER - JEFFERSON DISTRICT GIFT BASKETS	194.76
WAL-MART SUPERCENTER - TROOP COLLECTION	153.93
WORTHINGTON/WEST FRANKLIN VFD	50.00
YWCA OF BUTLER	100.00
Total Contributions and Donations	191,694.64

c. Membership Dues

ALLEGHENY VALLEY CHAMBER OF COMMERCE	400.00
AMERICAN INSTITUTE CERTIFIED PUBLIC ACCOUNTANTS	790.00
AMERICAN SOCIETY OF CIVIL ENGINEERS	260.00

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR30
Twelve Months Ended December 31, 2012

ARMSTRONG COUNTY CHAMBER OF COMMERCE	540.00
BUTLER COUNTY BAR ASSOCIATION	390.00
CDC OF BUTLER COUNTY	1,000.00
DEPARTMENT OF STATE CORPORATIONS	83.00
ENERGY ASSOCIATION OF PA	12,073.00
HEALTH & HUMAN SERVICE COUNCIL OF BUTLER COUNTY	5.00
INDIANA COUNTY CHAMBER OF COMMERCE	450.00
MIDWEST ENERGY ASSOCIATION	9,573.00
NACE INTERNATIONAL	130.00
NEW KENSINGTON AREA CHAMBER OF COMMERCE	250.00
PA INSTITUTE CERTIFIED PUBLIC ACCOUNTANTS	580.00
STRONGLAND CHAMBER OF COMMERCE	237.50
UTILITIES TELECOM CO	3,750.00
W PA CORROSION CONTROL COMMISSION	30.00
WESTERN PA MINORITY SUPPLIER DEVELOPMENT COUNCIL	2,100.00
Total Membership Dues	32,641.50
d. Lobbying Expenses	NONE
e. Employee Activity Costs	
BARKUS CHOCOLATES	159.50
BRUCE WIEGAND	2,536.00
BUTLER BLUESOX	1,260.00
BUTLER CHRISTMAS PARADE	2,930.34
CHAMBER OF COMMERCE GOLF OUTING	42.39
CITY OF BUTLER PARKS & RECREATION	650.00
COMPANY PICNIC & EMPLOYEE MEALS	11,676.98
EMPLOYEE CHRISTMAS PARTY	4,847.58
GIANT EAGLE	500.00
JAKES ON THE GREEN	39.75
JPC EVENT GROUP	3,631.47
JR ADVERTISING SPECIALTY	1,262.30
LOWES	167.37
MARK-IM.COM	961.30
MISCELLANEOUS	89.14
NORTHERN GOLF OUTING	12,246.75
PINK DAY	200.32
PITTSBURGH BALLET	60.98
PITTSBURGH PIRATES TICKETS	4,132.22
ROTARY CLUB OF BUTLER	500.00
SOUTHERN OUTING	480.00
STEELER TICKETS	7,564.00
STRONGLAND CHAMBER OF COMMERCE	420.00
WORKINGMAN'S STORE	6,702.70
Total Employee Activity Costs	63,061.09
f. Investor Relations Expense	NONE

Peoples TWP LLC
§ Exhibit VI.II

RR 31. Please provide a description and the purpose for membership for each organization listed in the previous response.

* * * * *

<u>Payment</u>	<u>Payee & Descriptions</u>
\$ 400.00	<p><u>Allegheny Valley Chamber of Commerce</u> The mission of the chamber is to promote economic stability, facilitate growth and development of the business community and its interests and provide services to create a competitive edge for members.</p>
\$ 790.00	<p><u>American Institute Certified Public Accountants</u> Committed to member service and the public interest, the American Institute of Certified Public Accountants (AICPA) and its predecessors have been serving the accounting profession since 1887.</p>
\$ 260.00	<p><u>American Society of Civil Engineers</u> The American Society of Civil Engineers (ASCE) standards provide technical guidelines for promoting safety, reliability, productivity and efficiency across all areas of civil engineering. These voluntary standards are written by experts with knowledge and expertise in a particular field.</p>
\$ 540.00	<p><u>Armstrong County Chamber of Commerce</u> The mission of the chamber is to support, enhance and develop existing business and create an environment that attracts new business.</p>
\$ 390.00	<p><u>Butler County Bar Association</u> The Butler County Bar Association is a non-profit organization comprised of attorneys who either live or practice in Butler County. The association exists to benefit its members as well as to serve the legal profession</p> <p>and the public at large by promoting access to justice, fostering professional excellence and respect of the law, improve public understanding of the legal system and facilitate access to legal services.</p>

\$	1,000.00	<p><u>Community Development Corporation of Butler County</u> The Community Development Corporation (CDC) of Butler County's mission is to develop and maintain an environment that creates and retains jobs, improves the quality of life and establishes a positive image and business climate.</p>
\$	83.00	<p><u>Department of State Corporations</u> The bureau is the repository for the records of companies authorized to do business in the state of Pennsylvania. Dissemination of the information contained on bureau records is a major function as well as being the official record keeper of business documents.</p>
\$	12,073.00	<p><u>Energy Association of PA</u> The Energy Association of Pennsylvania is an advocate for its members on policy issues before the General Assembly, the Public Utility Commission and various other state governmental agencies. EAP staff regularly participates in industry and government forums, testifies before key legislative committees and coordinates industry-wide positions in complex regulatory proceedings.</p>
\$	5.00	<p><u>Health & Human Service Council of Butler County</u> The Butler County chapter of Health and Human Services is a network of providers working together for the residents of Butler County. To share, learn and refer clients to social services available.</p>
\$	450.00	<p><u>Indiana County Chamber of Commerce</u> The chamber is a business membership organization focused on providing legislative, regulatory and political advocacy in the General Assembly providing an agenda of help, services and advocacy.</p>
\$	9,573.00	<p><u>Midwest Energy Association</u> The Midwest Energy Association (MEA) mission is to further operational excellence in energy delivery by providing resources that continually improve members' proficiency, efficiency and safety.</p>
\$	130.00	<p><u>NACE International</u> NACE International is dedicated to protecting the environment , promoting public safety and reducing the economic impact of corrosion by advancing the knowledge of corrosion engineering and science.</p>
\$	250.00	<p><u>New Kensington Area Chamber of Commerce</u></p>

The chamber includes businesses that work together to promote and develop the downtown area.

\$	580.00	<u>PA Institute Certified Public Accountants</u> The Pennsylvania Institute of Certified Public Accountants (PICPA) is the premiere statewide resource for top-class continuing professional education programs, professional networking , business friendly advocacy, thoughtful leadership and a full range of services for accounting professionals.
\$	237.50	<u>Strongland Chamber of Commerce</u> The chamber of commerce located in Vandergrift, Pennsylvania is a private company categorized under chambers of commerce established in 1991 to provide community development and growth.
\$	3,750.00	<u>Utilities Telecom Council</u> Utilities Telecom Council is an advocate of utility telecommunications interests and a resource in technical , legal and regulatory matters associated with telecommunications.
\$	30.00	<u>W PA Corrosion Control Committee</u> The purpose of the committee is to institute and foster cooperative corrosion control and promote an exchange of technical information in the field of corrosion control.
\$	2,100.00	<u>Western PA Minority Supplier Development Council</u> The council provides certified minority business enterprises the access, technical assistance, training and support needed to expand and market their services to corporate buyers.
\$	32,641.50	Total

Peoples TWP LLC
§ Exhibit VI.II

RR 32. Please provide the level of payments made to industry organizations included in cost of service along with a description of each payee organization or project.

* * * * *

All of the memberships listed in VI.II.RR.31 are industry organizations.

Peoples TWP LLC
§ Exhibit VI.II

RR 33. Please provide the following information related to the Company's membership in AGA:

- a. Cost included in requested cost of service.
- b. Cost excluded from requested cost of service.
- c. Copy of the most recent audit report of AGA expenditures prepared by NARUC.
- d. Most recent correspondence received from AGA which addresses the percentage of dues related to lobbying or other separate activities.
- e. Policy statement, objective, purpose, etc. of AGA.

* * * * *

Peoples TWP is not a member of the AGA.

Peoples TWP LLC
§ Exhibit VI.II

RR 34. Please provide a copy of the most recent FERC audit findings, the Company's response and final disposition of audit exceptions.

* * * * *

Peoples TWP is not audited by the FERC.

Peoples TWP LLC
§ Exhibit VI.II

RR 35. Please provide the annual level of forfeited discounts or late payment charges for the preceding three calendar years. Identify the level of sales revenue with which these are associated.

* * * * *

Please refer to the attachment.

**Peoples TWP LLC
Exhibit VI.II.RR.35
Forfeited Discounts
by Calendar Year**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Forfeited Discounts	\$ 339,652	\$ 217,125	\$ 219,390
Residential Revenue	\$ 53,068,093	\$ 67,859,811	\$ 62,971,976
Commercial and Industrial Sales	\$ 18,871,629	\$ 28,114,494	\$ 30,865,951
Sales for Resale	\$ 215,380	\$ 328,532	\$ 422,917
Total Sales Revenue	\$ 72,155,103	\$ 96,302,837	\$ 94,260,844

Peoples TWP LLC
§ Exhibit VI.II

RR 36. If not reflected in the lead-lag study, please provide a listing of the various types of employee withholdings, garnishments and other employee funds held by the Company for remittance at a later date.

* * * * *

Peoples TWP reflects all employee withholdings in the derivation of the payroll expense lead for its lead-lag study.

Peoples TWP LLC
§ Exhibit VI.II

RR 37. Please provide all detailed workpapers supporting the adjustments to rate base and operating income.

* * * * *

Refer to the attached.

Peoples TWP
FFTY CUSTOMERS COUNTS

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
RETAIL													
Residential	55,923	55,945	55,996	56,026	55,793	55,890	55,538	55,502	55,485	55,604	55,918	55,969	669,589
SGS	3,948	3,962	3,957	3,952	3,926	3,931	3,920	3,911	3,906	3,912	3,926	3,935	47,186
MGS	297	296	295	295	293	293	309	309	309	308	308	308	3,620
LGS-I	3	3	3	3	3	3	3	3	2	2	2	2	31
LGS-II	2	2	2	2	2	2	2	2	2	2	2	2	24
TRANSPORT													
Residential	-	-	-	-	-	-	-	-	-	-	-	-	-
SGS	14	14	14	14	14	14	14	14	14	14	14	14	168
MGS	87	87	87	87	87	87	87	87	87	87	87	87	1,044
LGS-I	6	6	6	6	6	6	6	6	6	6	6	6	72
LGS-II	14	14	14	14	14	14	14	14	14	14	14	14	168
FTS	2	2	2	2	2	2	2	2	2	2	2	2	24
GRANDTOTAL	60,296	60,331	60,376	60,401	60,140	60,242	59,895	59,850	59,827	59,952	60,279	60,339	721,927

Peoples TWP
FFTY VOLUMES

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
RETAIL													
Residential	892,425	764,484	647,543	326,978	188,133	77,539	70,381	70,336	100,609	223,153	544,445	802,788	4,708,814
SGS	145,582	126,422	109,705	53,783	32,994	31,144	13,532	13,817	17,489	33,523	81,382	127,278	786,650
MGS	145,926	123,157	104,228	57,003	35,439	32,924	21,849	23,834	25,866	51,051	102,401	138,106	861,785
LGS-I	14,763	14,401	13,588	8,706	8,942	7,036	6,254	3,893	7,188	5,712	9,340	11,630	111,454
LGS-II	18,600	16,800	18,600	18,000	18,600	18,000	18,600	18,600	18,000	18,600	18,000	18,600	219,000
TRANSPORT													
Residential													
SGS	979	446	430	266	59	47	34	161	236	764	1,235	1,750	6,407
MGS	61,177	52,996	56,939	31,484	23,953	15,211	16,053	23,432	29,173	41,572	44,990	58,902	455,880
LGS-I	36,426	20,721	23,181	21,956	18,325	18,233	20,020	15,014	23,754	28,168	29,063	33,569	288,430
LGS-II	898,535	793,240	801,110	788,010	687,900	798,150	812,840	818,865	798,150	835,760	821,550	851,933	9,706,043
FTS	110,277	109,208	112,779	111,730	109,030	112,407	112,386	111,245	112,695	110,947	136,304	136,042	1,385,050
GRANDTOTAL	2,324,690	2,021,875	1,888,103	1,417,915	1,123,375	1,110,690	1,091,949	1,099,197	1,133,160	1,349,251	1,788,710	2,180,598	18,529,513

Peoples TWP Normalization

RESIDENTIAL

Month	2012	Customers	Actual MCF	Actual HDD	Normal HDD	Baseload Factor	Heatload Factor	Normalized Mcf	Normalized UPC
January	2012	55,917	793,420	947	1,110	2,346	761	917,468	16.41
February	2012	55,939	757,454	881	946	2,347	777	807,971	14.44
March	2012	55,990	647,642	677	778	2,349	856	734,099	13.11
April	2012	56,020	350,196	404	403	2,350	686	349,510	6.24
May	2012	55,787	221,068	251	184	2,340	592	181,425	3.25
June	2012	55,884	88,708	54	30	2,345	297	81,585	1.46
July	2012	55,532	71,257	3	3	2,330	0	69,894	1.26
August	2012	55,496	70,814	1	6	2,328	0	72,177	1.30
September	2012	55,479	89,472	27	81	2,328	641	124,107	2.24
October	2012	55,598	217,716	238	379	2,333	621	305,242	5.49
November	2012	55,918	373,704	460	643	2,346	654	493,441	8.82
December	2012	55,963	613,213	790	988	2,348	687	749,251	13.39
Total		669,523	4,294,663	4,733	5,551			4,886,169	87.41

Peoples TWP Normalization

GSS

Month	Year	Customers	Actual MCF	Actual HDD	Normal HDD	Baseload Factor	Heatload Factor	Normalized Mcf	Normalized UPC
January	2012	4,173	234,118	947	1,110	890	218	269,664	64.62
February	2012	4,188	222,213	881	946	894	224	236,762	56.53
March	2012	4,181	183,442	677	778	892	234	207,083	49.53
April	2012	4,177	106,544	404	403	891	202	106,342	25.46
May	2012	4,148	59,875	251	184	885	140	50,507	12.18
June	2012	4,152	30,555	54	30	886	107	27,999	6.74
July	2012	4,154	26,552	3	3	886	0	24,815	5.97
August	2012	4,142	27,432	1	6	884	0	24,744	5.97
September	2012	4,135	33,049	27	81	882	309	49,743	12.03
October	2012	4,139	60,765	238	379	883	151	82,116	19.84
November	2012	4,153	103,466	460	643	886	171	134,758	32.45
December	2012	4,163	174,195	790	988	888	189	211,621	50.83
Total				4,733	5,551			1,426,154	342.16

Peoples TWP Normalization

GSL Retail

Month	Customers	Actual MCF	Actual HDD	Normal HDD	Baseload Factor	Heatload Factor	Normalized Mcf	Normalized UPC
January 2012	63	78,644	947	1,110	785	57	87,992	1396.70
February 2012	56	66,141	881	946	698	51	69,425	1239.73
March 2012	56	51,944	677	778	698	47	56,675	1012.05
April 2012	55	42,889	404	403	685	54	42,835	778.83
May 2012	55	28,165	251	184	685	28	26,317	478.49
June 2012	56	22,176	54	30	698	10	21,933	391.65
July 2012	57	21,813	3	3	710	0	21,304	373.76
August 2012	53	19,986	1	6	660	0	20,470	386.22
September 2012	52	21,131	27	81	648	39	23,226	446.66
October 2012	54	39,348	238	379	673	81	50,702	938.93
November 2012	54	40,530	460	643	673	43	48,357	895.50
December 2012	53	58,644	790	988	660	49	68,377	1290.14
Total	664	491,411	4,733	5,551			537,614	9,628.66

Peoples TWP Normalization

GSL Transport

Month	Customers	Actual MCF	Actual HDD	Normal HDD	Baseload Factor	Heatload Factor	Normalized Mcf	Normalized UPC
January 2012	90	96,274	947	1,110	1,023	68	107,386	1193.17
February 2012	96	91,545	881	946	1,091	66	95,803	997.95
March 2012	96	48,383	677	778	1,091	25	50,880	530.00
April 2012	96	60,957	404	403	1,091	67	60,890	634.27
May 2012	96	45,061	251	184	1,091	45	42,063	438.16
June 2012	96	35,507	54	30	1,091	31	34,762	362.11
July 2012	99	32,459	3	3	1,125	0	33,763	341.04
August 2012	105	38,273	1	6	1,194	0	37,003	352.41
September 2012	107	40,826	27	81	1,216	115	47,062	439.84
October 2012	107	69,257	238	379	1,216	138	88,669	828.68
November 2012	107	87,625	460	643	1,216	109	107,483	1004.52
December 2012	107	87,756	790	988	1,216	65	100,605	940.23
Total	1,202	733,923	4,733	5,551			806,369	8,062.37

PTWP Gas - Residential & Commercial Throughput Data

Year	Usage per Customer		Actual Usage		Normalized Usage		Actual HDD	Normal HDD 20 Year Avg	Avg. Monthly Customers		Base Load/Customer	
	Plan	Residential	Residential	Commercial	Residential	Commercial			Residential	Commercial	Residential	Commercial
2007		91.88	5,135,776	2,937,246	5,135,930	2,954,537	5494	5551	55,791	4,209		
2008		89.01	5,239,385	2,973,472	4,987,110	2,971,107	5729	5551	55,963	4,222		
2009		88.51	5,045,053	2,775,920	4,967,515	2,775,284	5620	5551	56,047	4,257		
2010		88.91	5,053,688	2,277,584	4,907,922	2,913,344	5369	5551	56,198	4,445		
2011		89.60	5,009,121	2,802,817	4,992,677	2,876,368	5191	5551	55,563	4,161		
2012		87.41	4,294,664	2,454,592	4,886,169	2,733,282	4733	5551	55,794	4,309		
2013					4,807,991	2,670,518						
2014	85.11				4,758,404	2,636,362						
2015	84.22				4,708,477	2,593,494						
2016	83.33				4,658,886	2,545,772						

	Residential	Commercial
(Mcf)		
	-2.87	2.09
	-0.50	-53.57
	0.40	29.10
	0.70	0.60
	-2.19	-36.28

Average UPC	88.69	661.08
Annual Change 5yr	-0.89	-11.61
	-1.01%	-1.76%

5 Year Avg UPC	-0.89	-11.61
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**PTWP
 HISTORIAL CUSTOMER COUNT INFORMATION**

	Residential Customers			Commercial Customers		
	Total	Average	% Change	Total	Average	% Change
2012	669,517	55,793	279	51,711	4,309	18
2011	666,174	55,515	-686	51,490	4,291	-56
2010	674,408	56,201	155	52,159	4,347	22
2009	672,554	56,046	98	51,898	4,325	49
2008	671,380	55,948	158	51,307	4,276	14
2007	669,488	55,791	55,791	51,134	4,261	4,261
5Year	Average % Increase 2008 through 2012		0.00%	Average % Increase 2008 through 2012		0.23%
	Customer count projection		2	Customer count projection		10

**PTWP GAS
 RESIDENTIAL CUSTOMER COUNT SPREAD**

Month	Year	Customers	1	2	2013	2014	2015	2016	2017	2018
January	2012	55,917	0.1		55,919	55,921	55,923	55,925	55,927	55,929
February	2012	55,939	0.1		55,941	55,943	55,945	55,947	55,949	55,951
March	2012	55,990	0.1		55,992	55,994	55,996	55,998	56,000	56,002
April	2012	56,020	0.1		56,022	56,024	56,026	56,028	56,030	56,032
May	2012	55,787	0.1		55,789	55,791	55,793	55,795	55,797	55,799
June	2012	55,884	0.1		55,886	55,888	55,890	55,892	55,894	55,896
July	2012	55,532	0.1		55,534	55,536	55,538	55,540	55,542	55,544
August	2012	55,496	0.1		55,498	55,500	55,502	55,504	55,506	55,508
September	2012	55,479	0.1		55,481	55,483	55,485	55,487	55,489	55,491
October	2012	55,598	0.1		55,600	55,602	55,604	55,606	55,608	55,610
November	2012	55,912	0.1		55,914	55,916	55,918	55,920	55,922	55,924
December	2012	55,963	0.1		55,965	55,967	55,969	55,971	55,973	55,975
Total		669,517	1.6		669,541	669,565	669,589	669,613	669,637	669,661

**PTWP GAS
 COMMERCIAL CUSTOMER COUNT SPREAD**

Month	Year	Customers	5		2013	2014	2015	2016	2017	2018
			0.23%	10						
January	2012	4,321	0.8	4,331	4,341	4,351	4,361	4,371	4,381	
February	2012	4,335	0.8	4,345	4,355	4,365	4,375	4,385	4,395	
March	2012	4,328	0.8	4,338	4,348	4,358	4,368	4,378	4,388	
April	2012	4,323	0.8	4,333	4,343	4,353	4,363	4,373	4,383	
May	2012	4,294	0.8	4,304	4,314	4,324	4,334	4,344	4,354	
June	2012	4,299	0.8	4,309	4,319	4,329	4,339	4,349	4,359	
July	2012	4,305	0.8	4,315	4,325	4,335	4,345	4,355	4,365	
August	2012	4,295	0.8	4,305	4,315	4,325	4,335	4,345	4,355	
September	2012	4,289	0.8	4,299	4,309	4,319	4,329	4,339	4,349	
October	2012	4,295	0.8	4,305	4,315	4,325	4,335	4,345	4,355	
November	2012	4,309	0.8	4,319	4,329	4,339	4,349	4,359	4,369	
December	2012	4,318	0.8	4,328	4,338	4,348	4,358	4,368	4,378	
Total		51,711	9.8	51,831	51,951	52,071	52,191	52,311	52,431	

Peoples TWP
HDDs

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1979	1,346	1,311	671	458	219	38	23	26	111	438	601	935	6,177
1980	1,175	1,177	906	500	172	71	0	5	48	476	787	1,117	6,434
1981	1,372	936	904	391	223	18	3	10	159	475	736	1,098	6,325
1982	1,361	1,017	819	586	82	67	9	23	119	336	605	770	5,794
1983	1,080	904	746	535	280	44	10	2	126	365	639	1,223	5,954
1984	1,293	823	1,008	471	305	16	12	7	165	214	734	790	5,838
1985	1,322	1,038	701	334	163	65	3	9	116	300	531	1,160	5,742
1986	1,131	936	737	368	148	37	1	40	65	346	733	983	5,525
1987	1,139	904	710	451	145	22	4	20	61	529	560	920	5,465
1988	1,181	1,040	792	461	149	64	5	3	83	570	619	1,018	5,985
1989	905	1,033	739	532	260	25	1	14	102	364	723	1,414	6,112
1990	869	781	657	439	229	49	4	1	116	314	577	829	4,865
1991	1,085	820	674	337	63	5	0	0	127	308	698	913	5,030
1992	1,063	880	805	417	210	50	1	17	116	457	657	956	5,629
1993	920	1,037	841	445	135	43	0	0	118	407	654	1,028	5,628
1994	1,357	988	836	345	278	21	0	10	80	351	516	824	5,606
1995	1,047	1,071	678	487	163	5	0	0	79	269	799	1,150	5,748
1996	1,155	1,005	930	436	215	5	14	1	104	397	853	873	5,988
1997	1,136	834	755	554	329	35	2	21	110	401	774	985	5,936
1998	853	725	703	392	79	70	1	2	49	366	602	866	4,708
1999	1,103	863	906	375	134	37	1	9	101	371	512	923	5,335
2000	1,131	805	610	467	136	33	9	13	90	347	757	1,297	5,695
2001	1,123	833	912	348	171	43	17	2	125	341	497	846	5,258
2002	910	834	739	399	275	15	0	0	38	455	736	1,055	5,456
2003	1,343	1,073	737	348	186	58	0	0	96	442	560	997	5,840
2004	1,319	938	684	417	94	30	4	24	44	359	565	975	5,453
2005	1,087	907	916	376	272	15	0	2	27	368	623	1,153	5,746
2006	825	962	824	330	228	43	3	0	127	432	586	805	5,165
2007	1,000	1,229	666	530	104	21	3	7	61	222	689	938	5,470
2008	1,036	985	860	327	250	18	0	2	42	426	741	984	5,671
2009	1,326	945	699	408	151	22	5	9	55	437	529	1,046	5,632
2010	1,206	1,075	663	301	116	13	5	1	65	354	676	1,215	5,690
2011	1,260	923	795	358	144	14	0	0	86	373	536	842	5,331
20 yr avg	1,110	946	778	403	184	30	3	6	81	379	643	988	5,551

PTWP IT Projects (2013-2017)

IT Capital	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2013
IT/Telecom Sustaining Capital													
Gen IT Infrastructure / Telecom	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 40,104	\$ 481,250
Gen IT - Hardware & Related Software	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 125,000
Gen Intangibles - IT Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Sustaining	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sustaining Capital	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 50,521	\$ 606,250
IT Projects													2013
Operations/Improvement Project - Mobile													
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 22,500
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,750	\$ 37,500	\$ 37,500	\$ 37,500	\$ 56,250	\$ 56,250	\$ 262,500
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,250	\$ -	\$ -	\$ -	\$ 56,250
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,750	\$ -	\$ -	\$ -	\$ 33,750
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,500	\$ 41,250	\$ 131,250	\$ 60,000	\$ 60,000	\$ 60,000	\$ 375,000
Operations/Improvement Project - SCADA													
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer/Service Improvement Project - SAP													
Internal Labor	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 375,000
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ 312,500	\$ 312,500	\$ 312,500	\$ 312,500	\$ 312,500	\$ 375,000	\$ 375,000	\$ 312,500	\$ 312,500	\$ 312,500	\$ 312,500	\$ 312,500	\$ 3,875,000
Software	\$ -	\$ 187,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,500
Total	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 406,250	\$ 406,250	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 4,750,000
Customer/Service Improvement Project - IVR													
Internal Labor	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 75,000
External Labor	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 375,000
Hardware	\$ -	\$ 187,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 187,500
Software	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300,000
Total	\$ 37,500	\$ 525,000	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 937,500
Operations/Improvement Project - Gasstar													
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Improvement Project - ECMS/IMS													
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operations/Improvement Project - Total													
Internal Labor	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 15,000
External Labor	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 343,750	\$ 406,250	\$ 437,500	\$ 431,250	\$ 431,250	\$ 431,250	\$ 462,500	\$ 462,500	\$ 4,812,500
Hardware	\$ -	\$ 187,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Software	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 731,250
Total IT Project Capital	\$ 381,250	\$ 868,750	\$ 381,250	\$ 381,250	\$ 381,250	\$ 443,750	\$ 481,250	\$ 481,250	\$ 481,250	\$ 512,500	\$ 512,500	\$ 512,500	\$ 6,562,500
Grand Total Sustaining & IT Project Capital	\$ 434,771	\$ 919,271	\$ 934,771	\$ 434,771	\$ 434,771	\$ 494,271	\$ 531,771	\$ 531,771	\$ 775,521	\$ 563,021	\$ 563,021	\$ 563,021	\$ 7,168,750

PTWP IT Projects (2013-2017)

IT Capital	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2015
IT/Telecom Sustaining Capital													
Gen IT Infrastructure / Telecom	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 79,958	\$ 887,500
Gen IT Hardware & Related Software	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 10,417	\$ 125,000
Gen IT Hardware - IT Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Sustaining	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Sustaining Capital	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 84,375	\$ 1,012,500
IT Projects													
Internal Labor	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ 3,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,250
External Labor	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$ 11,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,750
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,000
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 75,000
Hardware	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 468,750
Software	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 393,750	\$ 3,937,500
Total	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 1,062,500	\$ 1,062,500	\$ 1,062,500	\$ 1,062,500	\$ 1,062,500	\$ 1,000,000
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
External Labor	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,500
Hardware	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,500
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Total ITWP Projects	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 603,375	\$ 159,375	\$ 190,625	\$ 190,625	\$ 190,625	\$ 190,625	\$ 2,637,500
Internal Labor	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250	\$ 18,750	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 12,500	\$ 118,750
External Labor	\$ 93,750	\$ 93,750	\$ 93,750	\$ 93,750	\$ 93,750	\$ 93,750	\$ 30,000	\$ 62,500	\$ 93,750	\$ 93,750	\$ 93,750	\$ 93,750	\$ 1,050,000
Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,500
Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,750
Total IT Project Capital	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 525,000	\$ 75,000	\$ 106,250	\$ 106,250	\$ 106,250	\$ 106,250	\$ 1,625,000
Grand Total Sustaining & IT Project Capital	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 184,375	\$ 603,375	\$ 159,375	\$ 190,625	\$ 190,625	\$ 190,625	\$ 190,625	\$ 2,637,500

Peoples TWP LLC
Service Company Labor - Exhibit 4B
Direct & Allocated Labor Percentages

ID	CoName	Department	PTWP Direct %	PNG Direct %	Other Direct %	Service Co. %	PTWP SC Allocator %	Other SC Allocator %*	SC to PTWP %	SC to Other %	Total	Notes
PNG1	PNG	PACustomerService	2.00%	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG2	PNG	PACustomerService	2.00%	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG3	PNG	PACustomerService	2.00%	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG4	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG5	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG6	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG7	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG8	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG9	PNG	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG10	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG11	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG12	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG13	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG14	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG15	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG16	PNG	PAFinancial&TaxAcctg	10.00%	85.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG17	PNG	PAFinancial&TaxAcctg	0.00%	90.00%	0.00%	10.00%	18.52%	81.48%	1.85%	8.15%	100.00%	
PNG18	PNG	PAFinancial&TaxAcctg	0.00%	90.00%	10.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG19	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG20	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG21	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG22	PNG	PAFinancial&TaxAcctg	0.00%	90.00%	0.00%	10.00%	18.52%	81.48%	1.85%	8.15%	100.00%	
PNG23	PNG	PAFinancial&TaxAcctg	10.00%	85.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG24	PNG	PAFinancial&TaxAcctg	10.00%	85.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG25	PNG	PAFinancial&TaxAcctg	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG26	PNG	PAFinancial&TaxAcctg	10.00%	85.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG27	PNG	PAGasOperations	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG28	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG29	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG30	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG31	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG32	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	7.06%	92.94%	7.06%	92.94%	100.00%	
PNG33	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG34	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG35	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG36	PNG	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PNG37	PNG	PAGasSupply	0.00%	0.00%	0.00%	100.00%	17.68%	82.32%	17.68%	82.32%	100.00%	
PNG38	PNG	PAGasSupply	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG39	PNG	PAGasSupply	0.00%	0.00%	0.00%	100.00%	17.68%	82.32%	17.68%	82.32%	100.00%	
PNG40	PNG	PAGasSupply	0.00%	0.00%	0.00%	100.00%	17.68%	82.32%	17.68%	82.32%	100.00%	
PNG41	PNG	PAGasSupply	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG42	PNG	PAGasSupply	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	

**Peoples TWP LLC
Service Company Labor - Exhibit 4B
Direct & Allocated Labor Percentages**

ID	CoName	Department	PTWP Direct %	PNG Direct %	Other Direct %	Service Co. %	PTWP SC Allocator %	Other SC Allocator %*	SC to PTWP %	SC to Other %	Total	Notes
PNG43	PNG	PAGasSupply	0.00%	0.00%	0.00%	100.00%	17.68%	82.32%	17.68%	82.32%	100.00%	
PNG44	PNG	PAGasSupply	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG45	PNG	PAGasSupply	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG46	PNG	PAGasSupply	0.00%	0.00%	0.00%	100.00%	17.68%	82.32%	17.68%	82.32%	100.00%	
PNG47	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	7.04%	92.96%	7.04%	92.96%	100.00%	
PNG48	PNG	PAHumanResources	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG49	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG50	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG51	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG52	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG53	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG54	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	7.04%	92.96%	7.04%	92.96%	100.00%	
PNG55	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG56	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	7.04%	92.96%	7.04%	92.96%	100.00%	
PNG57	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG58	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG59	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG60	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	7.04%	92.96%	7.04%	92.96%	100.00%	
PNG61	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG62	PNG	PAHumanResources	0.00%	0.00%	0.00%	100.00%	21.83%	78.17%	21.83%	78.17%	100.00%	
PNG63	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG64	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG65	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG66	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG67	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG68	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG69	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG70	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG71	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG72	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG73	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG74	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG75	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG76	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG77	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG78	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG79	PNG	PAInformationTechnology	2.00%	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG80	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG81	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG82	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG83	PNG	PAInformationTechnology	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG84	PNG	PAInformationTechnology	2.00%	98.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	

Peoples TWP LLC
Service Company Labor - Exhibit 4B
Direct & Allocated Labor Percentages

ID	CoName	Department	PTWP Direct %	PNG Direct %	Other Direct %	Service Co. %	PTWP SC Allocator %	Other SC Allocator %*	SC to PTWP %	SC to Other %	Total	Notes
PNG85	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG86	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG87	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG88	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG89	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG90	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG91	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG92	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG93	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG94	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG95	PNG	PAInformationTechnology	10.00%	90.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG96	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG97	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG98	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG99	PNG	PAInformationTechnology	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG100	PNG	PARRegulatory&Pricing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG101	PNG	PARRegulatory&Pricing	40.00%	40.00%	0.00%	20.00%	18.86%	81.14%	3.77%	16.23%	100.00%	
PNG102	PNG	PARRegulatory&Pricing	40.00%	40.00%	0.00%	20.00%	14.44%	85.56%	2.89%	17.11%	100.00%	
PNG103	PNG	PARRegulatory&Pricing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG104	PNG	PARRegulatory&Pricing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG105	PNG	PARRegulatory&Pricing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG106	PNG	PARRegulatory&Pricing	45.00%	45.00%	0.00%	10.00%	18.86%	81.14%	1.89%	8.11%	100.00%	
PNG107	PNG	PARRegulatory&Pricing	45.00%	45.00%	0.00%	10.00%	18.86%	81.14%	1.89%	8.11%	100.00%	
PNG108	PNG	PARRegulatory&Pricing	40.00%	40.00%	0.00%	20.00%	18.86%	81.14%	3.77%	16.23%	100.00%	
PNG109	PNG	PARRegulatory&Pricing	45.00%	45.00%	0.00%	10.00%	18.86%	81.14%	1.89%	8.11%	100.00%	
PNG110	PNG	PARRegulatory&Pricing	40.00%	40.00%	0.00%	20.00%	18.86%	81.14%	3.77%	16.23%	100.00%	
PNG111	PNG	PARRegulatory&Pricing	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PNG112	PNG	PARRegulatory&Pricing	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG113	PNG	PARRegulatory&Pricing	45.00%	45.00%	0.00%	10.00%	18.86%	81.14%	1.89%	8.11%	100.00%	
PNG114	PNG	PASales&Marketing	30.00%	70.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG115	PNG	PASales&Marketing	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG116	PNG	PASales&Marketing	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG117	PNG	PASales&Marketing	40.00%	60.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG118	PNG	PASales&Marketing	5.00%	95.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG119	PNG	PASales&Marketing	35.00%	65.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG120	PNG	PASales&Marketing	0.00%	0.00%	0.00%	100.00%	26.41%	73.59%	26.41%	73.59%	100.00%	
PNG121	PNG	PATreasury	0.00%	95.00%	0.00%	5.00%	15.00%	85.00%	0.75%	4.25%	100.00%	
PNG122	PNG	PATreasury	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG123	PNG	PATreasury	0.00%	95.00%	0.00%	5.00%	15.00%	85.00%	0.75%	4.25%	100.00%	
PNG124	PNG	PATreasury	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG125	PNG	PATreasury	5.00%	90.00%	0.00%	5.00%	15.00%	85.00%	0.75%	4.25%	100.00%	
PNG126	PNG	PATreasury	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	

Peoples TWP LLC
Service Company Labor - Exhibit 4B
Direct & Allocated Labor Percentages

Volume VII

ID	CoName	Department	PTWP Direct %	PNG Direct %	Other Direct %	Service Co. %	PTWP SC Allocator %	Other SC Allocator %*	SC to PTWP %	SC to Other %	Total	Notes
PNG127	PNG	PATreasury	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PNG128	PNG	PATreasury	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP151	PTWP	PAHumanResources	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP74	PTWP	PACustomerService	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP194	PTWP	PAGasOperations	0.00%	0.00%	0.00%	100.00%	15.01%	84.99%	15.01%	84.99%	100.00%	
PTWP77	PTWP	PACustomerService	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP52	PTWP	PAGasSupply	50.00%	0.00%	0.00%	50.00%	17.68%	82.32%	8.84%	41.16%	100.00%	
PTWP150	PTWP	PARegulatory&Pricing	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP1	PTWP	PAFinancial&TaxAcctg	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP3	PTWP	PAFinancial&TaxAcctg	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP30	PTWP	PAInformationTechnology	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP54	PTWP	PARegulatory&Pricing	40.00%	40.00%	0.00%	20.00%	18.86%	81.14%	3.77%	16.23%	100.00%	
PTWP15	PTWP	PAGasSupply	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP10	PTWP	PAFinancial&TaxAcctg	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP161	PTWP	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	
PTWP2	PTWP	PAFinancial&TaxAcctg	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
PTWP144	PTWP	PAExecutive	0.00%	0.00%	0.00%	100.00%	15.00%	85.00%	15.00%	85.00%	100.00%	

* Includes all Other Companies included in Service Company that will not be charged to PTWP O&M

**Peoples TWP LLC
Match
FF Future Test Year**

	<u>Value</u>	<u>Check</u>	<u>Filing</u>	<u>Reference</u>	<u>Check</u>
Measures of Value					
Calculation	\$ 210,137,046.94				
Input	\$ 210,137,046.94		\$ 210,137,047.04	53.53 I.A.2	
Revenue Increase					
Calculation	\$ 18,664,689.70				
Input	\$ 18,664,689.70		\$ 18,664,689.70	53.53 III.A.17	
Estimated Net Income					
Calculation	\$ 11,830,715.71				
Input	\$ 11,830,715.71		\$ 11,888,200.60	53.53 III.A.17	
Net Income Present Rates					
Calculation	\$ 449,887.40				
Input	\$ 449,887.40		\$ 507,372.29	53.53 III.A.17	
Net Utility Income	\$ 16,747,923		\$ 16,747,923	53.53 III.A.17	
Rate of Return	7.9700%		7.9700%	53.53 II.A.25	
Other Validations:					
Short-Term Interest	\$ 462,302		\$ 462,302	53.53 II.A.26	
Long-Term Interest	\$ 4,454,905		\$ 4,454,905	53.53 II.A.26	
Income Taxes:					
State (U)	\$ 779,143		\$ 779,143	53.53 III.A.55	
Federal (U)	\$ 0		\$ -	53.53 III.A.55	
State (NU)	\$ -		\$ -	53.53 III.A.55	
Federal (NU)	\$ -		\$ 30,953	53.53 III.A.55	
Deferred Taxes	\$ 6,374,550		\$ 6,374,550	53.53 III.A.55	

Peoples TWP LLC
Input Values
FF Future Test Year

Description	Value	Reference
Gross Receipts Tax Rate	0.00000%	Manual
Gross Receipts Tax @ Present Rates	\$ -	Manual
Education Improvement Credit	\$ -	Manual
Neighborhood Assistance Credit	\$ -	Manual
State Income Tax Rate	9.99000%	Manual
Federal Income Tax Rate	35.00000%	Manual
LIURP Rate	0.00000%	Manual
Uncollectible Rate	2.01761%	FTY - Exhibits
Gross-up Factor	1.74440708	Calculation
Non Cash Measures of Value	\$ 203,580,556	53.53 I.A.2
Overall Rate of Return	7.97000%	53.53 II.A.25
Common Equity @ end of FTY	\$ 102,844,423	53.53 II.A.25
Short-Term Debt Rate	0.22000%	53.53 II.A.25
Long-Term Debt Rate	2.12000%	53.53 II.A.25
Cash Working Capital Requirement	\$ 6,556,491	53.53 III.A.15
Net Income HTY at Present Rates	\$ 1,576,662	53.53 III.A.17
Income Before Taxes @ Present Rates	\$ 5,613,506	53.53 III.A.17
Schedule M Adjustment - Deferred Adj	\$ (7,499,975)	53.53 III.A.55
Schedule M Adjustment - Permanent Adj	\$ 7,735	53.53 III.A.55
Net Other Income / Deductions / Taxes	\$ -	53.53 III.A.55
PA Tax Preference	\$ -	53.53 III.A.55
Sec 165 Loss	\$ (498,298)	53.53 III.A.55
PA Sec 165 Loss	\$ -	53.53 III.A.55
PA 50 % Bonus Depreciation	\$ (692,940)	53.53 III.A.55
PA 100 % Bonus Depreciation	0	53.53 III.A.55
Deferred Adjustments - Long Term (Present)	\$ (7,499,975)	53.53 III.A.55
Consolidated Tax Savings	\$ -	53.53 III.A.55
Prior Year Net Operating Loss (Present)	\$ -	53.53 III.A.55
Prior Year Net Operating Loss (Proposed)	\$ (10,713,026)	53.53 III.A.55

**Peoples TWP LLC
 Gross-up Factor
 FF Future Test Year**

	Revenues		1.0000000
Less:	Uncollectibles		0.0201761
	Subtotal		<u>0.9798239</u>
Add:	Prior Year State Loss		(0.1607313)
	After Prior Year State Loss		<u>0.8190926</u>
Less:	State Income Tax	9.99%	0.0818274
Less:	State NOL		<u>(0.0400831)</u>
	State Tax After NOL		0.0417442
	Federal Income Tax Base		<u>0.8979966</u>
Add:	Prior Year Federal Loss		(0.5739729)
	After Prior Year Federal Loss		<u>0.3240237</u>
Less:	Federal Income Tax	35.00%	0.1134083
Less:	Federal NOL		<u>(0.1134083)</u>
	Federal Tax After NOL		0.0000000
	After Federal Tax Base Before NOL Adj		<u>0.9380797</u>
	Deferred Federal Tax Base		<u>0.9380797</u>
Add:	Current Year NOL Adj		0.3283279
	After Deferred Federal Tax		0.6097518
	Gross-Up Factor		<u><u>1.6400115</u></u>

Peoples TWP LLC
 Estimated Net Income
 FF Future Test Year

	Amount at Present Rates	Proposed Revenue Increase	Amount at Proposed Rates
Net Operating Income Before Taxes	\$ 5,613,506	\$ 18,288,110	\$ 23,901,616
Less: Short-Term Interest	0.22000% \$ 462,301.50		\$ 462,301.50
Long-Term Interest	2.12000% \$ 4,454,905		\$ 4,454,905
Schedule M Adjustment - Permanent Adj	\$ (7,735)	\$ -	\$ (7,735)
Schedule M Adjustment - Deferred Adj	\$ 7,499,975	\$ -	\$ 7,499,975
Taxable Income / (Loss) Before State Bonus Depr	\$ (6,795,941)	\$ 18,288,110	\$ 11,492,169
Less: Sec 165 Loss	\$ -	\$ -	\$ -
Add: PA 50 % Bonus Depreciation	\$ (692,940)	\$ -	\$ (692,940)
Income Subject to State Tax After Bonus Before NOL	\$ (7,488,881)	\$ 18,288,110	\$ 10,799,229
Add: Prior Year PA Net Operating Loss	0	(3,000,000)	(3,000,000)
Income Subject to State Tax After Prior NOL	\$ (7,488,881)	\$ 15,288,110	\$ 7,799,229
Pennsylvania Income Tax Expense	9.99% \$ (748,139)	\$ 1,527,282	\$ 779,143
Current Year PA Net Operating Loss	\$ 748,139	(748,139)	\$ -
Pennsylvania Current Income Tax Expense	\$ -	\$ 779,143	\$ 779,143
Income Subject to Federal Tax Before Prior NOL	\$ (6,795,941)	\$ 16,760,827	\$ 10,713,026
Add: Prior Year Federal Net Operating Loss	\$ -	(10,713,026)	\$ (10,713,026)
Income Subject to Federal Tax After Prior NOL	(6,795,941)	6,047,802	0
Federal Income Tax Expense	35.00% \$ (2,116,731)	\$ 2,116,731	\$ 0
Current Year Federal Net Operating Loss	\$ 2,116,731	(2,116,731)	\$ -
Federal Current Income Tax Expense	\$ -	\$ 0	\$ 0
Deferred Adjustments - Long Term	\$ (7,499,975)	\$ -	\$ (7,499,975)
Federal Deferred Income Tax Expense	35.00% \$ 2,624,991	\$ -	\$ 2,624,991
Total Federal Tax Before NOL	\$ 2,624,991	\$ 0	\$ 2,624,991
Current Year Deferred NOL Adjustment	\$ (2,378,579)	\$ 6,128,138	\$ 3,749,559
Total Federal Tax Expense After NOL Adjustment	246,412	6,128,138	6,374,550
Federal Income Tax at Statutory Rate	\$ -	\$ 0	\$ 0
Less: Consolidated Tax Savings	\$ -	\$ -	\$ -
Federal Income Tax Liability after Tax Savings Adj.	\$ -	\$ 0	\$ 0
Net Utility Income	\$ 5,367,094	\$ 11,380,828	\$ 16,747,923
Add: Net Other Income / Deductions / Taxes	\$ -	\$ -	\$ -
Less: State Income Taxes	9.99% \$ -	\$ -	\$ -
Federal Income Taxes	35.00% \$ -	\$ -	\$ -
Interest Charges	\$ 4,917,207	\$ -	\$ 4,917,207
Net Income	\$ 449,887	\$ 11,380,828	\$ 11,830,716
Net Operating Income Before Taxes	\$ 5,613,506	\$ 18,288,110	\$ 23,901,616
Less: Interest Expense	\$ 4,917,207	\$ -	\$ 4,917,207
Federal Base	\$ 704,034	\$ 17,508,967	\$ 18,213,001
Federal Tax Rate	35.00%	35.00%	35.00%
Maximum Federal Tax	\$ 246,412	\$ 6,128,138	\$ 6,374,550

Peoples Natural Gas Company LLC
Estimate of Rate Base
FF Future Test Year

	<u>Amount</u>
Measures of Value (Excluding Cash Working Capital)	\$ 203,580,556
Estimate of Lead Lag	\$ 6,556,491
Total Estimated Measures of Value	<u>\$ 210,137,047</u>
Overall Rate of Return	7.970000%
Total Net Utility Income at Proposed Rates	<u>\$ 16,747,923</u>
Less: Net Utility at Present Rates	\$ 5,367,094
Increase to Net Utility Income	\$ 11,380,828
Gross-up Factor	1.64001153
Revenue Increase	<u>\$ 18,664,690</u>

Peoples TWP LLC
§ Exhibit VI.II

RR 38. Please provide a copy of the Company's most recent SFAS 106 plan actuarial study.

* * * * *

Please refer to the attachment for both the pension and the SFAS 106 actuarial study as of December 31, 2012 from Hallet Associates, Inc.



2581 Wexford-Bayne Road, Suite 402
Sewickley, Pennsylvania 15143-8676

724.934.2790
Fax 724.934.2796
www.hallettassociates.com

January 29, 2013

Carolyn B. McKinney
Vice President, Human Resources
Peoples Natural Gas
375 North Shore Drive
Suite 600
Pittsburgh, PA 15212

RE: FASB ASC 715-30 Report for Hourly-Paid Employees

Dear Carolyn:

Enclosed are four copies of the FASB ASC 715-30 Report for the fiscal year ending December 31, 2012. In addition, we have enclosed a copy of the FASB ASC 715-30 net periodic pension cost for 2013.

We will be pleased to review the report with you and to answer any questions that you may have concerning its contents.

Sincerely,

A handwritten signature in blue ink, appearing to read "Keith L. Nichols".

Keith L. Nichols, M.A.A.A.

Enclosures



**PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF
T.W. PHILLIPS GAS AND OIL COMPANY**

Financial Accounting Standards Board ASC 715-30 Report

**For the Fiscal Year
January 1, 2012 through December 31, 2012**



2591 Wexford-Bayne Road, Suite 402
Sewckley, Pennsylvania 15143-8676

724.934.2790
Fax 724 934.2796
www.hallettassociates.com

January 29, 2013

Carolyn B. McKinney
Vice President, Human Resources
Peoples Natural Gas
375 North Shore Drive
Suite 600
Pittsburgh, PA 15212

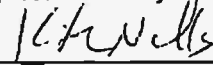
Dear Ms. McKinney:

We are pleased to present the Financial Accounting Standards Board ASC 715-30 Report of the Pension Plan for Hourly-Paid Employees of T.W. Phillips Gas & Oil Company for the fiscal year January 1, 2012 through December 31, 2012. This report was prepared for the Plan Sponsor and its professional advisors as of December 31, 2012. This report has been prepared for the purpose of fulfilling the plan's accounting requirements and is based on our understanding of Financial Accounting Standards Board ASC 715-30. **Determinations for purposes other than meeting the Plan's financial accounting requirements may be significantly different from the results illustrated in this report.**

The valuation is based on employee data and asset information furnished by Peoples TWP. We have tested this information for reasonableness in accordance with generally accepted actuarial principles and practices and found it to be reasonable and consistent, but have otherwise relied on it without audit. The actuarial calculations have been made in accordance with the actuarial assumptions, funding methods and the summary of the Plan provisions stated in the report. In my opinion, the actuarial assumptions are reasonable both individually and in the aggregate, taking into account the experience of the Plan and reasonable expectations for the future. The report has been conducted in accordance with generally accepted actuarial principles and practices. This report is complete and accurate to the best of my knowledge. To the best of my knowledge neither Hallett Associates nor I have a conflict of interest.

The information contained in this report is a projection of liabilities based upon stated assumptions and is not an exact statement of the Plan's ultimate benefits or liabilities. Future actuarial measurements may differ significantly from the current measurements due to various factors, including: changes in actuarial assumptions, actual plan experience differing from anticipated experience, and changes in the plan provisions or the applicable law. Determinations for purposes other than those stated above may be significantly different from the results illustrated in this report.

I am a member of the American Academy of Actuaries, and I meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. We will be pleased to review the report with you and to answer any questions that you may have concerning its contents.



Keith L. Nichols M.A.A.A.

11-04725

Enrollment No.

1/29/13

Date

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.**Development of Net Periodic Pension Cost - January 1, 2012****Net periodic pension cost****(a) Service cost**

(i) Beginning of year	\$	0
(ii) Interest at 4.15% on (i)		0
(iii) Expenses included in service cost		0
(iv) End of year: (i)+(ii)+(iii)		0

(b) Interest cost at 4.15% on

(i) Projected benefit obligation	775,014
(ii) Expected benefit payments	17,610
(iii) Total: (i)-(ii)	757,404

(c) Expected return at 8.5% on

(i) Market related value of assets	1,021,491
(ii) Expected benefit payments	35,697
(iii) Estimated contributions	37,875
(iv) Expenses (a)(ii)	0
(v) Total: (i)-(ii)+(iii)-(iv)	1,023,669

(d) Amortization of:

(i) Transition obligation/(asset)	0
(ii) Prior service costs	106,196
(iii) (Gains) or losses	1,173,065
(iv) Total: (i)+(ii)+(iii)	1,279,261

(e) Additional expense

0

(f) Net periodic pension cost:

(a)(iv)+(b)(iii)-(c)(v)+(d)(iv)+(e)	<u>\$ 1,012,996</u>
--	----------------------------

Expected benefit payments	857,411
Estimated contributions	842,700

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.**Development of Net Periodic Pension Cost - January 1, 2012 - supporting calculations****Calculation of (gain)/loss amortization**

(a) Unrecognized net (gain)/loss	\$ 8,941,083
(b) Asset adjustment	
(i) Fair value of assets	12,017,538
(ii) Market related value of assets	12,017,538
(iii) Asset adjustment: (i)-(ii)	0
(c) Unrecognized (gain)/loss subject to amortization: (a)+(b)(iii)	8,941,083
(d) (Gain)/loss amortization corridor	
(i) Projected benefit obligation	18,675,038
(ii) Market related value of assets	12,017,538
(iii) 10% of greater of (i) and (ii)	1,867,504
(iv) (Gain)/loss subject to amortization: absolute value basis of (c)-(d)(iii)	7,073,579
(e) Amortization period	6.03
(f) (Gain)/loss amortization: (d)(iv)/(e)	1,173,065
(g) Minimum (gain)/loss amortization	1,173,065
(h) Final (gain)/loss amortization: greater absolute value of (f) and (g)	<u>\$ 1,173,065</u>

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.**Amortization Bases - January 1, 2012**

	Initial Amount	Date Created	Remaining Period (years)	Outstanding Balance (beginning of year)	Amortization Charge or Credit
Transition Obligation (Asset)					
Total Transition Obligation (Asset)				\$ -	\$ -
Prior Service Cost					
(a) Inc Rates \$32.5, \$34, \$35				41,995	20,998
(b) Inc Rate \$37				73,494	18,374
(c) Inc Rate \$40				90,298	33,819
(d) Inc Rate \$42				127,071	33,005
Total Prior Service Cost				\$ 332,858	\$ 106,196

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.**Reconciliation of Funded Status / Balance Sheet Entries - December 31, 2012****Statement of funded status**

(a) Pension benefit obligations	
(i) Vested benefit obligation	\$ 18,754,529
(ii) Non-vested benefit obligation	64,033
(iii) Accumulated benefit obligation (i)+(ii)	18,818,562
(iv) Effect of salary projection	0
(v) Projected benefit obligation (iii) + (iv)	18,818,562
(b) Fair value of assets	13,509,878
(c) Funded status: (b)-(a)(v)	(5,308,684)
(d) Accumulated other comprehensive income (AOCI)	
(i) Net transition obligation (asset)	0
(ii) Prior service cost	226,662
(iii) Net (gain)/loss	7,528,167
(iv) Total (i) + (ii) + (iii)	7,754,829
(v) Amount recognized in AOCI (-iv)	<u>\$ (7,754,829)</u>
(e) Net asset (liability) recognized in retained earnings (c)+(d)(iv)	2,446,145

Reconciliation of net amount recognized

(a) Net amount recognized as of January 1, 2012	\$ 2,616,441
(b) Prior year pension cost	1,012,996
(c) Prior year contributions	842,700
(d) Net amount recognized as of December 31, 2012: (a)-(b)+(c)	<u>\$ 2,446,145</u>

Change in projected benefit obligation

(a) PBO as of January 1, 2012	\$ 18,675,038
(b) Changes due to:	
(i) Service cost	0
(ii) Interest cost	757,404
(iii) Plan participant contributions	0
(iv) Plan amendments	0
(v) Experience (gains)/losses, including assumption changes	150,647
(vi) Benefits paid	(764,527)
(vii) Total change	143,524
(c) PBO as of December 31, 2012: (a)+(b)(vii)	<u>\$ 18,818,562</u>

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.

Reconciliation of Funded Status / Balance Sheet Entries - December 31, 2012 (continued)

Reconciliation of cumulative unrecognized net (gain)/loss

(a) Unrecognized (gain)/loss as of January 1, 2012	\$ 8,941,083
(b) (Gain)/loss amortization - Page 2, Item (h)	1,173,065
(c) Net asset (gain)/loss	
(i) Expected return - Page 1, Item (c)(v)	1,023,669
(ii) Actual return	1,414,167
(iii) Net asset (gain)/loss (i) - (ii)	(390,498)
(d) PBO experience (gain)/loss - Page 4, Item (b)(v)	150,647
(e) Unrecognized (gain)/loss as of December 31, 2012	
(a)-(b)+(c)(iii)+(d)	<u>\$ 7,528,167</u>

Change in Accumulated Other Comprehensive Income / (Loss):

(a) AOCI as of January 1, 2012	\$ (9,273,941)
(b) Amortization of net gain/(loss)	1,173,065
(c) Amortization of prior service cost	106,196
(d) Net experience gain/(loss)	239,851
(e) Plan amendments	
(f) AOCI as of December 31, 2012	<u>\$ (7,754,829)</u>

Change in Funded Status	<u>Fair Value of</u>	<u>Projected Benefit</u>	<u>Funded Status</u>
	<u>Assets</u>	<u>Obligation</u>	
(a) Funded status as of January 1, 2012	\$ 12,017,538	\$ (18,675,038)	\$ (6,657,500)
(b) Service cost		-	-
(c) Contributions	842,700		842,700
(d) Interest cost		(757,404)	(757,404)
(e) Actual return on assets	1,414,167		1,414,167
(f) Benefit payments	(764,527)	764,527	-
(g) Gain/(loss) for period		(150,647)	(150,647)
(h) Funded status as of December 31, 2012	<u>\$ 13,509,878</u>	<u>\$ (18,818,562)</u>	<u>\$ (5,308,684)</u>

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.**Statement of Assets - Market Value**

	<u>December 31, 2011</u>	percentage of total	<u>December 31, 2012</u>	percentage of total
Equity securities	\$ 7,479,806	62%	\$ 8,127,981	60%
Debt securities	4,175,292	35%	5,119,984	38%
Alternate investments		0%		0%
Cash & cash equivalents	321,122	3%	223,681	2%
Accrued Income	37,007	0%	38,232	0%
Benefit receivable -Moore	4,311	0%	0	0%
Total	\$ 12,017,538		\$ 13,509,878	

Reconciliation of Assets - Market Value

Market Value as of January 1, 2012	\$ 12,017,538
Employer contributions	842,700
Employee contributions	0
Benefit payments	(764,527)
Return on assets	1,414,167
Foreign currency exchange rate changes	0
Business combinations, divestitures and settlements	0
Market Value as of December 31, 2012	\$ 13,509,878

Estimated Future Benefit Payments

<u>Period</u>	<u>Amount</u>
1/1/2013-12/31/2013	\$ 885,243
1/1/2014-12/31/2014	913,914
1/1/2015-12/31/2015	973,670
1/1/2016-12/31/2016	1,009,720
1/1/2017-12/31/2017	1,080,547
Years ending 2018 - 2022 (aggregated)	6,196,853

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.

Summary of Principal Plan Provisions

- 1. Effective Date of the Plan May 1, 1974
- 2. Plan Year Ends December 31
- 3. Eligibility for Participation
 For employees hired prior to May 1, 2003, participation begins the first day of employment. Employees hired on or after May 1, 2003 are not eligible to participate

 In addition, no employee hired prior to May 1, 2003 who elects to become an Eligible Non-matching Contribution Employee shall participate in the Plan after such election date
- 4. Normal Retirement Date First of the month coinciding with or next following the attainment of age 65 and completion of 5 years of service
- 5. Normal Retirement Pension A monthly benefit equal to the Unit Benefit multiplied by years of service credited for purposes of benefit accrual.

<u>Effective Date</u>	<u>Unit Benefit</u>
May 1, 1998	\$32.00
May 1, 1999	\$32.50
May 1, 2000	\$34.00
May 1, 2001	\$35.00
May 1, 2002	\$37.00
May 1, 2005	\$40.00
May 1, 2006	\$41.00
May 1, 2008	\$42.00

All benefit accruals ceased May 1, 2007

- 6. Standard Form of Benefit An annuity payable during the lifetime of the participant
- 7. Early Retirement Early retirement is permitted after attainment of age 62. A participant who retires on his early retirement date shall be eligible for an immediate annuity based on his years of service
- 8. Termination Benefit A participant shall be vested in his accrued benefit according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
0-4	0%
5+	100%

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.

Summary of Principal Plan Provisions (continued)

- 9. Death Benefit

The spouse of a married participant with a vested benefit is entitled to a monthly annuity equal to 50% of the actuarially reduced Joint & 50% Survivorship benefit, commencing on the later of the first day of the month following the participant's Early Retirement Date or the date of death
- 10. Optional Forms of Payment

Life Annuity, Joint and 100%, 75%, or 50% Survivor Annuity, Life Annuity with 5 Years Guaranteed to a Surviving Spouse
- 11. Definitions
 - a. Employee

Any hourly paid employee of the Employer whose terms and conditions of employment are negotiated with the Employer by or through a collective bargaining organization which has participated in good faith negotiations with the Employer
 - b. Eligible Non-matching Contribution Employee

An employee that has elected to receive nonmatching contributions under the 401(k) Plan for Hourly-Paid Employees of T.W. Phillips Gas and Oil Co.
 - c. Year of Vesting Service

A plan year in which the participant is credited with at least 1,000 hours

d. Year of Benefit Accrual

<u>Hours of Service</u>	<u>Year of Service Credited</u>
less than 520	0%
520 – 1,039	50%
1,040 – 1,559	75%
1560 +	100%

All benefit accruals ceased May 1, 2007

PENSION PLAN FOR HOURLY-PAID EMPLOYEES OF T.W. PHILLIPS GAS AND OIL CO.

**Summary of Actuarial Assumptions and Funding Methods (continued)
for the December 31, 2012 Valuation**

- 6. Marriage Rate 85% of all participants are married. Female spouses are three years younger than males
- 7. Methods
 - a. Asset Valuation Method Market Value, including accrued interest
 - b. Actuarial Cost Method Projected Unit Credit
- 8. Expected Form of Payment Life Annuity
- 9. Changes in Actuarial Assumptions and/or Cost Methods In order to better reflect current market conditions, the Discount Rate was decreased from 4.15% to 4.01%

Peoples TWP LLC
§ Exhibit VI.II

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

* * * * *

The historic test year amount equals the contributions shown in Exhibit VI.II.RR.38. Future year's contributions will equal the accrual amounts provided by the actuary. Please refer to the testimony of Lynda W. Petrichevich (Peoples TWP Statement No. 11) for further information.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Contributions for the Historic Test Year, in the amount of \$842,700, were deposited in December 2012. Future Test Year contributions, in the amount of \$731,000, are expected to be deposited in December 2013. Fully Forecasted Future Test Year contributions, in the amount of \$277,000, are expected to be deposited in December 2014.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

SFAS 106 accrued costs will be placed into a dedicated trust fund. Amounts are deductible when placed in the trust.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Peoples TWP contemplates no change to these benefits, at this time.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Not applicable.

Peoples TWP LLC
§ Exhibit VI.II

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

* * * * *

Peoples TWP 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 the 2.02% for residential customers and 0.41% for small general service customers is provided in the following attachments.

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR.44
Residential Charge-off Analysis

	2012	2011	2010	Three year total
Revenue **				
Total Residential	\$ 59,323,253	\$ 64,443,933	\$ 52,043,406	\$ 175,810,592
Charge-off				
Charge-off	\$ 1,581,170	\$ 1,105,328	\$ 1,368,639	\$ 4,055,137
Charge-off % (Current Year Rev to Current Year C/O)	2.67%	1.72%	2.63%	
Recoveries	\$ (173,115)	\$ (133,000)	\$ (201,855)	\$ (507,970)
Recoveries (Current Year Rev to Current Year C/O)	0.29%	0.21%	0.39%	
Total Charge-off	\$ 1,408,056	\$ 972,327	\$ 1,166,784	\$ 3,547,167
Total Charge-off % (Current Year Rev to Current Year C/O)	2.37%	1.51%	2.24%	2.02%

** Represents 12 months sales ended June 30th as sales are written off based upon offline accounts as of June 30th of each year.

Peoples TWP LLC
Attachment 2: Exhibit VI.II.RR.44
Small General Service Charge-off Analysis

	2012	2011	2010	Three year total
Revenue **				
Total Small General Service	\$ 16,504,937	\$ 17,801,572	\$ 13,749,983	\$ 48,056,492
Charge-off				
Charge-off	\$ 89,129	\$ 62,306	\$ 73,344	\$ 224,780
Charge-off % (Current Year Rev to Current Year C/O)	0.54%	0.35%	0.53%	
Recoveries	\$ (9,758)	\$ (7,497)	\$ (10,817)	\$ (28,073)
Recoveries (Current Year Rev to Current Year C/O)	0.06%	0.04%	0.08%	
Total Charge-off	\$ 79,371	\$ 54,809	\$ 62,527	\$ 196,707
Total Charge-off % (Current Year Rev to Current Year C/O)	0.48%	0.31%	0.45%	0.41%

** Represents 12 months sales ended June 30th as sales are written off based upon offline accounts as of June 30th of each year.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Please refer to Exhibit VI.II.RR.45.1 for a schedule of the monthly balance of gas stored underground, and Exhibit VI.II.RR.45.2 for the monthly gas cost rate details of injections and withdrawals of underground storage.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Refer to Attachment 1.

**Peoples TWP LLC
2012 O&M Summary****Note: Amounts in thousands**

	YTD Actual Dec 12	YTD Budget Dec 12	Variance \$ Act Vs Bud	Variance % Act Vs Bud
Hourly Labor	\$ 6,840	\$ 6,930	\$ (90)	-1.3%
Salaried Labor	\$ 7,869	\$ 6,750	\$ 1,119	16.6% (A)
Employee Benefits	\$ 5,259	\$ 5,356	\$ (97)	-1.8%
Customer Related & Collections	\$ 2,818	\$ 2,394	\$ 424	17.7% (B)
Outside Services	\$ 1,860	\$ 1,833	\$ 27	1.5%
Plant & General Maintenance	\$ 4,540	\$ 4,658	\$ (118)	-2.5%
Insurance	\$ (1,020)	\$ 1,200	\$ (2,220)	-185.0% (C)
General Office & Other G&A	\$ 1,066	\$ 1,063	\$ 3	0.3%
Regulatory	\$ 555	\$ 600	\$ (45)	-7.5%
Costs Capitalized	\$ (4,165)	\$ (2,625)	\$ (1,540)	58.7% (D)
O&M Expense	\$ 25,622	\$ 28,159	\$ (2,537)	-9.0%

Notes:

- (A) - Higher salary and APIP expense
- (B) - Higher customer assistance expense (Rider USP)
- (C) - Workers Compensation Claims reimbursement
- (D) - Higher capital spending than anticipated.

Peoples TWP LLC
§ Exhibit VI.II

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 most recent actual number of eligible participants for December 2012 is 200.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Refer to Attachment 1.

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR48
Twelve Months Ended December 31, 2012, 2013 and January 31, 2015

	2012 HTY	Addition of Employees	2013 FTY Before SC	Removal of Service Co.	2013 FTY After SC	Merit Increases	2015 FFTY
Expensed Rate	89.19%		89.19%		89.19%		89.19%
Medicare							
Total Payroll	\$ 13,551,993	\$ 1,392,267	\$ 14,944,261	\$ 1,825,721	\$ 13,118,540	\$ 282,627	\$ 13,401,167
Tax rate 1.450%	\$ 196,504	\$ 216,692			\$ 190,219		\$ 194,317
Amount Expensed	\$ 175,262	\$ 193,267			\$ 169,656		\$ 173,311
OASDI							
Total Payroll	\$ 13,551,993	\$ 1,392,267	\$ 14,944,261	\$ 1,825,721	\$ 13,118,540	\$ 282,627	\$ 13,401,167
Payroll over cap*	\$ 752,352	\$ 20,195	\$ 772,547	\$ 730,941	\$ 41,606	\$ 11,481	\$ 53,087
Tax Basis	\$ 12,799,641	\$ 1,372,073	\$ 14,171,714	\$ 1,094,780	\$ 13,076,934	\$ 271,146	\$ 13,348,080
Tax rate 6.200%	\$ 793,578	\$ 878,646			\$ 810,770		\$ 827,581
Amount Expensed	\$ 707,792	\$ 783,665			\$ 723,126		\$ 738,119
Total Expensed Medicare & OASDI	\$ 883,054	\$ 976,932			\$ 892,782		\$ 911,431

* Payroll cap is \$110,100 in HTY and \$113,700 in FTY & FFY

Peoples TWP LLC
§ Exhibit VI.II

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

* * * * *

Refer to Attachment 1.

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR49
Twelve Months Ended December 31, 2012, 2013 and January 31, 2015

	2012 HTY	Addition of Employees	2013 FTY Before SC	Removal of Service Co.	2013 FTY After SC	Removal of Open Pos.	2015 FFFTY
Expensed Rate	89.19%		89.19%		89.19%		89.19%
State Unemployment Tax							
Total Number of Employees	200	19	219	15	204	2	202
Tax Basis per employee	\$ 8,000	\$	\$ 8,500	\$	\$ 8,500	\$	\$ 8,500
Total Tax Basis	\$ 1,600,000	\$	\$ 1,861,500	\$	\$ 1,734,000	\$	\$ 1,717,000
Tax rate	2.649%	\$	\$ 49,304	\$	\$ 45,927	\$	\$ 45,476
Amount Expensed	\$ 37,797	\$	\$ 43,974	\$	\$ 40,962	\$	\$ 40,560
Federal Unemployment Tax							
Total Number of Employees	200	19	219	15	204	2	202
Tax Basis per employee	\$ 7,000	\$	\$ 7,000	\$	\$ 7,000	\$	\$ 7,000
Total Tax Basis	\$ 1,400,000	\$	\$ 1,533,000	\$	\$ 1,428,000	\$	\$ 1,414,000
Tax rate	0.600%	\$	\$ 9,198	\$	\$ 8,568	\$	\$ 8,484
Amount Expensed	\$ 7,492	\$	\$ 8,204	\$	\$ 7,642	\$	\$ 7,567
Total Expensed State & Federal Unemployment Taxes	\$ 45,289	\$	\$ 52,178	\$	\$ 48,604	\$	\$ 48,127

Peoples TWP LLC
§ Exhibit VI.II

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

* * * * *

The capital stock tax will be fully phased out in 2014.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Refer to the response to 53.53 III.A.22 for Affiliated Interest Agreement between Peoples TWP LLC and Peoples Service Company LLC.

Refer to the attached for other affiliated agreements.

PLEASE DATE STAMP AND RETURN



COPY

205 North Main Street
Butler, PA 16001

February 16, 2012

RECEIVED

FEB 15 2012

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

VIA UPS GROUND DELIVERY

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room N201
400 North Street
Harrisburg, Pennsylvania 17120

Re: Affiliated Interest Agreement between T. W. Phillips Gas and Oil Co. and T. W. Phillips Energy Corp.
Approved by Commission Order entered July 15, 1999 at Docket No. G-00990691

Dear Secretary Chiavetta:

Enclosed herewith is an original and three (3) copies of this letter regarding the above referenced Affiliated Interest Agreement.

On May 24, 2011, the natural gas distribution operations of T. W. Phillips Gas and Oil Co. (T. W. Phillips) and the natural gas marketing business of T. W. Phillips Energy Corp. (Energy Corp.) were acquired by the SteelRiver Infrastructure Fund North America LP pursuant to the Commission Order entered May 19, 2011 at Docket No. A-2010-2210326. Shortly thereafter, T. W. Phillips became Peoples TWP LLC (PTWP) and Energy Corp. became TWP Energy, LLC (Energy LLC). Consequently, PTWP and Energy LLC were successors in interest to the above referenced Agreement and PTWP has continued to provide administrative services to Energy LLC and engage in gas purchase and transportation activities pursuant to the above Agreement.

Pursuant to the Commission's Order entered May 20, 2011 at Docket No. A-2010-2216091, a new natural gas supplier license was issued to Energy LLC. In such Order, Energy LLC made a commitment to change its name to a new name that would not reference its regulated affiliate PTWP. Per such commitment, by letter dated August 26, 2011, Energy LLC's was renamed PA Gas Marketing LLC. In that same letter, a copy of the Certificate of Amendment - Domestic, as filed with the Pennsylvania Department of State, was enclosed verifying that on August 22, 2011 the Certificate of Organization of TWP Energy, LLC had been amended to reflect not only its new name, PA Gas Marketing LLC, but also its new registered office at 375 North Shore Drive, Suite 600, Pittsburgh, Pennsylvania 15212.

The purpose of this filing is to simply identify PA Gas Marketing LLC and PTWP as the current parties to the above Agreement. Please date stamp the enclosed copy of this letter to acknowledge receipt of this filing in your office and return the same to me in the self-addressed, stamped envelope provided herein.

Very truly yours,

PEOPLES TWP LLC

Robert M. Hovanec
President & COO

cc: M. Carl Lesney, Bureau of Audits
Robert F. Young, Law Bureau
Jeannine M. Snyder, Bureau of Technical Utility Services

PLEASE DATE STAMP AND RETURN

205 North Main Street
Butler, PA 16001



PEOPLES TWP LLC

COPY

February 16, 2012

VIA UPS GROUND DELIVERY

Ms. Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room N201
400 North Street
Harrisburg, Pennsylvania 17120

RECEIVED

FEB 16 2012

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Affiliated Interest Agreement between T.W. Phillips Gas and Oil Co. and T.W. Phillips Pipeline Corp.
Approved by Commission Secretarial Letter dated Nov. 10, 2010 at Docket No. G-2008-2070532

Dear Secretary Chiavetta:

Enclosed herewith is an original and three (3) copies of this letter regarding the above referenced Affiliated Interest Agreement.

On May 24, 2011, the natural gas distribution operations of T. W. Phillips Gas and Oil Co. (T. W. Phillips) and the natural gas marketing business of T. W. Phillips Pipeline Corp. (TWP Pipeline) were acquired by the SteelRiver Infrastructure Fund North America LP pursuant to the Commission Order entered May 19, 2011 at Docket No. A-2010-2210326. Shortly thereafter, T. W. Phillips became Peoples TWP LLC (PTWP) and TWP Pipeline became TWP Pipeline LLC (Pipeline LLC). Consequently, PTWP and Pipeline LLC were successors in interest to the above referenced Agreement and PTWP has continued to provide administrative services to Pipeline LLC pursuant to the above Agreement.

The purpose of this filing is to simply identify Pipeline LLC and PTWP as the current parties to the above Agreement. Please date stamp the enclosed copy of this letter to acknowledge receipt of this filing in your office and return the same to me in the self-addressed, stamped envelope provided herein.

Very truly yours,

PEOPLES TWP LLC

Robert M. Hovanec
President & COO

cc: M. Carl Lesney, Bureau of Audits
Robert F. Young, Law Bureau
Jeannine M. Snyder, Bureau of Technical Utility Services



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

REC'D JUL 19 1999
REGISTRATION SECTION

IN REPLY PLEASE
REFER TO OUR FILE

JULY 15, 1999

G-00990691

ROBERT M HOVANEC VICE PRESIDENT
T W PHILLIPS GAS & OIL COMPANY
205 NORTH MAIN STREET
BUTLER PA 16001

Affiliated Interest Agreement Between
T. W. Phillips Gas and Oil Co. and
T. W. Phillips Energy Corp.

To Whom It May Concern:

This is to advise you that an Order has been adopted by the Commission in Public Meeting on
JULY 15, 1999 in the above entitled proceeding.

An Opinion and Order has been enclosed for your records.

Very truly yours,

James J. McNulty
Secretary

Enclosure
Certified Mail
FG

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA. 17105-3265**

Public Meeting held July 15, 1999

Commissioners Present:

Robert K. Bloom, Vice Chairman
David W. Rolka
Nora Mead Brownell
Aaron Wilson, Jr.

Affiliated Interest Agreement Between T. W.
Phillips Gas and Oil Co. and T. W. Phillips
Energy Corp.

Docket Number:
G-00990691

ORDER

BY THE COMMISSION:

On June 11, 1999, an Affiliated Interest Agreement ("Agreement") between T. W. Phillips Gas and Oil Co. ("T. W. Phillips") and T. W. Phillips Energy Corp. ("Energy Corp.") was filed to become effective July 11, 1999. By Secretarial Letter dated June 29, 1999, the Commission extended the consideration period for this Agreement until further order of the Commission.

The Agreement, which is titled Administrative Services Agreement, proposes that T. W. Phillips provide various administrative services to Energy Corp. Also filed are two standard forms: A Gas Purchase Agreement form and a Transportation Service Agreement form ("Standard Forms").

The Agreement states that the administrative services to be provided by T.W. Phillips will relate to Energy Corp.'s offerings of various energy-related

services to end-user customers, including but not limited to, marketing of natural gas, service line protection, risk management, customer payment insurance, energy management, appliance financing and protection, and merchandising of energy-related goods and commercial equipment. T. W. Phillips will provide billing, accounting, customer service, and other administrative services as requested by Energy Corp., and may engage unaffiliated third party contractors to provide certain of those services.

The Gas Purchase Agreement standard form will be used by T. W. Phillips and Energy Corp. to enter into gas purchase transactions from time to time whereby Energy Corp., as a marketer of gas in T. W. Phillips' service territory, will sell gas supplies to T. W. Phillips. T. W. Phillips states that as part of its least-cost purchasing strategy, it and its customers would benefit from the ability to purchase gas directly from Energy Corp., which will be a reliable, low-cost supplier.

The Transportation Service Agreement standard form will be used by T. W. Phillips and Energy Corp. to enter into transportation arrangements from time to time in which Energy Corp. would transport natural gas on T. W. Phillips' system to end users or other parties. T. W. Phillips states that such transportation service would be provided by it under the terms and conditions set forth in T. W. Phillips' then effective Rate Schedule TS - Transportation Service.

T. W. Phillips states that it recognizes that approval of this affiliated interest filing does not constitute approval of the prudence of any gas purchase or gas transportation transactions between T. W. Phillips and Energy Corp., nor does it represent approval of the gas prices or transportation rates included in the transactions. Those issues will be subject to review in Purchased Gas Cost Section

1307(f) or general base rate case proceedings in which all transactions with affiliates are required to be disclosed, or in other appropriate proceedings before the Commission.

T. W. Phillips states that it respectfully requests the Commission to approve the forms of Agreements so that Energy Corp. and T. W. Phillips can initiate the transactions described thereunder. Pursuant to the provisions of 66 Pa. C.S. §2102(d), T. W. Phillips also requests that the Commission's order specifically stipulate that such approval extend to any subsequent standard forms of Gas Purchase or Gas Transportation Agreements executed by Energy Corp. which are utilized by T. W. Phillips in the future for the purchase of gas from or the transportation of gas for unaffiliated parties.

We note that this Agreement is filed in accordance with the requirements of Section 2102(b) of the Public Utility Code, 66 Pa. C.S. §2102(b).

We have examined the Agreement and the Standard Forms and have determined that they appear to be reasonable and consistent with the public interest. However, approval of the Agreement and the Standard Forms does not preclude us from investigating, during any formal proceedings, the reasonableness of this Agreement and the Standard Forms; **THEREFORE,**

IT IS ORDERED:

1. That the Affiliated Interest Agreement between T. W. Phillips Gas and Oil Co. and T. W. Phillips Energy Corp. be, and hereby is, approved.

2. That the Standard Forms, namely, the Gas Purchase Agreement form and the Transportation Service Agreement form be, and hereby are, approved.

3. That approval is extended to any subsequent standard forms for Gas Purchase or for Gas Transportation executed by Energy Corp. which are utilized by T. W. Phillips in the future for the purchase of gas from or the transportation of gas for unaffiliated parties.

4. That acceptance of the items in paragraphs 1, 2 and 3 does not preclude the Commission from investigating, during any formal proceeding, the reasonableness of charges incurred.

5. That this proceeding at Docket No. G-00990691 be marked closed.

BY THE COMMISSION,

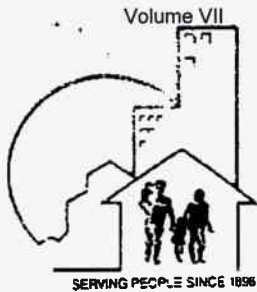


James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: July 15, 1999

ORDER ENTERED: JUL 15 1999



T.W. PHILLIPS
GAS AND OIL CO.

Exhibit VI.II.RR.51
Page 9 of 46
Witness: Gregory A. Scullo

205 North Main Street
Butler, Pennsylvania 16001
(724) 287-2751

June 11, 1999

VIA UPS OVERNIGHT DELIVERY

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
P. O. Box 3265
Harrisburg, Pennsylvania 17105-3265

Re: Affiliated Interest Agreements Between
T. W. Phillips Gas and Oil Co. and T. W. Phillips Energy Corp.

Dear Secretary McNulty:

T. W. Phillips Gas and Oil Co. ("T. W. Phillips") and T. W. Phillips Energy Corp. ("Energy Corp"), both subsidiaries of TWP INC., a Pennsylvania corporation, have entered into an Agreement (attached as Exhibit "A") pursuant to which T. W. Phillips proposes to provide various administrative services to Energy Corp., an affiliated interest under Section 2101 of the Public Utility Code, 66 PA. C.S. Section 2101. The administrative services to be provided by T. W. Phillips will relate to Energy Corp.'s offerings of various energy-related services to end-user customers including, but not limited to, marketing of natural gas, service line protection, price risk management, customer bill payment insurance, energy management, appliance financing and protection, merchandising of energy-related goods and commercial equipment, and other energy-related services.

T. W. Phillips and Energy Corp. also propose to enter into gas purchase transactions from time to time whereby Energy Corp., as a marketer of gas in T. W. Phillips' service territory, will sell gas supplies to T. W. Phillips pursuant to substantially the same terms and conditions as are set forth in the standard form of Gas Purchase Agreement attached as Exhibit "B", as amended from time to time. The price of gas sold by Energy Corp. to T. W. Phillips shall be equal to or less than the cost of alternate supplies available to T. W. Phillips from non-affiliated suppliers which are similarly situated with respect to volume, availability, location, transporting pipeline, reliability, and such other operating criteria that are appropriate at the time of purchase. As part of T. W. Phillips' least-cost purchasing strategy, T. W. Phillips and its customers would benefit from the ability to purchase gas directly from Energy Corp., which will be a reliable, low-cost supplier.

Finally, T. W. Phillips and Energy Corp. propose to enter into transportation arrangements from time to time in which Energy Corp. would transport natural gas on T. W. Phillips' system to end users or other parties pursuant to T. W. Phillips' standard form of Transportation Service Agreement attached as Exhibit "C", as amended from time to time. Such transportation service would be provided by T. W. Phillips under the terms and conditions set forth in T. W. Phillips' then effective Rate Schedule TS - Transportation Service.

T.W. PHILLIPS
GAS AND OIL CO.

Please accept for filing in this matter the enclosed three (3) copies of (i) the Administrative Services Agreement, (ii) the form of Gas Purchase Agreement, and (iii) the form of Transportation Service Agreement. Energy Corp. intends to engage in the transactions contemplated by these Agreements on or about August 1, 1999. Accordingly, T. W. Phillips respectfully requests approval of the Agreements pursuant to Section 2102 of the Public Utility Code by that date. In furtherance of this goal, it should be noted that the affiliate transactions identified in this filing do not present a case of first impression for the Pennsylvania Public Utility Commission (the "Commission"). The Commission has previously approved similar affiliated interest agreements filed by The Peoples Natural Gas Company, Columbia Gas of Pennsylvania, Inc., Equitable Gas Company, UGI Utilities, Inc., and other Pennsylvania utilities.

T. W. Phillips recognizes that approval of this affiliated interest filing does not constitute approval of the prudence of any gas purchase or gas transportation transactions between T. W. Phillips and Energy Corp., nor does it represent approval of the gas prices or transportation rates included in the transactions. Those issues will be subject to review in Purchased Gas Cost Section 1307(f) or general base rate case proceedings in which all transactions with affiliates are required to be disclosed, or in other appropriate proceedings before the Commission.

T. W. Phillips respectfully requests the Commission to approve the enclosed forms of Agreements so that Energy Corp. and T. W. Phillips can initiate the transactions described hereunder. Pursuant to the provisions of 66 PA C.S. §2102(d), T. W. Phillips also requests that the Commission's order specifically stipulate that such approval extend to any subsequent standard forms of Gas Purchase or Gas Transportation Agreements executed by Energy Corp. which are utilized by T. W. Phillips in the future for the purchase of gas from or the transportation of gas for unaffiliated parties.

Please date stamp the enclosed copy of this letter to indicate receipt of this filing in your office and return the same to me in the self-addressed, stamped envelope.

Sincerely,

T. W. PHILLIPS GAS AND OIL CO.



Robert M. Hovanec
Vice President and
Chief Financial Officer

RMH:kk

ADMINISTRATIVE SERVICES AGREEMENT

AGREEMENT made this 1st day of June 1999 by and between T. W. Phillips Gas and Oil Co. ("T. W. Phillips") and T. W. Phillips Energy Corp., ("Energy Corp."), both subsidiaries of TWP INC.

WHEREAS, Energy Corp. proposes to offer various energy-related services, including but not limited to marketing of natural gas, service line protection services, risk management services, customer payment insurance, energy management services, appliance financing and protection services, and merchandising of energy related goods and commercial equipment (collectively hereinafter referred to as the "Program Services"), to public utility end-user customers, including customers of T. W. Phillips; and

WHEREAS, Energy Corp. desires to utilize certain of T. W. Phillips' personnel and assets to provide administrative services to Energy Corp. in connection with the Program Services; and

WHEREAS, T. W. Phillips desires to provide these administrative services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. T. W. Phillips will provide billing, accounting, customer service, and other administrative services as requested by Energy Corp. in connection with the Program Services. T. W. Phillips may engage unaffiliated third party contractors to provide certain of those services.
2. All administrative services rendered under this Agreement shall be provided at cost. The cost of rendering such services shall include: (i) a portion of the salaries and wages of employees of T. W. Phillips determined according to the time devoted by such employees to the performance of services hereunder; (ii) the cost of employees' benefits and payroll taxes attributable to salaries and wages directly billed under (i) above; (iii) the actual costs of materials and supplies furnished by T. W. Phillips in connection with the performance of services under this Agreement; (iv) administrative and general costs attributable to services performed under this Agreement (including reasonable amounts for general office maintenance and depreciation, amortization, return and related taxes

on T. W. Phillips' general plant investment) determined in accordance with T. W. Phillips' policies and procedures; (v) the actual costs incurred by T. W. Phillips in procuring contractors to provide such services; and (vi) all other out-of-pocket operating costs, and other expenses incurred by T. W. Phillips or its employees in connection with the performance of services under this Agreement.

3. T. W. Phillips shall render monthly invoices to Energy Corp. for services provided hereunder. All such invoices will be due and payable within thirty (30) days of the date of T. W. Phillips' invoice.
4. This Agreement shall become effective as of August 1, 1999, or upon receipt of Commission approval, if later, and shall continue in force and effect for a term of one (1) year from said date and, thereafter, until termination by either party upon sixty (60) days' written notice of termination.
5. The respective duties, obligations, and liabilities of T. W. Phillips and Energy Corp. under this Agreement are intended to be several and not joint or collective, and nothing in this Agreement shall ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership duty, obligation or liability on or with regard to either T. W. Phillips or T. W. Phillips Energy Corp. Each party shall be individually responsible for its own obligations as herein provided. Neither party shall be under the control of or deemed to control the other solely by virtue of this Agreement.
6. Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights thereunder to an entity with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights or obligations thereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party.
7. This Agreement is made in and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

T. W. PHILLIPS GAS AND OIL CO.



Robert M. Hovanec
Vice President

T. W. PHILLIPS ENERGY CORP.



Jay W. Dawson
Assistant Secretary

Rev. 6/99

GAS PURCHASE AGREEMENT

AGREEMENT made this ____ day of _____, _____ by and between T. W. Phillips Energy Corp. ("Seller") and T. W. Phillips Gas and Oil Co. ("Buyer"). Buyer and Seller may be referred to individually as "Party" or collectively as "Parties." The Agreement shall include all transaction-specific Confirmation Agreements, which shall be substantially in the form attached hereto as Appendix "A".

1. **Nature of Transaction:** Buyer and Seller agree to purchase and sell natural gas (hereinafter "gas") pursuant to the terms set forth herein and in any applicable Confirmation Agreement. Gas may be sold and purchased on a firm, interruptible or otherwise defined basis, as specified in the applicable Confirmation Agreement.

2. **Contract Term and Sales Period(s):** The primary term of this Agreement is one year commencing with the above date, and shall continue from year to year thereafter. Either Party may terminate the Agreement upon thirty (30) days' prior written notice effective the later of either the expiration date of the Sales Period specified in any then effective Confirmation Agreement or the end of the primary or any successive term hereof.

3. **Quantity:** Except as otherwise permitted, Seller shall tender for delivery and sell the specified Contract Quantity to Buyer at the Point(s) of Delivery (as defined in a Confirmation Agreement), and Buyer shall accept and pay for such gas.

4. **Contract Price:** Buyer shall pay Seller the price specified in the applicable Confirmation Agreement (the "Contract Price"). The Contract Price shall include all applicable taxes for which the taxable incident takes place prior to the Point(s) of Delivery and shall exclude all taxes applicable to the gas at or downstream of the Point(s) of Delivery.

5. **Quality, Pressure, and Measurement:** Gas tendered by Seller hereunder shall be merchantable. Gas is merchantable if it meets all quality and pressure specifications required by Buyer. The quantity of gas shall be measured by Buyer at the Point(s) of Delivery.

6. **Title, Possession, and Control:** Title to and risk of loss of all gas purchased by Buyer shall pass to Buyer at the Point(s) of Delivery. Seller warrants that it holds title to the gas, or has the right to sell the gas, at the Point(s) of Delivery and that the gas is free from liens and adverse claims of any kind. Seller shall indemnify Buyer against any liens and claims arising with respect to the title to, or its right to sell, the gas prior to the Point(s) of Delivery.

7. **Transportation Balancing and Overruns:** Any charge imposed by a transporter due to an unexcused imbalance or failure to receive or deliver the Contract Quantity shall be paid by the Party causing such imbalance or failure. Buyer and Seller shall notify each other as soon as possible after receipt of any notice from a transporter that such an imbalance or failure has occurred or is likely to occur and shall reasonably attempt to cure the problem.

8. **Billing and Payment:** All amounts due hereunder shall be payable on the later of the 25th day of each month or fifteen (15) days after the presentation of an invoice for the gas delivered during the preceding measuring period. Buyer shall pay Seller by wire transfer to the following Bank Account:

or by check to Seller at: 205 North Main Street, Butler, Pennsylvania 16001; Attention: Accounts Receivable. Any unpaid amounts shall accrue interest from the due date at the rate which is the lesser of 1.5 percent per month or the maximum lawful rate. Seller may curtail deliveries if an amount due is not received when due or if Seller reasonably believes that Buyer is unable to pay an amount due. Deliveries may not be curtailed where a good faith dispute arises. To avoid curtailment, Buyer must inform Seller in writing of such dispute and pay the undisputed amount.

9. **Force Majeure:** In the event that either Seller or Buyer is rendered unable, by reason of an event of force majeure, to perform, wholly or in part, any obligation or commitment set forth in this Agreement or any Confirmation Agreement, then upon such Party's giving notice and full particulars of such event of force majeure, this Agreement or any Confirmation Agreement shall be suspended, except for the payment of monies owed hereunder, to the extent and for the period of such force majeure condition.

The term "force majeure" as employed in this Agreement shall mean acts of God, strikes, lockouts or industrial disputes or disturbances, civil disturbances, arrests and restraint of

rulers of people, failure or inability to secure or maintain capacity for purposes of transportation of gas on any pipeline system, failure of gas supply, acts of the public enemy, wars, riots, blockades, insurrections, freezing of wells or pipelines, unavailability of Buyer's gas utilization facilities, or any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming force majeure.

10. **Notices:** Notice(s) required hereunder shall be deemed properly made if telecopied, delivered personally or sent by regular or certified mail to the following addresses or facsimile numbers:

<u>Buyer's Representative:</u>	<u>Seller's Representative</u>
T. W. Phillips Gas and Oil Co.	T. W. Phillips Energy Corp.

Telephone:	Telephone:
Fax:	Fax:

11. **Assignment:** Upon written notice to the other Party, either Buyer or Seller may assign this Agreement and any related Confirmation Agreement(s) to a corporate affiliate or successor. No other assignment shall be valid without the prior written consent of the other Party, which may not be unreasonably withheld.

12. **Governing Law and Severability:** This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without recourse to provisions governing choice of law. The venue of any action brought by either Party shall be Butler County, Pennsylvania.

AGREED and accepted this _____ day of _____

SELLER:
T. W. PHILLIPS GAS AND OIL CO.

BUYER:
T. W. PHILLIPS ENERGY CORP.

By: _____

By: _____

Title: _____

Title: _____

CONFIRMATION AGREEMENT NO. _____

The Confirmation Agreement is subject to the terms of the existing Natural Gas Purchase and Sales Agreement between T. W. Phillips Gas and Oil Co. ("Buyer") and T. W. Phillips Energy Corp. ("Seller") (the "Agreement") dated _____, _____. In the event a conflict exists between the terms and conditions of the Agreement and this Confirmation Agreement, the terms and conditions of this Confirmation Agreement shall govern.

NATURE OF SERVICE:

SALES PERIOD:

CONTRACT QUANTITY:

CONTRACT PRICE:

POINT(S) OF DELIVERY:

OTHER CONDITIONS:

SELLER:
T. W. PHILLIPS GAS AND OIL CO.

BUYER:
T. W. PHILLIPS ENERGY CORP.

By: _____

By: _____

Title: _____

Title: _____

_____ **TRANSPORTATION SERVICE AGREEMENT**
(Rate Schedule TS)

Between

T. W. PHILLIPS GAS AND OIL CO.

And

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TRANSPORTATION SERVICE AGREEMENT (TS)

THIS _____ TRANSPORTATION SERVICE AGREEMENT made and entered into as of this _____ day of _____, by and between T. W. PHILLIPS GAS AND OIL CO., a Pennsylvania public utility corporation having its principal office in Butler, Pennsylvania, (hereinafter called "Transporter"),

a
n
d

T. W. PHILLIPS ENERGY CORP., a Pennsylvania corporation, having _____ located in _____ Township, _____ County, Pennsylvania, (hereinafter called "Customer").

WITNESSETH THAT:

WHEREAS, Transporter is a Pennsylvania public utility providing natural gas service to the public in Western Pennsylvania;

WHEREAS, Customer owns and operates _____ (the "_____") in _____ Township, _____ County, Pennsylvania, _____
_____;

WHEREAS, Customer has available certain quantities of natural gas which can be delivered to Transporter at the Point(s) of Receipt hereinafter described;

WHEREAS, Customer desires Transporter to receive such quantities of natural gas for transportation to _____ at the Point(s) of Delivery hereinafter described; and

WHEREAS, Transporter is willing to perform such transportation service upon the terms and conditions set forth herein;

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, have agreed and do hereby agree that Transporter will transport for Customer and that Customer will furnish to Transporter, natural gas for such transportation during the term hereof, on the terms and conditions hereinafter provided:

SECTION I
Definitions

For purposes of this Agreement, unless the context of the instrument requires otherwise, the following definitions shall be applicable:

1.1 Day

The term "Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending with 8 a.m. Butler Time.

1.2 Mcf

The term "Mcf" shall mean 1,000 cubic feet.

1.3 Month

The term "Month" shall mean a calendar month.

1.4 Summer Delivery Period

The term "Summer Delivery Period" shall mean the period from _____ through October 31, inclusive, of any calendar year during the term hereof.

1.5 Winter Delivery Period

The term "Winter Delivery Period" shall mean the period from November 1 of any calendar year through _____, inclusive, of the following calendar year during the term hereof.

SECTION II

Transportation Service

2.1 Subject to the terms, conditions, and limitations hereunder and of Transporter's Rate Schedule TS – Transportation Service, Transporter, during the term of this Agreement, agrees to receive and accept from Customer at the Point(s) of Receipt hereinafter specified for transportation to the Point(s) of Delivery hereinafter specified, less _____ adjustment for lost and unaccounted as provided in Transporter's Rate Schedule TS – Transportation Service, such quantities of natural gas as Customer makes available up to daily, monthly, and annual maximum aggregate volumes (the "Maximum Transportation Volumes") not exceeding (i) _____ Mcf per Day during each Winter Delivery Period and _____ Mcf per Day during each Summer Delivery Period (the "Maximum Day Transportation Volumes"), (ii) _____ Mcf per Month during the Winter Delivery Period and _____ Mcf per Month during the Summer Delivery Period (the "Maximum Monthly Transportation Volumes"), and (iii) _____ Mcf annually. Any limitations on the quantities to be received from each Point of Receipt and/or delivered to each Point of Delivery shall be as specified on Exhibit "A" attached hereto.

2.2 No later than Friday of each week during the term hereof, Customer shall communicate to Transporter's gas control center in Butler, Pennsylvania, the aggregate daily volumes to be tendered hereunder by Customer at each of the Point(s) of Receipt during the following week, and Transporter shall notify Customer of the maximum daily quantity of natural gas which should be received from Customer at each Point of Receipt. Customer's deliveries shall not exceed on any Day at each such Point of Receipt the applicable maximum daily quantity so specified by Transporter.

2.3 It is expressly understood and agreed that the transportation service provided for herein is conditioned upon the availability of capacity sufficient to provide such service without detriment or disadvantage to Transporter's existing customers who are dependent on Transporter's general system supply.

SECTION III

Standby Retail Service

3.1 Customer hereby elects not to receive Standby Retail Service with respect to the Maximum Transportation Volumes set forth in Section 2.1. Accordingly, it is expressly understood and agreed that if Customer's volumes to be transported hereunder are not made available at the Point(s) of Receipt or if Transporter is unable to deliver such volumes to the Point(s) of Delivery, Transporter has no obligation to provide Standby Retail Service to replace such volumes at the Point(s) of Delivery.

SECTION IV

Point(s) of Receipt and Delivery; Receipt and Delivery Pressures

4.1 The Point(s) of Receipt for all gas to be received from Customer for transportation by Transporter hereunder shall be at those Point(s) specified on Exhibit "A" attached hereto. All natural gas received by Transporter from Customer at the Point(s) of Receipt shall be delivered at such pressure as may be required from time to time to enter Transporter's pipeline system.

4.2 The Point(s) of Delivery for all natural gas transported hereunder shall be at the outlet side of Transporter's existing measuring and regulating station located at the Point(s) specified on Exhibit "A" attached hereto. Transporter shall deliver the gas to be transported hereunder to the Point(s) of Delivery at the pressures existing from time to time in Transporter's pipeline system at said Point(s) of Delivery.

SECTION V

Rates and Charges; Billing And Payment Procedures

5.1 The rates and charges to be paid by Customer to Transporter for gas transportation provided hereunder shall be in accordance with the rates and charges applicable to _____ Transportation service specified in Rate Schedule TS – Transportation Service of Transporter's currently-effective PUC Gas Tariff or any effective superseding rate schedule or tariff.

5.2 The Volumetric Rate to be paid by Customer to Transporter for gas transportation provided hereunder shall be \$ _____ per Mcf.

5.3 The Customer Charge pursuant to said Rate Schedule TS – Transportation Service shall not be applicable until the first billing period in which transportation of gas commences hereunder.

5.4 The billing and payment procedures hereunder shall be in accordance with the applicable provisions of Rate Schedule TS – Transportation Service of Transporter's currently-effective PUC Gas Tariff and the pertinent Rules and Regulations contained in such Tariff, as such Rate Schedule and Rules and Regulations may be amended or superseded from time to time.

SECTION VI

Measurement and Quality; Warranty of Title; Other Warranties

6.1 The measurement and quality of the natural gas delivered by Customer to Transporter and redelivered by Transporter to the Point(s) of Delivery hereunder shall be in accordance with Rate Schedule TS – Transportation Service and the Rules and Regulations set forth in Transporter's currently-effective PUC Gas Tariff as the same may be amended or superseded from time to time.

6.2 The Customer's warranties of title contained in Rate Schedule TS – Transportation Service are expressly incorporated herein.

6.3 [INSERT other warranties, if any.]

6.4 Transporter shall not be obligated to provide or continue service hereunder in the event of any breach of warranty.

SECTION VII

Term; Commencement of Service

7.1 Except as otherwise provided herein, this Agreement shall be effective as of the date hereof and shall continue and remain in full force and effect for a primary term ending _____, _____; provided, however, that Transporter may terminate this Agreement prior to the expiration of said primary term as provided by law or the provisions of this Agreement or Transporter's then effective PUC Gas Tariff.

7.2 Transportation service hereunder shall commence as of _____.

7.3 Any portion of this Agreement necessary to resolve or cash-out imbalances under this Agreement as required hereunder or by the applicable provisions or Transporter's then effective PUC Gas Tariff shall survive the other parts of this Agreement until such time as such balancing has been accomplished; provided, however, that Transporter notifies Customer of such imbalance not later than twelve (12) months after the termination of this Agreement

SECTION VIII

Tariff; Laws, Rules & Regulations

8.1 Notwithstanding anything herein to the contrary, the rates, terms, and conditions for the service to be rendered hereunder shall be subject to and in accordance with Transporter's applicable effective PUC Gas Tariff (including the pertinent Schedule(s) and the Rules and Regulations thereunder) as the same may be amended or superseded from time to time, all of which are expressly incorporated herein. In the event of a conflict between the provisions of this Agreement and Transporter's applicable effective PUC Gas Tariff, the latter shall control. Transporter shall have the right to propose to and file with the PUC or other regulatory body having jurisdiction supplements, changes, and revisions to its effective PUC Gas Tariff (including the Schedules and Rules and Regulations thereunder) for the purpose of supplementing, changing, or revising the rates, terms, conditions, and other provisions thereof applicable to Customer.

8.2 This Agreement, insofar as it is affected thereby, shall be subject to all present and future valid and applicable laws and to the valid and applicable present and future rules, regulations or orders of any regulatory agency or authority having jurisdiction. Nothing contained herein shall be construed as affecting Transporter's or Customer's rights to contest the validity or applicability of any such rules, laws, regulations, or orders.

SECTION IX
Miscellaneous

9.1 This Agreement, together with Transporter's PUC Gas Tariff referenced and incorporated herein, represents the entire understanding of the parties with respect to the subject matter hereof and supersedes and merges herein all prior negotiations, understandings, agreements, and representations. Except for modifications resulting from revisions in Transporter's effective PUC Gas Tariff, no change, waiver, modification, or amendment of this Agreement shall be binding or of any effect unless in writing duly signed by the party against which such change, waiver, modification, or amendment is sought to be enforced.

9.2 Unless otherwise provided herein, all notices, requests, or demands which are required or contemplated by this Agreement shall be in writing and shall be sent by registered or certified mail, postage prepaid, addressed as follows until changed by either party by certified or registered letter addressed to the other party:

- (i) If to Transporter, to
T. W. Phillips Gas and Oil Co.
205 North Main Street
Butler, Pennsylvania 16001
Attention: Robert M. Hovanec
Vice President and Chief Financial Officer
Telephone: (412) 287-8620
Facsimile: (412) 287-5021

- (ii) If to Customer, to
T. W. Phillips Energy Corp.
205 North Main Street
Butler, Pennsylvania 16001
Attention: Jay W. Dawson, Esquire
Assistant Secretary
Telephone: (724) 287-2751
Facsimile: (724) 287-6682

Routine communications, including monthly statements and payments, may be sent by ordinary mail. Notices which shall be served upon the parties hereto in the manner provided in this Section shall be deemed sufficiently served or given for all purposes under this Agreement at the time such notice shall be mailed as provided herein at any post office or branch post office regularly maintained by the United States Postal Service or any successor to the functions thereof.

9.3 This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns .

9.4 This Agreement shall be governed by, construed, and interpreted in accordance with the laws of the Commonwealth of Pennsylvania. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were eliminated.

9.5 Whenever this Agreement makes reference to "this Agreement" or to any provision "hereof", or words to similar effect, such reference shall be construed to refer to the within instrument unless the context clearly requires otherwise. The titles of the Sections herein have been inserted as a matter of convenience of reference only and shall not control or affect the meaning or construction of any of the terms and provisions hereof.

9.6 No waiver by either Seller or Buyer of any default of the other under this Agreement shall serve as a waiver of any future default, whether of like or different character or nature.

9.7 The parties hereto may execute this Agreement in any number of separate counterparts, each of which, when executed and delivered by the parties hereof, shall have the full force and effect of an original; but all such counterparts shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ATTEST:

TRANSPORTER:
T. W. PHILLIPS GAS AND OIL CO.

Secretary
(Corporate Seal)

Vice President

ATTEST:

CUSTOMER:
T. W. PHILLIPS ENERGY CORP.

Title:
(Corporate Seal)

Assistant Secretary

EXHIBIT "A"

Point(s) of Receipt and Delivery



COMMONWEALTH OF PENNSYLVANIA
 PENNSYLVANIA PUBLIC UTILITY COMMISSION
 P.O. BOX 3265, HARRISBURG, PA 17105-3265

Exhibit VI.II.RR.51
 Page 27 of 46
 Witness: Gregory A. Sciuillo

IN REPLY PLEASE
 REFER TO OUR FILE

November 10, 2010

Docket No. G-2008-2070532

ROBERT M HOVANEC
 TW PHILLIPS GAS AND OIL CO
 205 NORTH MAIN STREET
 BUTLER PA 16001

Re: Affiliated Interest Agreement between T.W. Phillips Gas and Oil Co., T.W. Phillips Gas Supply Corp. and T.W. Phillips Pipeline Corp.

Dear Mr. Hovanec:

On October 23, 2008, T.W. Phillips Gas and Oil Company (Company) filed with the Commission, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, the above-referenced Affiliated Interest Agreement (Agreement) for approval. By Secretarial Letter dated November 4, 2008, the Commission extended the period for consideration of this Agreement until further Order of the Commission. Subsequently, on October 11, 2010, the Company submitted a revised Agreement that incorporated changes necessary to address various concerns raised by Commission staff during its review of the original Agreement.

This revised Agreement was entered into between the Company and its Affiliates, T.W. Phillips Gas Supply Corp and T.W. Phillips Pipeline Corp. (Affiliates), and authorizes the Company to provide the Affiliates with administrative and other services as detailed in its Affiliated Interest Agreement filed at Docket No. G-2008-2070532.

Upon review of the Company's filing, it does not appear that this Agreement is unreasonable or contrary to the public interest. Therefore, this filing is hereby approved. However approval concerning T.W. Phillips Pipeline Corp, (Pipeline Corp), is limited to its current operations as described in the Company's filing. If Pipeline Corp expands operations beyond that of those described in its filing, T.W Phillips is directed to seek Commission approval. It is to be noted, approval of this filing does not constitute a determination that the associated costs or expenses are reasonable or prudent for the purposes of determining just and reasonable rates. Furthermore, the Commission's approval is subject to the possibility that subsequent audits, reviews and inquiries in any Commission proceeding may be conducted, pursuant to 66 Pa. C.S. §§ 2102, *et seq.*, and the Commission reserves the right to revisit any issue addressed in the revised Agreement as a result of such audits, reviews and inquiries.

In addition, this approval will apply only to the agreement, services, matters and parties specifically and clearly defined under this instant proceeding, as well as under any associated and previously filed filings.

Sincerely,

Rosemary Chiavetta
 Secretary

Cc: Elaine McDonald, FUS
 Brent Killian, FUS
 Kathleen Aunkst, Secretary's Bureau

Affiliated Interest Agreement**By and Between****T. W. Phillips Gas and Oil Co., T. W. Phillips Gas Supply Corp.
and T. W. Phillips Pipeline Corp.**

AGREEMENT made this 1st day of November 2010 by and between T. W. Phillips Gas and Oil Co. ("T. W. Phillips"), T. W. Phillips Gas Supply Corp., ("Supply Corp.") and T. W. Phillips Pipeline Corp. ("Pipeline Corp."), all of whom are subsidiaries of TWP INC. Supply Corp., Pipeline Corp. and T. W. Phillips, represent the only parties to the proposed Affiliated Interest Agreement ("AIA").

WHEREAS, Supply Corp. is a natural gas production company that sells natural gas well production directly into T. W. Phillips pursuant to a Pennsylvania Public Utility Commission ("PUC") approved affiliated gas purchase agreement; and

WHEREAS, Pipeline Corp. is a non-contiguous interstate pipeline company which provides gas transportation service to a new ethanol production facility and will be certificated and regulated by the Federal Energy Regulatory Commission ("FERC"); and

WHEREAS, Supply Corp. and Pipeline Corp. desire to utilize certain T. W. Phillips' personnel to provide administrative and other services; and

WHEREAS, the rendition of the contemplated services described below on a centralized basis enables T. W. Phillips to realize economic and other benefits through (i) the efficient use of personnel and equipment, (ii) the coordination of analysis and planning, and (iii) the availability of specialized personnel and equipment which Supply Corp. and Pipeline Corp. cannot economically maintain on an individual basis.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. T. W. Phillips will provide to Supply Corp. and Pipeline Corp. the following administrative and other services: accounting and statistical services, auditing services, budget services, electronic communications services, corporate services, employee services, engineering and research services, legal services, information services, gas dispatching services, insurance services, information technology services, rate services, operations support and planning services, tax services, land/surveying services, purchasing, storage and

disposition services, treasury services, depreciation services, customer billing, collection and contact services, officers, economic services and business promotion services, not specifically identified herein as may be properly and efficiently rendered by T. W. Phillips and requested by Supply Corp. and Pipeline Corp. A detailed description of the aforementioned services is provided in Appendix A, attached hereto.

2. All administrative and other services rendered under the Service Agreement shall be provided at full cost. It is the intent of the Service Agreement that charges for services shall be billed directly to the affiliated entity benefiting from such services. The cost of rendering such services shall include: (i) a portion of the salaries and wages of employees of T. W. Phillips determined according to the time devoted by such employees to the performance of services hereunder; (ii) the cost of employees' benefits and payroll taxes attributable to salaries and wages directly billed under (i) above; (iii) the actual costs of any materials or supplies furnished by T. W. Phillips in connection with the performance of services under the Service Agreement; (iv) all administrative and general expenses attributable to services performed under the Service Agreement (including reasonable amounts for general office maintenance and depreciation, amortization, return and related taxes on T. W. Phillips' general plant investment) determined in accordance with T. W. Phillips' policies and procedures, which have been instituted and implemented consistent with T. W. Phillips' Implementation Plan filed in response to the recommendations contained in the PUC Bureau of Audits *Focused Management and Operations Audit Report* issued March 2009 at Docket No. D-07MGT022 (the "PUC Management Audit"); (v) the actual costs incurred by T. W. Phillips in procuring contractors to provide such services; and (vi) all other out-of-pocket operating expenses incurred by T. W. Phillips or its employees in connection with the performance of services under the Service Agreement. T. W. Phillips' employees will be required to provide an accounting of the hours involved in services for the Affiliates. Such compilation of hours worked will be determined consistent with the methodology implemented by T. W. Phillips in response to the recommendations contained in the PUC Management Audit. All such employees will have billing rates which include salary and employee benefits, which are periodically reviewed by the PUC Bureau of Audits and updated by T. W. Phillips, if necessary. T. W. Phillips definition of "full cost" includes corporate overhead. Reasonable amounts for the corporate overhead cost allocation has been and will be determined consistent with the PUC Bureau of Audits' recommendation and T. W. Phillips' Implementation Plan both of which were accepted by the Commission in 2009. Direct costs for special one-time or non-routine services will be determined at the time such

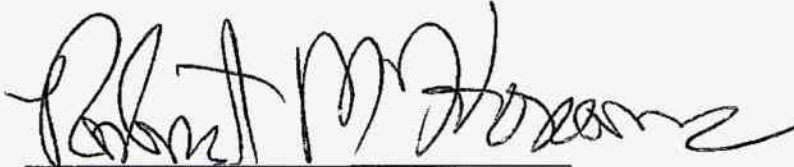
services are provided. Repetitive administrative services (routine accounting matters, etc.) will be determined and updated annually. Corporate overhead cost allocations will also be determined and updated annually.

3. T. W. Phillips shall render invoices on a monthly basis to Supply Corp. and Pipeline Corp. for all services provided hereunder. All such invoices will be due and payable within thirty (30) days of the date of T. W. Phillips' invoice.
4. The Service Agreement shall become effective immediately upon receipt of Commission approval and shall continue in force and effect for a term of one (1) year from said date and, thereafter from year to year, until terminated by either party upon sixty (60) days' written notice of such termination to the other party or until the Service Agreement is revised by the Commission.
5. The respective duties, obligations, and liabilities of T. W. Phillips, Supply Corp., and Pipeline Corp. under the Service Agreement are intended to be severable and not joint or collective, and nothing in the Service Agreement shall ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership duty, obligation or liability on or with regard to either T. W. Phillips, Supply Corp. or Pipeline Corp. Each party shall be individually responsible for its own obligations as herein provided. Neither party shall be under the control of or deemed to control the other solely by virtue of the Service Agreement.
6. Either party may, without relieving itself of its obligations under the Service Agreement, assign any of its rights thereunder to an entity with which it is affiliated, but otherwise no assignment of the Service Agreement or any of the rights or obligations thereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party.
7. The Service Agreement is made in and shall be construed in accordance with the laws of the Commonwealth of Pennsylvania. The invalidity or unenforceability of any particular provision of the Service Agreement shall not affect the other provisions hereof, and the Service Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

8. Subject to privacy or confidentiality constraints, T. W. Phillips shall not disclose, directly or indirectly, any customer or supplier proprietary information to its non-utility affiliates unless authorized by the customer or supplier. The Commission's standards of conduct shall apply to any release of such information.

9. T. W. Phillips, Supply Corp., and Pipeline Corp. shall 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 to be confidential and shall not (except as required by law) disclose, publish, or make use of such information without the consent of the other party.

T. W. PHILLIPS GAS AND OIL CO.



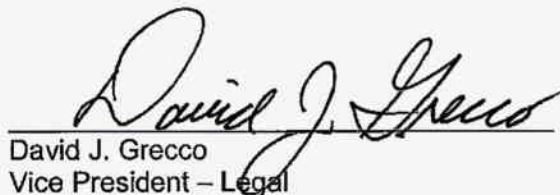
Robert M. Hovanec
Chief Operating Officer and
Chief Financial Officer

T. W. PHILLIPS GAS SUPPLY CORP.



Stephen J. Sickafuse
Vice President – Finance and Treasurer

T. W. PHILLIPS PIPELINE CORP.



David J. Grecco
Vice President – Legal

Affiliated Interest Agreement**By and Between**

T. W. Phillips Gas and Oil Co., T. W. Phillips Gas Supply Corp.
and T. W. Phillips Pipeline Corp.

DESCRIPTION OF SERVICES

1. **Accounting and Statistical Services.** T. W. Phillips will advise and assist the Affiliates in all aspects of accounting, including financial accounting, plant accounting, regulatory accounting, tax accounting, maintenance of books and records, safeguarding of assets, accounts payable, accounts receivable, reconciliations, accounting research, reporting, operations and maintenance analysis, and related accounting functions. T. W. Phillips will also provide services related to developing, analyzing and interpreting financial statements, directors' reports, regulatory reports, operating statistics and other financial reports. T. W. Phillips will ensure compliance with generally accepted accounting principles and will assist the Affiliates in the formulation of accounting practices and policies.

2. **Auditing Services.** T. W. Phillips' independent auditing firm will conduct an annual audit of the general records of the Affiliates and T. W. Phillips will coordinate the audit programs of the Affiliates with those of the independent auditing firm in such annual examination of their accounts.

3. **Budget Services.** T. W. Phillips will advise and assist the Affiliates in matters involving the preparation and development of budgets.

4. **Electronic Communications Services.** T. W. Phillips will advise and assist the Affiliates in connection with the planning, installation and operation of radio networks, remote control and telemetering devices and any other applications of electronics.

5. **Corporate Services.** T. W. Phillips will advise and assist the Affiliates in connection with general corporate matters and with proceedings involving regulatory bodies.

6. **Employee Services.** T. W. Phillips will advise and assist Pipeline Corp. in connection with employee relations matters, including training, compensation, safety and employee benefits.

7. **Engineering Services.** T. W. Phillips will advise and assist Pipeline Corp. in connection with the engineering and construction matters, including estimates of costs of construction, preparation of plans and designs, engineering and supervision of the fabrication of natural gas facilities, standardization of engineering procedures, and supervision and inspection of construction.

8. **Legal Services.** T. W. Phillips will provide Affiliates with legal services in connection with or in support of any of the other services provided hereunder including, but not limited to, general corporate matters.

Affiliated Interest Agreement**By and Between**

**T. W. Phillips Gas and Oil Co., T. W. Phillips Gas Supply Corp.
and T. W. Phillips Pipeline Corp.**

DESCRIPTION OF SERVICES

9. **Information Services.** T. W. Phillips will advise and assist the Affiliates in matters involving the furnishing of information to customers, employees and to the public generally.

10. **Gas Dispatching Services.** T. W. Phillips will advise and assist the Affiliates in the dispatching of the gas supplies and in determining and effecting the most efficient routing and distribution of such supplies in the light of the respective needs therefore and the applicable laws and regulations of government bodies. If requested by the Affiliates, T. W. Phillips will provide dispatchers to handle the routing and dispatching of gas. The gas dispatching activities to be performed by T. W. Phillips is essentially the same as those performed for non-affiliated PA gas producers. Such activities will include communications, similar to those with other PA gas producers, with respect to the turn-on and turn-off of gas well production interconnected with T. W. Phillips' pipeline system to meet the load requirements of customers.

11. **Insurance Services.** T. W. Phillips will advise and assist the Affiliates in general insurance matters, in obtaining policies, making inspections and settling claims.

12. **Information Technology Services.** T. W. Phillips will advise and assist Affiliates in matters involving information technology, including management, operations, control, monitoring, testing, evaluation, data access security, disaster recovery planning, technical research and support services.

13. **Rate Services.** T. W. Phillips will advise and assist Pipeline Corp. in all rate matters, including the design and preparation of schedules and tariffs, the analysis of rate filings and the preparation and presentation of testimony and exhibits to regulatory authorities.

14. **Operations Support and Planning Services.** T. W. Phillips will advise and assist Pipeline Corp. in connection with estimates of gas requirements and gas availability; gas transmission, measurement, construction requirements; construction management; regulatory compliance; facility mapping and GIS technologies; and other operating matters.

15. **Tax Services.** T. W. Phillips will advise and assist the Affiliates in tax matters, in the preparation of tax returns and in connection with proceedings relating to taxes.

16. **Land/Surveying Services.** T. W. Phillips will provide land asset and contract management services in connection with Pipeline Corp.'s acquisition, leasing, maintenance and disposal of interests in real property, including the maintenance of land records and the recording of instruments relating to such interests in real property.

Affiliated Interest Agreement

By and Between

T. W. Phillips Gas and Oil Co., T. W. Phillips Gas Supply Corp.
and T. W. Phillips Pipeline Corp.**DESCRIPTION OF SERVICES**

17. ***Purchasing, Storage and Disposition Services.*** T. W. Phillips will render advice and assistance to Pipeline Corp. in connection with supply chain activities, including the standardization, purchase, lease, license and acquisition of equipment, materials, supplies, services and other assets, as well as shipping, storage and disposition of same. T. W. Phillips will also render advice and assistance to Pipeline Corp. in connection with the negotiation of the purchase, sale, acquisition or disposition of assets and services and the placing of purchase orders for the account of Pipeline Corp. However, it should be noted that neither Affiliate participates as natural gas supplier/marketers in the natural gas marketplace. As such, neither Affiliate has any need for T. W. Phillips' competitive supplier information and in fact will not be provided such information. The purchasing services referenced herein will not include the purchase or storage of natural gas for the Affiliates, rather will include the purchase, disposition and storage of minor equipment, supplies and other items used in the ordinary course of business.

18. ***Treasury Services.*** T. W. Phillips will provide cash management services.

19. ***Depreciation Services.*** T. W. Phillips will advise and assist the Affiliates in matters pertaining to depreciation practices, including (i) the preparation of studies to determine the estimated service life of assets, annual depreciation rates, salvage experience and trends in depreciation reserves indicated by such studies; and (ii) dissemination to the Affiliates of information concerning current developments in depreciation practices.

20. ***Customer Billing, Collection and Contact Services.*** T. W. Phillips will render services to Affiliates associated with the preparation and issuance of customer bills, notices, inserts and similar mailings. T. W. Phillips will provide cash processing, revenue recovery, account reconciliations and adjustments, and related services to Affiliates associated with the collection of revenue and management of accounts receivable. T. W. Phillips will provide customer contact and related services to Affiliates, including customer contact center management, the receipt and processing of emergency calls; the handling of customer complaints; and responses to customer billing, credit, collection, order take and inquiry, outage, meter reading, retail choice and other inquiries. T. W. Phillips' utility customer information system will not be provided to the Affiliates as neither is involved in the marketing of natural gas to customers. The customer billing, collection and contact services contemplated herein will be administrative in nature. In the case of Supply Corp., its only customer is T. W. Phillips for whom it sells all of its gas production pursuant to a PUC approved gas purchase/sales contract and under which T. W. Phillips issues monthly gas purchase invoices and remit payments thereof. These monthly billing and payment procedures are conducted for all PA producers in a similar fashion. With

Affiliated Interest Agreement

By and Between

T. W. Phillips Gas and Oil Co., T. W. Phillips Gas Supply Corp.
and T. W. Phillips Pipeline Corp.

DESCRIPTION OF SERVICES

respect to Pipeline Corp., it only has one customer and the monthly billing is determined under a FERC approved negotiated rate agreement. Typical administrative services will include the receipt, deposit in bank and posting of payments received from the single customer of each Affiliate and the maintenance of the contract files to insure the payments are consistent with the contracts.

21. **Officers.** Affiliates may, with the consent of T. W. Phillips, elect to any office of the Affiliates any officer or employee of T. W. Phillips whose compensation is paid, in whole or in part, by T. W. Phillips. Services rendered to the Affiliates by such person as an officer shall be billed by T. W. Phillips to the Affiliates and the Affiliates shall not be required to pay any compensation directly to any such person.

22. **Economic Services.** T. W. Phillips will advise and assist the Affiliates in matters involving economic planning and development.

23. **Business Promotion Services.** T. W. Phillips will advise and assist the Affiliates in the preparation and use of promotional materials.



17 North Second Street
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Harrisburg, PA 17101-1601
717-731-1970 Main
717-731-1985 Fax
www.postschell.com

David P. Zambito

dzambito@postschell.com
717-612-6052 Direct
717-731-1985 Fax
File #: 3552/149421

March 1, 2012

VIA HAND DELIVERY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17105-3265

RECEIVED
2012 MAR - 1 PM 12:58
PA PUC
SECRETARY'S BUREAU

RE: Affiliated Interest Agreement Between Peoples Natural Gas Company LLC and Peoples TWP LLC; Docket No. G-2012-2290018; AMENDED OPERATIONAL SERVICE AGREEMENT

Dear Secretary Chiavetta:

Enclosed for filing on behalf of Peoples Natural Gas Company LLC ("Peoples") and Peoples TWP LLC ("PTWP") please find an original and three (3) copies of an amended version of the above-referenced affiliated interest agreement ("Amended Agreement"). The Amended Agreement reflects changes requested by Staff from the Bureau of Technical Utility Services. Specifically, the changes are:

- (1) The addition of an organizational chart, as indicated in the third "Whereas" clause and shown in new "Exhibit I";
- (2) Renumbering of old "Exhibit I" as "Exhibit II";
- (3) Adding "and directly bill the receiving company" in Paragraph III.; and,
- (4) The inclusion of "Appendix A" which was inadvertently omitted from the original filing.

Peoples and PTWP have consented to these requested changes.

Rosemary Chiavetta
March 1, 2012
Page 2

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions. Copies of this filing have been served as indicated below and on the attached Certificate of Service.

Sincerely,



David P. Zambito, Esquire
Counsel for *Peoples Natural Gas Company LLC*
and *Peoples TWP LLC*

DPZ/kmg
Enclosures

cc: Certificate of Service

Anthony Rametta, Bureau of Technical Utility Services

Jeannine M. Snyder, Bureau of Technical Utility Services

Robert F. Young, Law Bureau

M. Carl Lesney, Bureau of Audits

Dennis P. Hosler, Bureau of Audits

George A. Dorow, Jr., Bureau of Audits

CERTIFICATE OF SERVICE
Docket No. G-2012-2290018

I hereby certify that I have this day served a true copy of the foregoing Amended Operational Service Agreement upon the parties, listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).


VIA FIRST CLASS MAIL AND ELECTRONIC MAIL:

Irwin A. Popowsky, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Steven C. Gray, Esquire
Office of Small Business Advocate
Commerce Bldg. Suite 1102
300 N. Second Street
Harrisburg, PA 17101

Johnnie E. Simms, Esquire
Bureau of Investigation & Enforcement
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – 2 West
PO Box 3265
Harrisburg, PA 17105-3265

DATED: March 1, 2012



David P. Zambito, Esquire
Counsel for Peoples Natural Gas Company LLC

Operational Service Agreement

This Operational Service Agreement (this "Agreement") is entered into as of the ____ day of _____, 2012, by and between Peoples TWP LLC, a Pennsylvania limited liability company ("Peoples TWP"), and Peoples Natural Gas Company LLC, a Pennsylvania limited liability company ("Peoples") (collectively, Peoples TWP and Peoples may hereinafter be referred to as the "Parties").

WHEREAS, Peoples TWP is a public utility certificated by the Pennsylvania Public Utility Commission that provides natural gas service to approximately 60,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, and Westmoreland;

WHEREAS, Peoples is a public utility certificated by the PUC that provides natural gas service to approximately 360,000 customers in all or a portion of the following Pennsylvania counties: Allegheny, Armstrong, Beaver, Blair, Butler, Cambria, Clarion, Fayette, Greene, Indiana, Lawrence, Mercer, Somerset, Venango, Washington, and Westmoreland;

WHEREAS, each of Peoples TWP and Peoples is an indirect subsidiary of SteelRiver Infrastructure Fund North America LP (attached hereto as **Exhibit I** is an organizational chart);

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

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TERMINATION AND MODIFICATION.

This Agreement shall be in full force and effect as of the date of execution, subject to the 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 Party. 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. **Modification of Services.** The receiving company may modify its selection of services at any time during the calendar year by giving the providing company written notice. The requested modification in services shall take effect on the first day of the first calendar month beginning at least fifteen (15) days after the receiving company sent written notice to the providing Company.
- 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 by the Pennsylvania Public Utility Commission.
- 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 TWP:

President
Peoples TWP LLC
205 N. Main Street
Butler, PA 16001

To Peoples:

President
Peoples Natural Gas Company 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 Party's 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. "*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 and 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 TWP LLC:

By: _____

Its: _____

Attest:

Peoples Natural Gas Company LLC:

By: _____

Its: _____

Attest:

EXHIBIT I

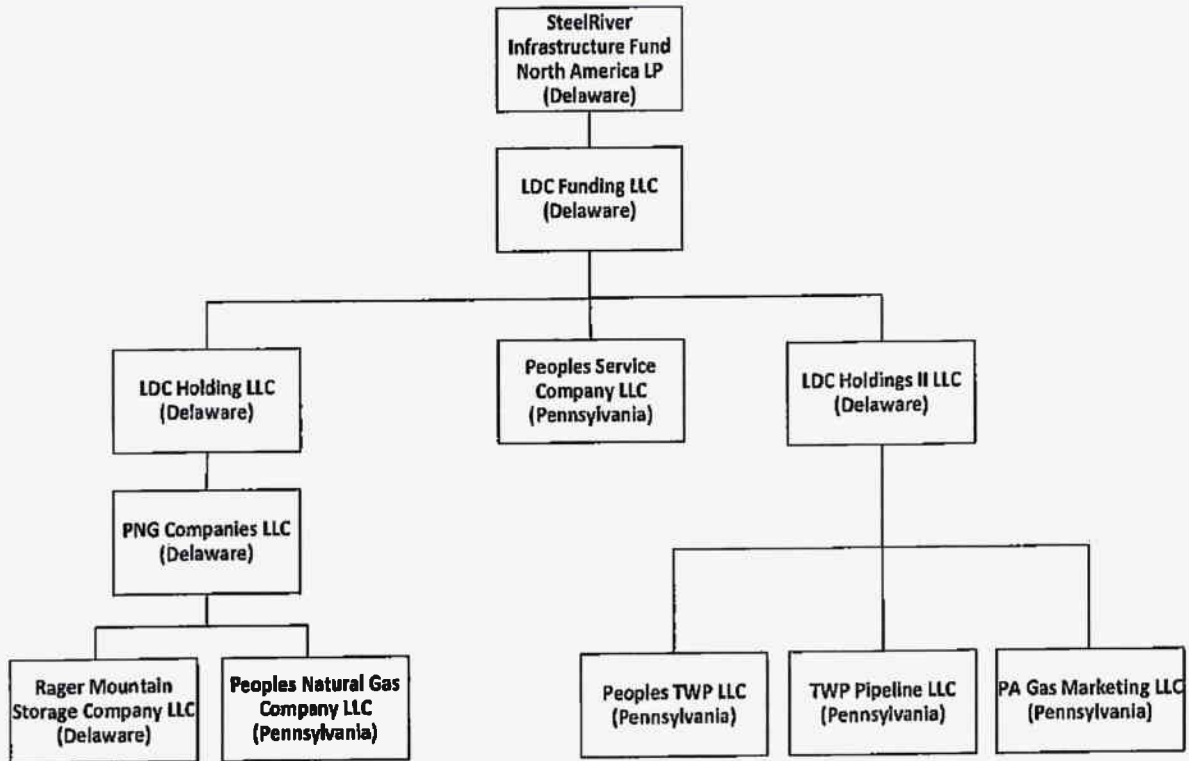


Exhibit II**I. OPERATIONAL SERVICES**

As used herein, "Operational Services" refers to the following list of services, which the receiving company may request, or, upon the request of the receiving company, the providing company may furnish.

Service	Service Description
Engineering Services	Design, engineering, construction, operation, restoration (corrective and preventative) maintenance, and repair services, and services incidental to gathering, distribution and transmission facilities, including compressor and line maintenance, and asset management services.
Engineering Support Services	Lab testing, research and development, engineering and support services for gathering, distribution and transmission, construction and maintenance facilities, functions and activities.
Use of Space	Use or lease of office, warehouse, storage and other space or facilities, associated warehousing and storage services.
Regional Support Services	Utilize utility operations level experience to provide regional support related to utility operations functions including in connection with providing Engineering Services and related utility operations' functions.
Field Support Services	Utilize utility operations level experience in the field to provide weather-related and emergency support services including construction and reconstruction, operations and line restoration services to address weather-related and emergency conditions.
Environmental Services	Provide services and assistance related to identifying, managing and remediating environmental threats or risks.
Meter Testing Services	Provide services related to maintenance, testing and repair of meters.
Transportation and Garage Services	Provide services related to transportation maintenance practices and support.
Vegetation Management Services	Provide services related to vegetation management such as pruning, controlling or removing of vegetation as required to maintain line reliability, maintain access, make repairs, or restore service.
Records Retention and Storage	Provide services related to records storage, records retrieval, records retention and records planning.
Reprographics Services	Provide services related to production printing, document imaging, and graphic services.
Safety and 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.
Design Standards	Provide services and assistance related to development and maintenance of material and construction standards, line maintenance practices and support, and service practices.

Compliance Program Services	Provide services and assistance related to design, implementation and management of pipeline integrity and other operations-focused compliance programs.
Supply Chain and Procurement Services	Procure material, equipment and contractor services. Establish, manage and administer procurement programs. Develop specifications, standards, schedules, and bills of material.
SCADA and Telemetry Services	Provide field support services for SCADA and telemetry systems.

II. BILLING FOR OPERATIONAL SERVICES

1. All Operational Services rendered under and in accordance with this Agreement shall be provided at cost and directly billed to the receiving company. The cost of rendering such services shall include: (1) a directly charged portion of the salaries and wages of employees of providing company determined according to the time devoted by such employees to the performance of services under this Agreement for the receiving company; (2) the cost of employees' benefits, payroll taxes and compensated absences attributable to salaries and wages directly billed under (1), above; (3) all other out-of-pocket operating costs, including expenses for transportation tolls, and other expenses incurred by providing company or its employees in connection with the performance of services under this Agreement; (4) the actual costs of materials and supplies furnished by providing company in connection with the performance of services under this Agreement; (5) administrative and general costs attributable to services performed under this Agreement, determined in accordance with providing company's policies and procedures (attached hereto as Appendix A is the current administrative and general costs policies and procedures of Peoples TWP and Peoples, which may be amended from time to time upon notice to the Pennsylvania Public Utility Commission); and (6) the actual cost incurred by the providing company in procuring contractors to provide services under this Agreement.

2. 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.

Appendix A

G&A Surcharge

Definition

- The G&A surcharge is designed to charge a portion of indirect labor and non-labor G&A costs.
- The rate is developed to allocate these indirect costs in the same proportion to direct O&M and other labor.
- The G&A surcharge is applied to both straight time and overtime direct labor charged to a project.

Calculation

$$\text{Rate} = \frac{\text{Indirect Labor Costs} + \text{Misc G\&A} + \text{Portion of Service Company}}{\text{Direct Labor Costs}}$$

- Indirect Labor** - This is the salary labor (including wages, benefits, payroll tax, and APIP) that is not charged directly to a WBS.
- Misc G&A** - These are the costs posted to the business area cost centers that do not flow through core* work related projects. Examples of these costs include office supplies, phone bills, rents, insurance, etc...(A)
- A&G Outside Services** - This includes the portion of the Service Company bill charges designated to be included in the G&A Surcharge.**
- Direct Labor** - These are the salary activity allocations that are charged directly to a WBS (project) plus hourly.

(A) List of Non-Labor G&A

Office Equip Mtce	Rent Exp Comp Equipment
Comp Software Mtc	Rent Exp Equipment
Building Mtc	Rent Exp Misc
Sec Equip Mtc	Utilities Electric / Gas
Network Mtc	Utilities Phone
Office Supplies	Wireless
Postage (NEW)	Water
Software / Hardware	Insurance Claims
Office Furn & Equip	P Card (NEW less fleet area)
Misc Supplies	Less: Fleet P Card (XPNG_FLEET)
Rent Buildings	

* Core projects include Production & Gathering, Transmission, Distribution and Customer Service
 ** Includes Service Company direct labor, postage & maintenance expenses

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Refer to Attachment 1.

Peoples TWP LLC
Attachment 1: Exhibit VI.II.RR.52
Outside Services Employed

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

Twelve Months Ended December 31, 2012 \$ 1,899,826
Twelve Months Ended December 31, 2011 \$ 2,069,358
Twelve Months Ended December 31, 2010 \$ 1,561,772

See below for breakdown by service provider and type of service for the historic test year.

Provider	Type of Service	Amount
A C COY CO LP	CONSULTING	\$ 25,918
ACCRUALS	ACCRUALS	\$ 34,214
AGX INC.	SAMPLING/INSPECTOR	\$ 7,456
ALLEGHENY COUNTY	RECORD FEE	\$ 1,100
ALLEGHENY VALLEY HOSPITAL	CDL PHYSICAL	\$ 325
ALLE-KISKI MEDICAL CENTER	PHYSICALS	\$ 195
AMERISERV TRUST	PERIODIC FEE	\$ 59,607
ARMSTRONG CO.REGISTER AND	RECORD FEE	\$ 538
ARMSTRONG PRIMARY CARE CE	PHYSICALS	\$ 201
AUTOMATIC DATA PROCESSING	SERVICE FEE	\$ 750
BUCHANAN INGERSOLL & ROON	PROF. SERV.	\$ 10,331
BUTLER CO. REGISTER&RECOR	RECORD FEE	\$ 1,657
BUTLER MEDICAL PROVIDERS	PHYSICALS	\$ 1,691
CARL ORANGIS	PROF. SERV.	\$ 1,637
CENTRIC	PAYROLL PROCESSING FEES	\$ 33,363
CITIZENS BANK	TRUST FEES	\$ 79,054
CJ BETTERS	PROMOTIONAL FEES	\$ 116,454
CLARION CO. REGISTER&RECO	RECORD FEE	\$ 89
COMMONWEALTH OF PENNSYLVIA	AIR EMIS FEE	\$ 3,871
CORPORATION SERVICE COMPA	AGENT FEE	\$ 329
CT CORPORATION	CONSULTING	\$ 284
DELANEY & FRITZ PC	RECORD FEES	\$ 3,437
ECKERT SEAMANS CHERIN &	PROF. SERV.	\$ 29,144
ED NEWCASTER	SECURITY	\$ 15,420
ERNST & YOUNG LLP	PROF. SERV.	\$ 3,049
EXCALIBUR DATA SYSTEMS, I	CONSULTING	\$ 3,765
FORD FAMILY PRACTICE, INC	PHYSICALS	\$ 356
GANNETT FLEMING COMPANIES	PROF. SERV.	\$ 4,915
HALLETT ASSOCIATES,	CONSULTING	\$ 16,610
HENDERSON BROTHERS,	CONSULTING	\$ 12,500
HENDERSON BROTHERS, INC.	CONSSULTING	\$ 17,463
HIGHMARK CASUALTY INSURANCE COMPANY	STOP-LOSS CLAIMS	\$ (40,865)
INDIANA CO.REGISTER & REC	RECORD FEE	\$ 86
INDIANA HEALTHCARE PHY.SE	PHYSICALS	\$ 785

INFINISOURCE	COBRA ADMINISTRATION	\$	(18,884)
INTERACTIVE DATA	NYMX	\$	7,309
IPLOGIC, INC	CONSULTING	\$	9,084
JEFFERSON CO.REGISTER&REC	RECORD FEE	\$	420
JOSEPH LAMANTIA DO PC	PHYSICALS	\$	215
K&L GATES LLP	PROF. SERV.	\$	21,007
MATTHEW N KLAIN, MD PC	CDL PHYSICAL	\$	70
MICROBAC LABORATORIES, IN	SERVICES	\$	810
MISCELLANEOUS	MISCELLANEOUS	\$	261
NICHOLAS MOVING & STORAGE	MOVERS	\$	2,730
OPSOLVE	BILLING SERVICES	\$	383,531
ORRICK, HERRINGTON & SUTC	PROF. SERV.	\$	1,290
PENSIONS SPECIALISTS, INC	CONSULTING	\$	200
PEOPLES SERVICES COMPANY	ADMIN EXPENSES	\$	872,008
PLONKA WEB PUBLISHING	ADMIN EXPENSES	\$	1,575
POST & SCHELL, P.C.	PROF. SERV.	\$	(9,183)
PRECISION LAND SURVEYORS	SURVEYING	\$	500
PRIMARY HEALTH NETWORK	PHYSICALS	\$	1,615
PRIMEPAY	FLEX ADMIN FEE	\$	2,417
REED SMITH LLP	PROF. SERV.	\$	100
SCHNEIDER DOWNS & CO., IN	PROF. SERV.	\$	18,319
STANGO & ASSOCIATES	CONSULTING	\$	52,878
TAX ASSESSMENT OFFICE	RECORD FEE	\$	260
THORP REED & ARMSTRONG,	PROF. SERV.	\$	2,864
TWP PIPELINE LLC	AFFILIATED EXPENSES	\$	(276)
UNLIMITED STAFFING, INC.	TEMP SERVICE	\$	101,466
WESTMORELAND CO.REGISTER&	RECORD FEE	\$	523
WV DEPT. OF TAX DEPARTMEN	WVMISC 12	\$	30
ZURICH AMERICAN INSURANCE	ZURICH	\$	963
		\$	<u>1,899,826</u>

Peoples TWP LLC
§ Exhibit VI.II

RR 53. Please describe each budgeted or planned 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.

* * * * *

Peoples TWP is initiating the Smart Modernization Plan to replace unprotected steel pipe over a 20 year period as well as a leak reduction program as described in the testimony of Paul W. Becker (Peoples TWP Statement No. 2). Both programs will help reduce lost and unaccounted for gas.

Peoples TWP has received approval of the affiliated interest agreement with Peoples Service Company. The Service Company is expected to provide enhanced services at a lesser cost than individual companies would be able to provide. Peoples TWP is also expected to convert to a common billing system in January, 2014. Both items are described in the testimony of Lynda W. Petrichevich (Peoples TWP Statement No. 11).

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Not applicable.

Peoples TWP LLC
§ Exhibit VI.II

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.

* * * * *

Peoples TWP was purchased from T W Phillips Gas and Oil Co on May 24, 2011. The first income tax return (tax year 2011) will be supplied upon execution of a confidentiality agreement. The prior year's returns under T W Phillips Gas and Oil Co ownership, which included the results of Peoples TWP's pre-acquisition operations, are neither comparable nor relevant.