

THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Form 2 Approved  
OMB No.1902-0028  
(Expires 10/31/2014)

Form 3-Q Approved  
OMB No.1902-0205  
(Expires 05/31/2014)



# FERC FINANCIAL REPORT

## FERC FORM No. 2: Annual Report of Major Natural Gas Companies and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Natural Gas Act, Sections 10(a), and 16 and 18 CFR Parts 260.1 and 260.300. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of a confidential nature.

Exact Legal Name of Respondent (Company)

Northern Natural Gas Company

Year/Period of Report

End of 2011/Q4

# INSTRUCTIONS FOR FILING FERC FORMS 2, 2-A and 3-Q

## GENERAL INFORMATION

### I Purpose

FERC Forms 2, 2-A, and 3-Q are designed to collect financial and operational information from natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be a non-confidential public use forms.

### II. Who Must Submit

Each natural gas company whose combined gas transported or stored for a fee exceed 50 million dekatherms in each of the previous three years must submit FERC Form 2 and 3-Q.

Each natural gas company not meeting the filing threshold for FERC Form 2, but having total gas sales or volume transactions exceeding 200,000 dekatherms in each of the previous three calendar years must submit FERC Form 2-A and 3-Q.

Newly established entities must use projected data to determine whether they must file the FERC Form 3-Q and FERC Form 2 or 2-A.

### III. What and Where to Submit

(a) Submit Forms 2, 2-A and 3-Q electronically through the submission software at <http://www.ferc.gov/docs-filing/eforms/form-2/elec-subm-soft.asp>.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Form 2 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mailing two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Form 2, Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared. Unless eFiling the Annual Report to Stockholders, mail these reports to the Secretary of the Commission at:

Secretary of the Commission  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

(d) For the Annual CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with the current standards of reporting which will:

(i) Contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

(ii) be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 158.10-158.12 for specific qualifications.)

Reference	<u>Reference</u> <u>Schedules Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

Filers should state in the letter or report, which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist

(e) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders" and "CPA Certification Statement," have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission website at <http://www.ferc.gov/help/how-to.asp>

(f) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 2 and 2-A free of charge from: <http://www.ferc.gov/docs-filing/eforms/form-2/form-2.pdf> and <http://www.ferc.gov/docs-filing/eforms/form-2a/form-2a.pdf>, respectively. Copies may also be obtained from the Public Reference and Files Maintenance Branch, Federal Energy Regulatory Commission, 888 First Street, NE, Room 2A, Washington, DC 20426 or by calling (202).502-8371

#### **IV. When to Submit:**

FERC Forms 2, 2-A, and 3-Q must be filed by the dates:

- (a) FERC Form 2 and 2-A --- by April 18<sup>th</sup> of the following year (18 C.F.R. §§ 260.1 and 260.2)
- (b) FERC Form 3-Q --- Natural gas companies that file a FERC Form 2 must file the FERC Form 3-Q within 60 days after the reporting quarter (18 C.F.R. § 260.300), and
- (c) FERC Form 3-Q --- Natural gas companies that file a FERC Form 2-A must file the FERC Form 3-Q within 70 days after the reporting quarter (18 C.F.R. § 260.300).

#### **V. Where to Send Comments on Public Reporting Burden.**

The public reporting burden for the Form 2 collection of information is estimated to average 1,623 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the Form 2A collection of information is estimated to average 250 hours per response. The public reporting burden for the Form 3-Q collection of information is estimated to average 165 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

## GENERAL INSTRUCTIONS

- I. Prepare all reports in conformity with the Uniform System of Accounts (USofA) (18 C.F.R. Part 201). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions.**
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Footnote and further explain accounts or pages as necessary.
- IX. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in Dth unless the schedule specifically requires the reporting in another unit of measurement.

## DEFINITIONS

- I. Btu per cubic foot – The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30°F, and under standard gravitational force (980.665 cm. per sec) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called gross heating value or total heating value).
- II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm – A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV Respondent – The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

EXCERPTS FROM THE LAW  
(Natural Gas Act, 15 U.S.C. 717-717w)

"Sec. 10(a). Every natural-gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest dues and paid, depreciation, amortization, and other reserves, cost of facilities, costs of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, costs of renewal and replacement of such facilities, transportation, delivery, use and sale of natural gas..."

"Section 16. The Commission shall have power to perform all and any acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within they shall be filed..."

#### General Penalties

The Commission may assess up to \$1 million per day per violation of its rules and regulations. See NGA § 22(a), 15 U.S.C. § 717t-1(a).

**QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

**IDENTIFICATION**

01 Exact Legal Name of Respondent Northern Natural Gas Company		Year/Period of Report End of <u>2011/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1111 South 103rd Street, Omaha, NE 68124			
05 Name of Contact Person Thomas P. Tosoni		06 Title of Contact Person Director - Accounting and Reporting	
07 Address of Contact Person (Street, City, State, Zip Code) 1111 South 103rd Street, Omaha, NE 68124			
08 Telephone of Contact Person, Including Area Code 402-398-7993		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	
10 Date of Report (Mo, Da, Yr)			

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

11 Name Joseph M. Lillo	12 Title Vice President - Finance
13 Signature /s/ Joseph M. Lillo	14 Date Signed 04/17/2012

Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**List of Schedules (Natural Gas Company)**

Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
	GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		NA
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Accumulated Comprehensive Income and Hedging Activities	117		
9	Statement of Retained Earnings for the Year	118-119		
10	Statements of Cash Flows	120-121		
11	Notes to Financial Statements	122		
	BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
12	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
13	Gas Plant in Service	204-209		
14	Gas Property and Capacity Leased from Others	212		
15	Gas Property and Capacity Leased to Others	213		
16	Gas Plant Held for Future Use	214		
17	Construction Work in Progress-Gas	216		
18	Non-Traditional Rate Treatment Afforded New Projects	217		
19	General Description of Construction Overhead Procedure	218		
20	Accumulated Provision for Depreciation of Gas Utility Plant	219		
21	Gas Stored	220		
22	Investments	222-223		
23	Investments in Subsidiary Companies	224-225		NA
24	Prepayments	230		
25	Extraordinary Property Losses	230		NA
26	Unrecovered Plant and Regulatory Study Costs	230		NA
27	Other Regulatory Assets	232		
28	Miscellaneous Deferred Debits	233		
29	Accumulated Deferred Income Taxes	234-235		
	BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
30	Capital Stock	250-251		
31	Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		NA
32	Other Paid-in Capital	253		
33	Discount on Capital Stock	254		NA
34	Capital Stock Expense	254		NA
35	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
36	Long-Term Debt	256-257		
37	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		



Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
<b>List of Schedules (Natural Gas Company) (continued)</b>					
Enter in column (d) the terms "none," "not applicable," or "NA" as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)	
38	Unamortized Loss and Gain on Recquired Debt	260		NA	
39	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261			
40	Taxes Accrued, Prepaid, and Charged During Year	262-263			
41	Miscellaneous Current and Accrued Liabilities	268			
42	Other Deferred Credits	269			
43	Accumulated Deferred Income Taxes-Other Property	274-275			
44	Accumulated Deferred Income Taxes-Other	276-277			
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	INCOME ACCOUNT SUPPORTING SCHEDULES				
46	Monthly Quantity & Revenue Data by Rate Schedule	299			
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48	Revenues from Transportation of Gas of Others Through Gathering Facilities	302-303			
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50	Revenues from Storage Gas of Others	306-307			
51	Other Gas Revenues	308			
52	Discounted Rate Services and Negotiated Rate Services	313			
53	Gas Operation and Maintenance Expenses	317-325			
54	Exchange and Imbalance Transactions	328			
55	Gas Used in Utility Operations	331			
56	Transmission and Compression of Gas by Others	332			
57	Other Gas Supply Expenses	334			
58	Miscellaneous General Expenses-Gas	335			
59	Depreciation, Depletion, and Amortization of Gas Plant	336-338			
60	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340			
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61	Regulatory Commission Expenses	350-351			
62	Employee Pensions and Benefits (Account 926)	352			
63	Distribution of Salaries and Wages	354-355			
64	Charges for Outside Professional and Other Consultative Services	357			
65	Transactions with Associated (Affiliated) Companies	358			
	GAS PLANT STATISTICAL DATA				
66	Compressor Stations	508-509			
67	Gas Storage Projects	512-513			
68	Transmission Lines	514			
69	Transmission System Peak Deliveries	518			
70	Auxiliary Peaking Facilities	519			
71	Gas Account-Natural Gas	520			
72	Shipper Supplied Gas for the Current Quarter	521			
73	System Map	522			
74	Footnote Reference	551			
75	Footnote Text	552			
76	Stockholder's Reports (check appropriate box)				
	<input type="checkbox"/> Four copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared				

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**General Information**

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Joseph M. Lillo, Vice President Finance  
1111 South 103rd Street, Omaha, NE 68124

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Delaware, 7/14/1986

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

NA

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

The Respondent owns and operates a natural gas pipeline system and engages in transportation and storage of gas for others in interstate commerce in Illinois, Iowa, Kansas, Louisiana-Offshore, Michigan, Minnesota, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Texas-Offshore, and Wisconsin.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1) ☐ Yes... Enter the date when such independent accountant was initially engaged:  
(2) ☒ No

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Control Over Respondent

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.

2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent or controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or a "J" for joint control.

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Berkshire Hathaway Inc.	M	DE	89.80
2	MidAmerican Energy Holdings Company	I	IA	100.00
3	NNGC Acquisition, LLC	D	DE	100.00
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Corporations Controlled by Respondent**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

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**DEFINITIONS**

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1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Reference (e)
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>Important Changes During the Quarter/Year</b>			

Give details concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
  2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
  3. Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
  4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
  5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.
- Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
  7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
  8. State the estimated annual effect and nature of any important wage scale changes during the year.
  9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
  10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
  11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
  12. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
  13. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. None

2. None

### 3. Transmission Facilities Sold

Milbank and Ortonville, South Dakota Transmission System (Milbank) - On March 31, 2011, the Respondent sold to Northwestern Corporation D/B/A Northwestern Energy its South Dakota transmission system from the Milbank town border station (TBS) located in the NE1/4 SE1/4 of Sec. 22, T114N, R50W, Deuel County, South Dakota, to the end of the pipeline in Big Stone City, at the South Dakota and Minnesota state line valve set located at the east line of the NE1/4 of Sec. 17, T121N, R46W, Grant County, South Dakota, and the west line of the NW1/4 of Sec. 16, T121N, R46W, Big Stone County, Minnesota. This includes the complete Ortonville TBS located in part of Outlot 45 in the NW1/4 SW1/4 of Sec. 17, T121N, R46W, Grant County, South Dakota, and all take-off piping from the pipeline to the inlet of the delivery point regulator settings that supply the communities of Clear Lake, LaBolt, Milbank and Big Stone City in South Dakota.

Respondent constructed the Milbank system in 1992 pursuant to Section 311A of the Natural Gas Policy Act (NGPA). Therefore, Commission approval to sell the facilities was not required. Respondent filed the proposed accounting entries with the Commission on September 26, 2011 and the Commission approved the proposed accounting on January 11, 2012.

4. None

### 5. CP11-98-000

By Commission order issued April 5, 2011, the Respondent was granted approval to abandon units #5, #6 and #7, totaling

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Northern Natural Gas Company			2011/Q4
Important Changes During the Quarter/Year			

4,800 horsepower, at the Sunray compressor station located in Moore County, Texas. The units were abandoned November 1, 2011.

#### BLANKET CERTIFICATE ACTIVITIES

Pursuant to the Respondent's blanket authority granted September 1, 1982, in Docket No. CP82-401-000, the following facilities were constructed/abandoned:

The Northern Lights 2011 facilities were constructed which include: (1) replacement of the existing 350-horsepower (HP) electric unit with an 800-HP electric unit at the Pierz compressor station in Morrison County, Minnesota, the existing unit was abandoned in-place; (2) an 1,100-HP compressor driven by an electric motor at the new Elk River compressor station in Sherburne County, Minnesota; (3) replacement of the existing 1,500-HP electric motor with a 2,000-HP electric motor at the Popple Creek compressor station in Benton County, Minnesota; and (4) modifications at the existing Becker and Stacy town border stations located in Sherburne and Chisago counties in Minnesota, respectively. The Northern Lights 2011 facilities provide phased-in incremental capacity of 10,149 dekatherms/day (DTH/day) effective November 1, 2011, 10,393 DTH/day in 2012, 10,629 DTH/day in 2013, and 10,684 DTH/day, effective November 1, 2014. The facilities were all ready for and/or in-service October 2011.

Approximately 2.7 miles of 12-inch-diameter branch line was constructed in Itasca County, Minnesota, for Essar Steel Minnesota, LLC. The pipeline, which provides phased-in incremental capacity of 50 DTH/day effective December 31, 2011, 5,000 DTH/day in 2012, and 10,000 DTH/day in 2013, was ready for service December 27, 2011.

#### §311 FACILITIES

No important extensions or reductions of the Respondent's transmission system occurred pursuant to §311(a) of the Natural Gas Policy Act of 1978 from January 1 through December 31, 2011.

6. None

7. None

8. None

9. Refer to Note 11 included in the Notes to the Financial Statements on page 122.

10. None

11. None

12. None

13. Not applicable

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
Comparative Balance Sheet (Assets and Other Debits)					
Line No.	Title of Account  (a)	Reference Page Number  (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	3,337,995,599	3,332,876,290	
3	Construction Work in Progress (107)	200-201	9,533,862	16,956,918	
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	3,347,529,461	3,349,833,208	
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,192,560,023	1,231,104,888	
6	Net Utility Plant (Total of line 4 less 5)		2,154,969,438	2,118,728,320	
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)		0	0	
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)		0	0	
9	Nuclear Fuel (Total of line 7 less 8)		0	0	
10	Net Utility Plant (Total of lines 6 and 9)		2,154,969,438	2,118,728,320	
11	Utility Plant Adjustments (116)	122	0	0	
12	Gas Stored-Base Gas (117.1)	220	27,903,863	27,903,863	
13	System Balancing Gas (117.2)	220	41,211,532	41,211,532	
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0	
15	Gas Owed to System Gas (117.4)	220	( 207,581)	( 3,741,134)	
16	<b>OTHER PROPERTY AND INVESTMENTS</b>				
17	Nonutility Property (121)		0	0	
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0	
19	Investments in Associated Companies (123)	222-223	0	0	
20	Investments in Subsidiary Companies (123.1)	224-225	0	0	
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)				
22	Noncurrent Portion of Allowances		0	0	
23	Other Investments (124)	222-223	0	0	
24	Sinking Funds (125)		0	0	
25	Depreciation Fund (126)		0	0	
26	Amortization Fund - Federal (127)		0	0	
27	Other Special Funds (128)		28,831,292	22,161,688	
28	Long-Term Portion of Derivative Assets (175)		0	0	
29	Long-Term Portion of Derivative Assets - Hedges (176)		0	0	
30	TOTAL Other Property and Investments (Total of lines 17-20, 22-29)		28,831,292	22,161,688	
31	<b>CURRENT AND ACCRUED ASSETS</b>				
32	Cash (131)		10,890,758	( 2,748,858)	
33	Special Deposits (132-134)		2,090,720	2,433,653	
34	Working Funds (135)		24,534	24,650	
35	Temporary Cash Investments (136)	222-223	50,000,240	73,363,294	
36	Notes Receivable (141)		0	0	
37	Customer Accounts Receivable (142)		60,017,312	66,293,962	
38	Other Accounts Receivable (143)		3,313,926	320,639	
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		0	0	
40	Notes Receivable from Associated Companies (145)		230,000,000	150,000,000	
41	Accounts Receivable from Associated Companies (146)		7,429,914	7,472,725	
42	Fuel Stock (151)		0	0	
43	Fuel Stock Expenses Undistributed (152)		0	0	





Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Comparative Balance Sheet (Liabilities and Other Credits)					
Line No.	Title of Account  (a)	Reference Page Number  (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
1	<b>PROPRIETARY CAPITAL</b>				
2	Common Stock Issued (201)	250-251	1,002	1,002	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)	252	0	0	
5	Stock Liability for Conversion (203, 206)	252	0	0	
6	Premium on Capital Stock (207)	252	0	0	
7	Other Paid-In Capital (208-211)	253	981,867,972	981,867,972	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	294,132,010	232,978,353	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0	
13	(Less) Reacquired Capital Stock (217)	250-251	0	0	
14	Accumulated Other Comprehensive Income (219)	117	( 1,595,847)	( 742,993)	
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		1,274,405,137	1,214,104,334	
16	<b>LONG TERM DEBT</b>				
17	Bonds (221)	256-257	150,000,000	150,000,000	
18	(Less) Reacquired Bonds (222)	256-257	0	0	
19	Advances from Associated Companies (223)	256-257	0	0	
20	Other Long-Term Debt (224)	256-257	800,000,000	850,000,000	
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0	
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	270,588	299,841	
23	(Less) Current Portion of Long-Term Debt		299,955,414	250,000,000	
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		649,773,998	749,700,159	
25	<b>OTHER NONCURRENT LIABILITIES</b>				
26	Obligations Under Capital Leases-Noncurrent (227)		0	0	
27	Accumulated Provision for Property Insurance (228.1)		0	0	
28	Accumulated Provision for Injuries and Damages (228.2)		455,262	19,669	
29	Accumulated Provision for Pensions and Benefits (228.3)		5,119,303	2,585,795	
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0	
31	Accumulated Provision for Rate Refunds (229)		0	0	



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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### Statement of Income

#### Quarterly

1. Enter in column (d) the balance for the reporting quarter and in column (e) the balance for the same three month period for the prior year.
2. Report in column (f) the quarter to date amounts for electric utility function; in column (h) the quarter to date amounts for gas utility, and in (j) the quarter to date amounts for other utility function for the current year quarter.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

#### Annual or Quarterly, if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
8. Report data for lines 8, 10 and 11 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
11. Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	<b>UTILITY OPERATING INCOME</b>					
2	Gas Operating Revenues (400)	300-301	617,133,847	631,958,617	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	183,520,004	181,330,185	0	0
5	Maintenance Expenses (402)	317-325	43,806,942	48,385,320	0	0
6	Depreciation Expense (403)	336-338	56,399,248	53,453,375	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	6,981,968	6,648,265	0	0
9	Amortization of Utility Plant Accr. Adjustment (406)	336-338	0	0	0	0
10	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)		0	0	0	0
11	Amortization of Conversion Expenses (407.2)		0	0	0	0
12	Regulatory Debits (407.3)		7,863,638	9,400,907	0	0
13	(Less) Regulatory Credits (407.4)		0	0	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	49,883,161	53,932,462	0	0
15	Income Taxes-Federal (409.1)	262-263	9,885,892	19,870,180	0	0
16	Income Taxes-Other (409.1)	262-263	6,516,154	7,943,930	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	99,175,706	95,668,902	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	27,386,493	30,982,729	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		0	0	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		436,646,220	445,650,797	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		180,487,627	186,307,820	0	0

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of <u>2011/Q4</u>	
Statement of Income(continued)							
Line No.	Title of Account  (a)	Reference Page Number  (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)	
27	Net Utility Operating Income (Carried forward from page 114)		180,487,627	186,307,820	0	0	
28	<b>OTHER INCOME AND DEDUCTIONS</b>						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues form Merchandising, Jobbing and Contract Work (415)		0	0	0	0	
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		0	37,592	0	0	
33	Revenues from Nonutility Operations (417)		0	0	0	0	
34	(Less) Expenses of Nonutility Operations (417.1)		0	0	0	0	
35	Nonoperating Rental Income (418)		0	0	0	0	
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	0	0	
37	Interest and Dividend Income (419)		1,816,573	4,022,286	0	0	
38	Allowance for Other Funds Used During Construction (419.1)		954,977	1,921,279	0	0	
39	Miscellaneous Nonoperating Income (421)		1,383,350	9,291,467	0	0	
40	Gain on Disposition of Property (421.1)		1,217,092	35,167	0	0	
41	TOTAL Other Income (Total of lines 31 thru 40)		5,371,992	15,232,607	0	0	
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)		2,361	( 158,537)	0	0	
44	Miscellaneous Amortization (425)		0	0	0	0	
45	Donations (426.1)	340	368,065	284,592	0	0	
46	Life Insurance (426.2)		0	0	0	0	
47	Penalties (426.3)		0	429	0	0	
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		169,785	333,993	0	0	
49	Other Deductions (426.5)		868,732	11,063,937	0	0	
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	1,408,943	11,524,414	0	0	
51	Taxes Applic. to Other Income and Deductions						
52	Taxes Other than Income Taxes (408.2)	262-263	0	0	0	0	
53	Income Taxes-Federal (409.2)	262-263	( 24,217,137)	( 19,885,708)	0	0	
54	Income Taxes-Other (409.2)	262-263	( 5,979,762)	( 5,413,320)	0	0	
55	Provision for Deferred Income Taxes (410.2)	234-235	29,282,272	50,717,347	0	0	
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	0	23,672,826	0	0	
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0	
58	(Less) Investment Tax Credits (420)		0	0	0	0	
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		( 914,627)	1,745,493	0	0	
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		4,877,676	1,962,700	0	0	
61	<b>INTEREST CHARGES</b>						
62	Interest on Long-Term Debt (427)		54,668,056	58,950,000	0	0	
63	Amortization of Debt Disc. and Expense (428)	258-259	894,829	869,349	0	0	
64	Amortization of Loss on Reacquired Debt (428.1)		0	0	0	0	
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0	
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0	
67	Interest on Debt to Associated Companies (430)	340	0	0	0	0	
68	Other Interest Expense (431)	340	40,542	47,647	0	0	
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		391,781	892,095	0	0	
70	Net Interest Charges (Total of lines 62 thru 69)		55,211,646	58,974,901	0	0	
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		130,153,657	129,295,619	0	0	
72	<b>EXTRAORDINARY ITEMS</b>						
73	Extraordinary Income (434)		0	0	0	0	
74	(Less) Extraordinary Deductions (435)		0	0	0	0	
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0	
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0	
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0	
78	Net Income (Total of lines 71 and 77)		130,153,657	129,295,619	0	0	





Statement of Accumulated Comprehensive Income and Hedging Activities(continued)	

[illegible]



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 117 Line No.: 5 Column: g**

The (\$742,993) pertains to natural gas commodity swaps.

Fair Value Hedges

The Respondent has entered into natural gas commodity swaps accounted for as fair value hedges with the following objectives: 1) hedge the change in fair value of firm fixed-price gas sale and purchase contracts required for operational storage balancing purposes, and 2) hedge the change in fair value of firm fixed-price storage revenue contracts.

During 2010 the Respondent changed its accounting for fair value changes associated with derivatives related to the management of operational storage. Fair value changes are now recorded as a net regulatory asset or liability until the derivative settles. See Note 6 included in the Notes to Financial Statements. As a result, for the twelve-month period ending December 31, 2010, the Respondent recognized a pre-tax gain of \$675,739 in account 483 for gas sales contracts; and a pre-tax loss of \$419,219 in account 803 for gas purchase contracts and deferred pre-tax losses of \$254,454 in account 182.3 for operational gas purchase and sales contracts and recognized a pre-tax loss of \$3,084,700 in account 489.4 for storage revenue contracts.

As of December 31, 2010, the fair value of the hedged items was \$9,441,319 reported in account 174. The fair value of the hedging instruments was \$(11,196,486) reported in account 245, and \$(10,071,874) reported in account 242 related to settlements of hedging instruments and amortization of net settlement losses.

**Schedule Page: 117 Line No.: 10 Column: g**

The (\$1,595,847) pertains to natural gas commodity swaps.

Fair Value Hedges

As of December 31, 2011, there were no fair value hedges.

For the twelve-month period ending December 31, 2011, the Respondent recognized a pre-tax gain of \$4,762,500 in account 483 for gas sales contracts; and a pre-tax loss of \$4,044,875 in account 803 for gas purchase contracts and recognized a pre-tax gain of \$1,061,887 in account 489.4 for storage revenue contracts.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Statement of Retained Earnings**

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter Year to Date Balance (c)	Previous Quarter Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS			
1	Balance-Beginning of Period		232,978,353	103,682,734
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
4	TOTAL Credits to Retained Earnings (Account 439) (footnote details)			
5	TOTAL Debits to Retained Earnings (Account 439) (footnote details)			
6	Balance Transferred from Income (Acct 433 less Acct 418.1)		130,153,657	129,295,619
7	Appropriations of Retained Earnings (Account 436)			
8	TOTAL Appropriations of Retained Earnings (Account 436) (footnote details)			
9	Dividends Declared-Preferred Stock (Account 437)			
10	TOTAL Dividends Declared-Preferred Stock (Account 437) (footnote details)			
11	Dividends Declared-Common Stock (Account 438)			
12	TOTAL Dividends Declared-Common Stock (Account 438) (footnote details)	131	69,000,000	
13	Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance-End of Period (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		294,132,010	232,978,353
15	APPROPRIATED RETAINED EARNINGS (Account 215)			
16	TOTAL Appropriated Retained Earnings (Account 215) (footnote details)			
17	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account			
18	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account			
19	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines			
20	TOTAL Retained Earnings (Accounts 215, 215.1, 216) (Total of lines 14 and 1		294,132,010	232,978,353
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)			
23	Equity in Earnings for Year (Credit) (Account 418.1)			
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)			
26	Balance-End of Year			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 118 Line No.: 12 Column: c**

2011	
	Dividends
July 21, 2011	\$ 35,000,000
September 16, 2011	34,000,000
Total	\$ 69,000,000

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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### Statement of Cash Flows

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.

(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.

(4) Investing Activities: Include at Other (line 25) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
1	Net Cash Flow from Operating Activities		
2	Net Income (Line 72(c) on page 116)	130,153,657	129,295,619
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	63,381,216	60,101,640
5	Amortization of (Specify)	21,336,073	21,479,096
6	Deferred Income Taxes (Net)	101,071,485	91,730,694
7	Investment Tax Credit Adjustments (Net)		
8	Net (Increase) Decrease in Receivables	876,470	3,972,662
9	Net (Increase) Decrease in Inventory	( 482,172)	2,770,841
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	4,535,540	14,346,413
12	Net (Increase) Decrease in Other Regulatory Assets	( 32,474,522)	( 57,148,463)
13	Net Increase (Decrease) in Other Regulatory Liabilities	( 30,572)	3,605,942
14	(Less) Allowance for Other Funds Used During Construction	954,977	1,921,279
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other:	( 1,691,407)	33,909,724
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16.?)	285,720,791	302,142,889
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	( 93,293,415)	( 139,241,412)
23	Gross Additions to Nuclear Fuel		
24	Gross Additions to Common Utility Plant		
25	Gross Additions to Nonutility Plant		
26	(Less) Allowance for Other Funds Used During Construction	( 954,977)	( 1,921,279)
27	Other:	( 6,541,481)	( 8,374,579)
28	Cash Outflows for Plant (Total of lines 22 thru 27.?)	( 98,879,919)	( 145,694,712)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)	4,500,000	89,200
32			
33	Investments in and Advances to Assoc. and Subsidiary Companies		
34	Contributions and Advances from Assoc. and Subsidiary Companies		
35	Disposition of Investments in (and Advances to)		
36	Associated and Subsidiary Companies		
37			
38	Purchase of Investment Securities (a)		
39	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Statement of Cash Flows (continued)**

Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year
40	Loans Made or Purchased		
41	Collections on Loans		
42			
43	Net (Increase) Decrease in Receivables		
44	Net (Increase) Decrease in Inventory		
45	Net (Increase) Decrease in Allowance Held for Speculation		
46	Net Increase (Decrease) in Payables and Accrued Expenses		1,274,135
47	Other: Cost from disposal of asset		( 1,300,000)
48	Net Cash Provided by (Used in) Investing Activities		
49	(Total of lines 28 thru 47.?)	( 94,379,919)	( 145,631,377)
50			
51	Cash Flows from Financing Activities:		
52	Proceeds from Issuance of:		
53	Long-Term Debt (b)	199,956,000	
54	Preferred Stock		
55	Common Stock		
56	Other: Debt issuance costs	( 2,020,426)	
57	Net Increase in Short-Term Debt (c)		
58	Other: Loans to MEHC	( 80,000,000)	( 95,000,000)
59	Cash Provided by Outside Sources (Total of lines 53 thru 58.?)	117,935,574	( 95,000,000)
60			
61	Payments for Retirement of:		
62	Long-Term Debt (b)	( 250,000,000)	
63	Preferred Stock		
64	Common Stock		
65	Other:		
66	Net Decrease in Short-Term Debt (c)		
67			
68	Dividends on Preferred Stock		
69	Dividends on Common Stock	( 69,000,000)	
70	Net Cash Provided by (Used in) Financing Activities		
71	(Total of lines 59 thru 69)	( 201,064,426)	( 95,000,000)
72			
73	Net Increase (Decrease) in Cash and Cash Equivalents		
74	(Total of Line 18, 49 and 71)	( 9,723,554)	61,511,512
75			
76	Cash and Cash Equivalents at Beginning of Year	70,639,086	9,127,574
77			
78	Cash and Cash Equivalents at End of Year	60,915,532	70,639,086

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FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 5 Column: b**

	2011	2010
Regulatory assets	\$ 20,441,244	\$ 20,609,747
Debt discount and expense	894,829	869,349
Total	\$ 21,336,073	\$ 21,479,096

**Schedule Page: 120 Line No.: 16 Column: b**

	2011	2010
Gas balancing activities	\$ (17,268,346)	\$ 1,365,361
Price risk management activities	16,616,135	59,947,354
Gain on the sale of assets	(1,214,731)	(2,414,218)
Post retirement benefits other than pension obligation payments	(33,725)	(751,196)
Prepayments and other assets	209,260	(16,663,248)
Customer security deposits and other deferred credits	-	(7,574,329)
Total	\$ (1,691,407)	\$ 33,909,724

**Schedule Page: 120 Line No.: 27 Column: b**

	2011	2010
Removal costs, net	\$ (3,061,123)	\$ (8,374,579)
Net decrease in payables and accrued expenses (1)	(3,480,358)	-
Total	\$ (6,541,481)	\$ (8,374,579)

(1) Non-cash and payables for gross additions to utility plant of \$1,274,135 is included on page 120a of the cash flow statement for the period ended December 31, 2010.

**Schedule Page: 120 Line No.: 31 Column: b**

	2011	2010
Sale of Milbank and Ortonville, SD lines and associated assets	\$ 4,500,000	\$ -
Sale of Gaines County #3 Dehydration Unit	-	89,200
Total	\$ 4,500,000	\$ 89,200

**Schedule Page: 120 Line No.: 46 Column: c**

Includes non-cash and payables for gross additions to utility plant for the period ended December 31, 2010.

**Schedule Page: 120 Line No.: 47 Column: c**

For the year ended December 31, 2010, additional cost of sales related to the 2008 sale of the Beaver Assets to DCP Midstream, LP of \$(1,300,000).

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1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pensions (PBOP) plans, and post-employment benefit plans as required by instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets. Entities that participate in multiemployer postretirement benefit plans (e.g. parent company sponsored pension plans) disclose in addition to the required disclosures for the consolidated plan, (1) the amount of cost recognized in the respondent's financial statements for each plan for the period presented, and (2) the basis for determining the respondent's share of the total plan costs.
4. Furnish details on the respondent's asset retirement obligations (ARO) as required by instruction no. 1 and, in addition, disclose the amounts recovered through rates to settle such obligations. Identify any mechanism or account in which recovered funds are being placed (i.e. trust funds, insurance policies, surety bonds). Furnish details on the accounting for the asset retirement obligations and any changes in the measurement or method of accounting for the obligations. Include details on the accounting for settlement of the obligations and any gains or losses expected or incurred on the settlement.
5. Provide a list of all environmental credits received during the reporting period.
6. Provide a summary of revenues and expenses for each tracked cost and special surcharge.
7. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these item. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

## (1) Organization and Operations

Northern Natural Gas Company (the "Respondent") is an indirect wholly-owned subsidiary of MidAmerican Energy Holdings Company ("MEHC"), a holding company based in Des Moines, Iowa, that owns subsidiaries principally engaged in the energy business. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. ("Berkshire Hathaway"). The Respondent owns an interstate natural gas pipeline system in the United States, which reaches from southern Texas to Michigan's Upper Peninsula (the "System"). The System, which is interconnected with many interstate and intrastate pipelines in the national grid system, consists of two distinct, but operationally integrated, markets. Its traditional end-use and distribution market area, referred to as the Market Area, includes points in Iowa, Nebraska, Minnesota, Wisconsin, South Dakota, Michigan and Illinois. Its natural gas supply and delivery service area, referred to as the Field Area, includes points in Kansas, Texas, Oklahoma and New Mexico. The Respondent primarily transports and stores natural gas for utilities, municipalities, other pipeline companies, gas marketing companies, industrial and commercial users and other end-users. The System consists of 14,900 miles of natural gas pipelines, including 6,500 miles of mainline transmission pipelines and 8,400 miles of branch and lateral pipelines, with a Market Area design capacity of 5.5 billion cubic feet ("bcf") per day and a Field Area delivery capacity of 2.0 bcf per day to the Market Area. Additionally, the Respondent has three underground natural gas storage

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facilities and two liquefied natural gas storage peaking units that have a total firm service and operational storage cycle capacity of 73 bcf and over 2.0 bcf of peak day delivery capability. The System is configured with approximately 2,400 active receipt and delivery points (excluding farm taps) which are integrated with the facilities of local distribution companies ("LDC"). Many of the Respondent's LDC customers are part of combined utilities that also use natural gas as a fuel source for electric generation. The Respondent delivers approximately 0.9 trillion cubic feet of natural gas to its customers annually. Based on a review of relevant 2010 industry data, the System is the largest single pipeline in the United States as measured by pipeline miles.

## (2) Summary of Significant Accounting Policies

### *Basis of Presentation*

The financial statements and supporting schedules were prepared in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC"). The FERC-approved tariff establishes rates, terms and conditions under which the Respondent provides services to its customers. The Uniform System of Accounts is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Financial accounting and reporting differences between FERC and GAAP for the Respondent are principally related to account classifications such as but not limited to: Plant held for sale is a current asset for GAAP and is included in gas plant for FERC; costs incurred and revenues collected for future plant retirement costs are classified as a regulatory liability for GAAP and as accumulated provision for depreciation for FERC; and deferred tax assets and liabilities are presented as gross assets and liabilities for FERC purposes, but are netted for GAAP.

### *Use of Estimates in Preparation of Financial Statements*

The preparation of the Financial Statements in conformity with FERC guidelines requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates include, but are not limited to, the effects of regulation; unbilled revenue; income taxes; valuation of certain financial assets and liabilities, including derivative contracts; long-lived asset recovery; asset retirement obligations ("AROs"); and accounting for contingencies. Actual results may differ from the estimates used in preparing the Financial Statements. The Respondent has evaluated subsequent events through April 17, 2012, which is the date the audited Financial Statements were available to be issued.

### *Accounting for the Effects of Certain Types of Regulation*

The Respondent prepares its financial statements in accordance with authoritative guidance for regulated operations, which recognizes the economic effects of regulation. Accordingly, the Respondent is required to defer the recognition of certain costs or income if it is probable that, through the ratemaking process, there will be a corresponding increase or decrease in future regulated rates.

The Respondent continually evaluates the applicability of the guidance for regulated operations and whether its regulatory assets and liabilities are probable of inclusion in future regulated rates by considering factors such as a change in the regulator's approach to setting regulated rates from cost-based ratemaking to another form of regulation, other regulatory actions or the impact of competition which could limit the Respondent's ability to recover its costs. Based upon this continuous evaluation, the Respondent believes the application of the guidance for regulated operations is appropriate and its existing regulatory assets and liabilities are probable of inclusion in future regulated rates. The evaluation reflects the current political and regulatory climate at the federal level and is subject to change in the future. If it becomes no longer probable that the deferred costs or income will be included in future regulated rates, the related regulatory assets and liabilities will be written-off to net income, returned to customers or re-established as accumulated other comprehensive income ("AOCI").

### *Fair Value Measurements*

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Different valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an



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exchange and not under duress. Nonperformance or credit risk is considered in determining fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

#### *Cash Equivalents and Restricted Cash*

Cash equivalents consist of funds invested in money market funds and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements or other contractual provisions. Restricted amounts are included in special deposits and other special funds on the Balance Sheets.

#### *Allowance for Doubtful Accounts*

Trade receivables are stated at the outstanding principal amount, net of estimated allowances for doubtful accounts. The allowance for doubtful accounts is based on the Respondent's assessment of the collectibility of amounts owed to the Respondent by its customers. This assessment requires judgment regarding the ability of customers to pay or the outcome of any pending disputes. As of December 31, 2011 and 2010, the allowance for doubtful accounts totaled \$0.8 million and \$1.3 million, respectively, and is included in customer accounts receivable and other accounts receivable on the Balance Sheets.

#### *Derivatives*

The Respondent employs a number of different derivative contracts, including forward gas purchase and gas sale contracts and gas price commodity and basis swaps to manage price risk for natural gas. Derivative contracts are recorded on the Balance Sheets as either assets or liabilities and are stated at estimated fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. Derivative balances reflect offsetting permitted under master netting agreements with counterparties.

Commodity derivatives used in normal business operations that are settled by physical delivery, among other criteria, are eligible for and may be designated as normal purchases or normal sales. Normal purchases or normal sales contracts are not marked-to-market and settled amounts are recognized as gas operating revenues, operating expenses and other income and deductions on the Statements of Income.

For the Respondent's derivatives not designated as hedging contracts, the settled amount is generally includable in regulated rates. Accordingly, the net unrealized gains and losses associated with interim price movements on contracts that are accounted for as derivatives and probable of inclusion in regulated rates are recorded as regulatory assets and liabilities. For the Respondent's derivatives not designated as hedging contracts and for which changes in fair value are not recorded as regulatory assets and liabilities, unrealized gains and losses are recognized on the Statements of Operations as gas operating revenues for sales contracts and operating expenses or other income and deductions for purchase contracts and natural gas and fuel swap contracts.

For the Respondent's derivatives designated as hedging contracts, the Respondent formally assesses, at inception and thereafter, whether the hedging contract is highly effective in offsetting changes in the hedged item. The Respondent formally documents hedging activity by transaction type and risk management strategy.

Changes in the estimated fair value of a derivative contract designated and qualified as a cash flow hedge, to the extent effective, are included on the Statement of Accumulated Comprehensive Income and Hedging Activities as AOCI, net of tax, until the contract settles and the hedged item is recognized in earnings. The Respondent discontinues hedge accounting prospectively when it has determined that a derivative contract no longer qualifies as an effective hedge, or when it is no longer probable that the hedged forecasted transaction will occur. When hedge accounting is discontinued because the derivative contract no longer qualifies as an effective hedge, future changes in the estimated fair value of the derivative contract are charged to earnings. Gains and losses related to discontinued hedges that were previously recorded in AOCI will remain in AOCI until the contract settles and the hedged item is recognized in earnings, unless it becomes probable that the hedged forecasted transaction will not occur at which time associated deferred amounts in AOCI will be immediately recognized in earnings. Changes in the estimated fair value of a derivative contract designated and qualified as a fair value hedge are recognized in earnings.

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### *Transportation Imbalances*

Shippers schedule their volumes into the Respondent's System with subsequent deliveries to various markets. Imbalance receivables from and payables to shippers are created when receipts to the System from shippers vary from deliveries off the System, including quantities retained by the pipeline for fuel. Receipts and deliveries from third parties in connection with balancing and other gas service contracts also result in imbalances. Such imbalances are valued at contractual or market rates and recorded as miscellaneous current and accrued assets or liabilities on the Balance Sheets with offsetting entries to operating expenses on the Statements of Income. The imbalances cause offsetting changes in the volumes of system balancing gas, which are priced at contractual or market rates, and are recorded as adjustments to system gas balances in the gas owed to system gas utility account on the Balance Sheets and to operating expenses on the Statements of Income. Settlement of imbalances occurs in accordance with the contractual terms of the agreements and timing of delivery of gas based on operational conditions.

### *Inventories*

Inventories consist primarily of materials and supplies, which mainly include replacement parts used in the periodic overhaul of gas compressor units and materials for construction, operation and maintenance and are stated at average cost.

### *Utility Plant, Net*

#### *General*

Additions to utility plant are recorded at cost. The Respondent capitalizes all construction-related material, direct labor and contract services, as well as indirect construction costs, which include debt and equity allowance for funds used during construction ("AFUDC") on rate base assets. The cost of additions and betterments is capitalized, while costs incurred that do not improve or extend the useful lives of the related assets are generally expensed. The Respondent is permitted to earn a return on the cost of its rate base assets as well as recover these costs through depreciation expense over the useful lives of the assets.

Depreciation and amortization are computed by applying the composite or straight-line method based on either estimated useful lives or mandated recovery periods as prescribed by the FERC. Depreciation studies are completed by the Respondent to determine the appropriate group lives, net salvage and group depreciation rates. These studies are reviewed and rates are ultimately approved by the FERC. Under the composite method when utility plant is retired, the original cost of the property retired is charged to accumulated depreciation and amortization, net of salvage and removal costs. For general plant, the original cost of the property retired is charged to accumulated depreciation and amortization at the end of the depreciable lives of the asset vintages. Retirement gains or losses are not included in income except in the case of sales of operating units.

The Respondent capitalizes debt and equity AFUDC, which represents the estimated costs of debt and equity funds necessary to finance the construction of regulated facilities, as a component of utility plant, with offsetting credits to the Statements of Income. AFUDC is computed based on guidelines set forth by the FERC. After construction is completed, the Respondent is permitted to earn a return on these costs as a component of the related assets, as well as recover these costs through depreciation expense over the useful lives of the related assets.

AFUDC on borrowed funds totaled \$0.4 million and \$0.9 million for the years ended December 31, 2011 and 2010, respectively, and is included in interest charges on the Statements of Income. AFUDC on equity funds totaled \$1.0 million and \$1.9 million for the years ended December 31, 2011 and 2010, respectively, and is included in other income on the Statements of Income.

#### *System Gas*

Storage base gas and system balancing gas are accounted for utilizing the fixed asset accounting method as prescribed by the FERC. Under this approach, system gas volumes are classified as utility plant and valued at cost. Temporary encroachments upon system gas are valued at contractual or current market prices.

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### *Asset Retirement Obligations*

The Respondent recognizes AROs when it has a legal obligation to remove or abandon-in-place an asset upon retirement. The Respondent's AROs are primarily related to the decommissioning of all offshore Gulf Coast facilities. The fair value of an ARO liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made, and is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. Subsequent to the initial recognition, the ARO liability is adjusted for any revisions to the original estimate of undiscounted cash flows (with corresponding adjustments to utility plant) and for accretion of the ARO liability due to the passage of time. The difference between the ARO liability, the corresponding ARO asset included in utility plant and amounts recovered in regulated rates to satisfy such liabilities is recorded as a regulatory asset or liability. When an ARO is settled, the related ARO asset net of accumulated depreciation and the ARO regulatory asset are cleared against the ARO liability. ARO settlement costs are charged to the accumulated depreciation reserve and are collected from the Respondent's customers through a provision in the Respondent's rates.

### *Impairment*

The Respondent evaluates long-lived assets for impairment, including utility plant, when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable, or the assets are being held for sale. Upon the occurrence of a triggering event, the asset is reviewed to assess whether the estimated undiscounted cash flows expected from the use of the asset plus the residual value from the ultimate disposal exceeds the carrying value of the asset. If the carrying value exceeds the estimated recoverable amounts, the asset is written down to the estimated fair value. The impacts of regulation are considered when evaluating the carrying value of rate base assets. For non-rate base assets, any resulting impairment loss is reflected on the Statements of Income.

### *Revenue Recognition*

Revenue from customers is recognized as natural gas is delivered or services are provided. Revenue recognized includes billed, as well as unbilled, amounts. As of December 31, 2011 and 2010, unbilled revenue was \$5.0 million and \$9.1 million, respectively, and is included in customer accounts receivables on the Balance Sheets. The Respondent's transportation and storage revenue is primarily derived from fixed reservation charges based on contractual quantities and regulated rates. The remaining revenue, consisting primarily of commodity charges, is based on contractual rates and estimated usage based on scheduled quantities. Differences between scheduled quantities and actual measured quantities are reflected in revenue during the following month and historically have been immaterial.

The Respondent is subject to FERC regulations and, accordingly, certain revenue collected may be subject to refund upon final FERC orders in pending regulated rate proceedings. The Respondent may record revenue that is subject to refund based on its best estimates of the final outcomes of such proceedings and other third party regulatory proceedings, advice of counsel and estimated total exposure, as well as collection and other risks. The Respondent had no earned revenue subject to refund for the years ended December 31, 2011 and 2010.

### *Income Taxes*

Berkshire Hathaway includes MEHC and its subsidiaries in its United States federal income tax return. Consistent with established regulatory practice, the Respondent's provision for income tax expense has been computed on a stand-alone basis, and substantially all of its respective currently payable or receivable income taxes are remitted to or received from MEHC.

Deferred income tax assets and liabilities are based on differences between the financial statement and income tax basis of assets and liabilities using estimated income tax rates expected to be in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities that are associated with components of other comprehensive income ("OCI") are charged or credited directly to OCI. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense. Valuation allowances are established for certain deferred income tax assets where realization is not likely.

In determining the Respondent's income taxes, management is required to interpret complex income tax laws and regulations, which includes consideration of regulatory implications imposed by the FERC. The Respondent's income tax returns are subject to continuous examinations by federal, state and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are

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completed and these matters are resolved. The Respondent recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Although the ultimate resolution of the Respondent's federal, state and local income tax examinations is uncertain, the Respondent believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material adverse impact on the Respondent's financial results.

#### *New Accounting Pronouncements*

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11, which amends FASB Accounting Standards Codification ("ASC") Topic 210, "Balance Sheet." The amendments in this guidance require an entity to provide quantitative disclosures about offsetting financial instruments and derivative instruments. Additionally, this guidance requires qualitative and quantitative disclosures about master netting agreements or similar agreements when the financial instruments and derivative instruments are not offset. This guidance is effective for fiscal years beginning on or after January 1, 2013, and for interim periods within those fiscal years. The Respondent is currently evaluating the impact of adopting this guidance on its disclosures included within Notes to Financial Statements.

In June 2011, the FASB issued ASU No. 2011-05, which amends FASB ASC Topic 220, "Comprehensive Income." ASU No. 2011-05 provides an entity with the option to present the total of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Regardless of the option chosen, this guidance also requires presentation of items on the face of the financial statements that are reclassified from other comprehensive income to net income. This guidance does not change the items that must be reported in other comprehensive income, when an item of other comprehensive income must be reclassified to net income or how tax effects of each item of other comprehensive income are presented. This guidance is effective for reporting periods ending after December 15, 2012. The Respondent is currently evaluating which presentation option will be implemented. In December 2011, the FASB issued ASU No. 2011-12, which also amends FASB ASC Topic 220 to defer indefinitely the ASU No. 2011-05 requirement to present items on the face of the financial statements that are reclassified from other comprehensive income to net income. ASU No. 2011-12 is also effective for reporting periods ending after December 15, 2012.

In May 2011, the FASB issued ASU No. 2011-04, which amends FASB ASC Topic 820, "Fair Value Measurements and Disclosures." The amendments in this guidance are not intended to result in a change in current accounting. ASU No. 2011-04 requires additional disclosures relating to fair value measurements categorized within Level 3 of the fair value hierarchy, including quantitative information about unobservable inputs, the valuation process used by the entity and the sensitivity of unobservable input measurements. Additionally, entities are required to disclose the level of the fair value hierarchy for assets and liabilities that are not measured at fair value in the balance sheet, but for which disclosure of the fair value is required. This guidance is effective for reporting periods beginning after December 15, 2011. The Respondent is currently evaluating the impact of adopting this guidance on its disclosures included within Notes to Financial Statements.

In January 2010, the FASB issued ASU No. 2010-06, which amends FASB ASC Topic 820, "Fair Value Measurements and Disclosures." ASU No. 2010-06 requires disclosure of (a) the amount of significant transfers into and out of Levels 1 and 2 of the fair value hierarchy and the reasons for those transfers and (b) gross presentation of purchases, sales, issuances and settlements in the Level 3 fair value measurement rollforward. This guidance clarifies that existing fair value measurement disclosures should be presented for each class of assets and liabilities. The existing disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements have also been clarified to ensure such disclosures are presented for the Levels 2 and 3 fair value measurements. The Respondent adopted this guidance as of January 1, 2010 with the exception of the disclosure requirement to present purchases, sales, issuances and settlements gross in the Level 3 fair value measurement rollforward, which the Respondent adopted as of January 1, 2011. The adoption of this guidance did not have a material impact on the Respondent's disclosures included within Notes to Financial Statements.

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### (3) Utility Plant, Net

Property, plant and equipment, net consists of the following as of December 31 (in thousands):

	<b>Depreciation Rates</b>	<b>2011</b>	<b>2010</b>
Transmission and other plant	1.5%/4.64%	\$ 2,656,259	\$ 2,599,962
Storage plant <sup>(1)</sup>	1.25% to 3.33%	447,292	432,671
Intangible plant <sup>(2)</sup>	4.4% to 20.0%	121,623	175,068
General plant and buildings	2.75%/10.0%	<u>112,821</u>	<u>125,175</u>
Utility plant		3,337,995	3,332,876
Construction in progress		<u>9,534</u>	<u>16,957</u>
Total utility plant		3,347,529	3,349,833
Accumulated depreciation and amortization		<u>(1,192,560)</u>	<u>(1,231,105)</u>
Net utility plant		2,154,969	2,118,728
System gas		<u>68,908</u>	<u>65,374</u>
Total utility plant, net		<u>\$ 2,223,877</u>	<u>\$ 2,184,102</u>

(1) Includes market-based underground storage facilities.

(2) Includes costs for capitalized software development, contributions in aid of construction, organization and leasehold improvements.

The Respondent had gross costs for capitalized software development of \$99.7 million and \$154.4 million and accumulated amortization of \$38.3 million and \$93.0 million as of December 31, 2011 and 2010, respectively, which is included in intangible plant and reflected in utility plant, net on the Balance Sheets. Capitalized software development costs are amortized at a rate of 4.4%.

The Respondent had gross costs for capitalized right of use or right of way of \$102.5 million and \$100.4 million and accumulated amortization of \$26.8 million and \$25.3 million as of December 31, 2011 and 2010, respectively, which is included in transmission and other plant and storage plant and reflected in utility plant, net on the Balance Sheets. Capitalized right of use or right of way costs are amortized at rates ranging from 1.25% to 4.64%.

For the years ended December 31, 2011 and 2010, depreciation expense of \$56.4 million and \$53.5 million, respectively, and amortization expense of \$6.9 million and \$6.6 million, respectively, were included in depreciation and amortization on the Statements of Income. The Respondent expects amortization expense to be, \$7.3 million for 2012, \$7.3 million for 2013, \$7.6 million for 2014, \$7.8 million for 2015 and \$7.9 million for 2016.

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**(4) Regulatory Matters**

Regulatory assets represent costs that are expected to be recovered in future regulated rates. The Respondent's regulatory assets reflected on the Balance Sheets consist of the following as of December 31 (in thousands):

	<b>Weighted Average Remaining Life</b>	<b>2011</b>	<b>2010</b>
Unrealized loss on regulated derivative contracts	11 years	63,907	50,124
AROs	7 years	14,072	32,042
Smart pigging and hydrostatic testing costs	7 years	25,047	22,759
Deferred income taxes associated with equity AFUDC <sup>(1)</sup>	67 years	14,980	14,601
Computer systems development and other deferred costs	N/A	-	7,863
Post retirement benefit costs	1 year	1,027	5,733
Migration and system upgrade costs	3 years	3,370	4,560
Employee benefit plan <sup>(2)</sup>	12 years	5,119	2,586
Fuel and unaccounted for gas	1 year	6,466	-
Other	Various	8,472	6,308
Total regulatory assets		<u>\$ 142,460</u>	<u>\$ 146,576</u>

(1) Amortized at the same rate as onshore transmission plant.

(2) Represents amounts not yet recognized as a component of net periodic benefit cost that are expected to be included in regulated rates when recognized.

The Respondent had regulatory assets not earning a return on investment of \$110.5 million and \$116.3 million as of December 31, 2011 and 2010, respectively.

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The fuel and unaccounted for gas regulatory asset (liability) is a periodic rate adjustment ("PRA") tracker, which is comprised of trackers for fuel and storage, unaccounted for gas and electric compression charges. The PRA surcharges, when approved, are added to the firm and interruptible transportation rates and storage rates. The fuel and unaccounted for gas regulatory asset (liability) consists of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
Electric compression tracker:		
Balance, January 1	\$ 32	\$ 129
Gas operating revenue	262	294
Operating expenses	<u>(447)</u>	<u>(391)</u>
Balance, December 31	<u>(153)</u>	<u>32</u>
Fuel and storage volumetric tracker:		
Balance, January 1	(4,733)	(18,494)
Gas used (1)	46,486	53,451
Gas retained (1)	<u>(41,818)</u>	<u>(39,690)</u>
Balance, December 31	<u>(65)</u>	<u>(4,733)</u>
Unaccounted for gas volumetric tracker:		
Balance, January 1	3,671	(6,964)
Unaccounted for activity (1)	4,103	5,252
Gas retained (1)	<u>(1,090)</u>	<u>5,383</u>
Balance, December 31	<u>6,684</u>	<u>3,671</u>
Total	<u>\$ 6,466</u>	<u>\$ (1,030)</u>

(1) Represents amounts recorded to the gas owed to system gas on the Balance Sheets.

Regulatory liabilities represent income to be recognized or amounts to be returned to customers in future periods. The Respondent's regulatory liabilities reflected on the Balance Sheets consist of the following as of December 31 (in thousands):

	<u>Weighted Average Remaining Life</u>	<u>2011</u>	<u>2010</u>
Employee benefit plan <sup>(1)</sup>	14 years	15,445	16,137
Post retirement benefit obligation	N/A	-	3,680
Fuel and unaccounted for gas	N/A	-	1,062
Interest rate lock gain	4 years	685	869
Other	Various	<u>1,466</u>	<u>1,530</u>
Total regulatory liabilities		<u>\$ 17,596</u>	<u>\$ 23,278</u>

(1) Represents amounts not yet recognized as a component of net periodic benefit cost that are to be returned to customers in future periods when recognized.

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Other regulatory liabilities include Carlton surcharge revenue and daily delivery variance charge (DDVC) and penalty trackers. Pursuant to the tariff, the Respondent is allowed to collect Carlton surcharge revenues and DDVC and penalty revenues from the customers during the year. The amounts collected from customers earn interest. The customers are reimbursed each year with interest based on a weighted value proration. Other regulatory liabilities consist of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
DDVC and penalty revenue tracker:		
Balance, January 1	\$ 735	\$ 1,616
Revenue collected (1)	596	569
Interest expense	19	28
Customer reimbursements	<u>(686)</u>	<u>(1,478)</u>
Balance, December 31	<u>664</u>	<u>735</u>
Carlton surcharge revenue tracker:		
Balance, January 1	795	740
Revenue collected (2)	2,196	2,179
Interest expense	20	20
Customer reimbursements	<u>(2,209)</u>	<u>(2,144)</u>
Balance, December 31	<u>\$ 802</u>	<u>\$ 795</u>

(1) Represents amounts collected from customers and recorded to other revenue with offsetting amounts recorded to operating expenses in the Statements of Income.

(2) Represents amounts collected from customers and recorded to gas transportation revenue with offsetting amounts recorded to operating expenses in the Statements of Income.

## (5) Fair Value Measurements

The carrying value of the Respondent's cash, certain cash equivalents, receivables, payables and accrued liabilities approximates fair value because of the short-term maturity of these instruments. The Respondent has various financial assets and liabilities that are measured at fair value on the Financial Statements using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Respondent has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 – Unobservable inputs reflect the Respondent's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Respondent develops these inputs based on the best information available, including its own data.



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The following table presents the Respondent's assets and liabilities recognized on the Balance Sheets and measured at fair value on a recurring basis (in thousands):

	<b>Input Levels for Fair Value Measurements</b>				
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Other (1)</u></b>	<b><u>Total</u></b>
<b><u>As of December 31, 2011</u></b>					
<b>Assets:</b>					
Commodity derivatives	\$ -	\$ 4,331	\$ -	\$ (1,892)	\$ 2,439
Money market mutual funds <sup>(2)</sup>	<u>65,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,013</u>
	<u>\$ 65,013</u>	<u>\$ 4,331</u>	<u>\$ -</u>	<u>\$ (1,892)</u>	<u>\$ 66,929</u>
<b>Liabilities - commodity derivatives</b>	<u>\$ -</u>	<u>\$ (71,043)</u>	<u>\$ -</u>	<u>\$ 1,892</u>	<u>\$ (69,151)</u>
<b><u>As of December 31, 2010</u></b>					
<b>Assets:</b>					
Commodity derivatives	\$ -	\$ 6,712	\$ -	\$ (6,680)	\$ 32
Money market mutual funds <sup>(2)</sup>	<u>82,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,275</u>
	<u>\$ 82,275</u>	<u>\$ 6,712</u>	<u>\$ -</u>	<u>\$ (6,680)</u>	<u>\$ 82,307</u>
<b>Liabilities - commodity derivatives</b>	<u>\$ -</u>	<u>\$ (74,038)</u>	<u>\$ -</u>	<u>\$ 6,680</u>	<u>\$ (67,358)</u>

(1) Represents netting under master netting arrangements.

(2) Amounts are included in cash, temporary cash investments and other special funds on the Balance Sheets. The fair value of these money market mutual funds approximates cost.

Derivative contracts are recorded on the Balance Sheets as either assets or liabilities and are stated at fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. When available, the fair value of derivative contracts is estimated using unadjusted quoted prices for identical contracts in the market in which the Respondent transacts. When quoted prices for identical contracts are not available, the Respondent uses forward price curves. Forward price curves represent the Respondent's estimates of the prices at which a buyer or seller could contract today for delivery or settlement at future dates. The Respondent bases its forward price curves upon market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by the Respondent. Market price quotations for certain major natural gas trading hubs are generally readily obtainable for the applicable term of the Respondent's outstanding derivative contracts; therefore, the Respondent's forward price curves for those locations and periods reflect observable market quotes. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, related volatility, counterparty creditworthiness and duration of contracts. Refer to Note 6 for further discussion regarding the Respondent's risk management and hedging activities.

The Respondent's investments in money market mutual funds are accounted for as available-for-sale securities and are stated at fair value. A readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value.

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The Respondent's long-term debt is carried at cost on the Financial Statements. The fair value of the Respondent's long-term debt has been estimated based upon quoted market prices. The following table presents the carrying value and estimated fair value of the Respondent's long-term debt as of December 31 (in thousands):

	<u>2011</u>		<u>2010</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Long-term debt	\$ <u>949,729</u>	\$ <u>1,078,876</u>	\$ <u>999,700</u>	\$ <u>1,076,146</u>

#### (6) Risk Management and Hedging Activities

The Respondent is exposed to the impact of market fluctuations in natural gas prices as supply and demand are impacted by, among many other unpredictable items, weather, market liquidity, customer usage, storage and transportation constraints. The Respondent does not engage in a material amount of proprietary trading activities.

The Respondent has established a risk management process that is designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk involved in its business. To mitigate a portion of its natural gas price risk, the Respondent uses commodity derivative contracts generally at fixed prices to hedge natural gas for operational and preferred deferred delivery ("PDD") storage, storage losses, fuel requirements and other transactions. The Respondent uses natural gas commodity swaps to hedge the margin on forecasted gas sales and purchases required for operational storage balancing purposes to hedge the margin on anticipated future PDD storage contracts and to hedge the cost of replacing forecasted storage losses.

For certain designated markets, certain customers pay a fixed price of \$.09 per decatherm ("dth") of volumes delivered to purchase compressor fuel and system use gas from the Respondent. The Respondent estimates it will be required to purchase an annual average of 1.0 bcf of natural gas through October 2022 to meet these requirements based on a projected average system requirements factor of 1.2% of volumes delivered. The Respondent's contracts with these customers provide service through October 2019, with annual renewal options for one customer to continue service through October 2022. As of December 31, 2011, the Respondent had purchased gas and entered into swap agreements covering more than the expected contractual requirements through October 2022.

Interest rate risk exists on future debt issuances. The Respondent manages its interest rate risk by limiting its exposure to variable interest rates primarily through the issuance of fixed-rate long-term debt and by monitoring market changes in interest rates. Additionally, the Respondent may from time to time enter into interest rate derivative contracts, such as interest rate swaps or locks, to mitigate the Respondent's exposure to interest rate risk. The Respondent does not hedge all of its commodity price and interest rate risks, thereby exposing the unhedged portion to changes in market prices.

There have been no significant changes in the Respondent's accounting policies related to derivatives. Refer to Notes 2 and 5 for additional information on derivative contracts.

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The following table, which excludes contracts that have been designated normal under the normal purchases or normal sales exception afforded by GAAP, summarizes the fair value of the Respondent's derivative contracts, on a gross basis, and reconciles those amounts to the amounts presented on a net basis on the Balance Sheets (in thousands):

	<u>Derivative Assets</u> <sup>(1)</sup>		<u>Derivative Liabilities</u> <sup>(1)</sup>		
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
<b><u>As of December 31, 2011</u></b>					
<b>Designated as hedging contracts<sup>(2)</sup>:</b>					
Commodity assets	\$ 2,197	\$ -	\$ 706	\$ 312	\$ 3,215
Commodity liabilities	<u>(863)</u>	<u>-</u>	<u>(11,691)</u>	<u>(58,424)</u>	<u>(70,978)</u>
Total	<u>1,334</u>	<u>-</u>	<u>(10,985)</u>	<u>(58,112)</u>	<u>(67,763)</u>
<b>Not designated as hedging contracts:</b>					
Commodity assets	1,111	-	5	-	1,116
Commodity liabilities	<u>(6)</u>	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>(65)</u>
Total	<u>1,105</u>	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>1,051</u>
<b>Total derivatives - net basis<sup>(3)</sup></b>	<u>\$ 2,439</u>	<u>\$ -</u>	<u>\$ (11,039)</u>	<u>\$ (58,112)</u>	<u>\$ (66,712)</u>
<b><u>As of December 31, 2010</u></b>					
<b>Designated as hedging contracts<sup>(2)</sup>:</b>					
Commodity assets	\$ -	\$ -	\$ 6,656	\$ -	\$ 6,656
Commodity liabilities	<u>-</u>	<u>-</u>	<u>(24,737)</u>	<u>(45,813)</u>	<u>(70,550)</u>
Total	<u>-</u>	<u>-</u>	<u>(18,081)</u>	<u>(45,813)</u>	<u>(63,894)</u>
<b>Not designated as hedging contracts:</b>					
Commodity assets	50	-	6	-	56
Commodity liabilities	<u>(2)</u>	<u>-</u>	<u>(3,486)</u>	<u>-</u>	<u>(3,488)</u>
Total	<u>48</u>	<u>-</u>	<u>(3,480)</u>	<u>-</u>	<u>(3,432)</u>
<b>Total derivatives - net basis<sup>(3)</sup></b>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ (21,561)</u>	<u>\$ (45,813)</u>	<u>\$ (67,326)</u>

(1) Derivative assets are included in current and accrued assets on the Balance Sheets. Derivative liabilities are included in current and accrued liabilities on the Balance Sheets.

(2) The Respondent's commodity derivatives designated as hedging contracts are generally includable in regulated rates, and as of December 31, 2011 and 2010, a regulatory asset of \$63.9 million and \$50.1 million, respectively, was recorded related to the net derivative liability of \$67.8 million and \$63.9 million, respectively.

(3) The net notional amounts of outstanding commodity derivative contracts with fixed price terms that comprise the mark-to-market values included above is 21 million dth and 27 million dth of natural gas purchases as of December 31, 2011 and 2010, respectively.

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*Not Designated as Hedging Contracts*

The following table reconciles the beginning and ending balances of the Respondent's regulatory assets and summarizes the pre-tax gains and losses on commodity derivative contracts recognized in regulatory assets, as well as amounts reclassified to earnings for the years ended December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
<b>Beginning balance</b>	\$ 50,124	\$ -
Changes in fair value recognized in regulatory assets	22,407	2,053
Net losses reclassified from AOCI	-	49,260
Net losses reclassified to gas operating revenues	(6,227)	-
Net losses reclassified to operating expenses	(2,397)	(1,189)
<b>Ending balance</b>	<u>\$ 63,907</u>	<u>\$ 50,124</u>

The Respondent recognized pre-tax losses of \$0.4 million and \$6.1 million resulting from unrealized losses on purchase contracts for the years ended December 31, 2011 and 2010, respectively, which are included in operating expenses and other income and deductions on the Statement of Income.

*Designated as Hedging Contracts*

The following table reconciles the beginning and ending balances of the Respondent's accumulated other comprehensive loss (pre-tax) and summarizes pre-tax gains and losses on commodity derivative contracts designated and qualifying as cash flow hedges recognized in OCI, as well as amounts reclassified to earnings and regulatory assets for the years ended December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
<b>Beginning balance<sup>(1)</sup></b>	\$ 2,475	\$ 17,926
Changes in fair value recognized in OCI	(1,898)	36,918
Net losses reclassified to regulatory assets	-	(49,260)
Net gains reclassified to gas operating revenues	3,575	10,601
Net losses reclassified to operating expenses	(1,501)	(13,710)
<b>Ending balance<sup>(1)</sup></b>	<u>\$ 2,651</u>	<u>\$ 2,475</u>

- Certain derivative contracts have settled and the fair value at the date of settlement remains in accumulated other comprehensive loss and is recognized in earnings when the forecasted transactions impact earnings.
- (1)

Realized gains and losses on hedges and hedge ineffectiveness are recognized on the Statements of Income as gas operating revenues or operating expenses depending upon the nature of the item being hedged. For the years ended December 31, 2011 and 2010, the Respondent recognized pre-tax losses of \$- million and \$0.8 million, respectively, in gas operating revenues resulting from cash flow hedge ineffectiveness and a pre-tax loss of \$0.2 million and a pre-tax gain of \$3.6 million, respectively, in operating expenses resulting from cash flow hedge ineffectiveness. As of December 31, 2011, the Respondent had cash flow hedges with expiration dates extending through December 2013 and the pre-tax unrealized gains forecasted to be reclassified from accumulated other comprehensive loss into earnings over the next twelve months are insignificant.

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### *Credit Risk*

The Respondent extends unsecured credit to energy marketing companies, financial institutions and other market participants in conjunction with its derivative contracts. Credit risk relates to the risk of loss that might occur as a result of nonperformance by counterparties on their contractual obligations to make or take delivery of natural gas and to make financial settlements of these obligations. Credit risk may be concentrated to the extent that one or more groups of counterparties have similar economic, industry or other characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in market or other conditions. In addition, credit risk includes not only the risk that a counterparty may default due to circumstances relating directly to it, but also the risk that a counterparty may default due to circumstances involving other market participants that have a direct or indirect relationship with the counterparty.

The Respondent analyzes the financial condition of each counterparty before entering into any transactions, establishes limits on the amount of unsecured credit to be extended to each counterparty and evaluates the appropriateness of unsecured credit limits on an ongoing basis. To mitigate exposure to the financial risks of counterparties, the Respondent enters into netting arrangements that may include margining and cross-product netting agreements and may obtain third-party guarantees, letters of credit and cash deposits. Counterparties may be assessed fees for delayed payments. If required, the Respondent exercises rights under these arrangements, including calling on the counterparty's credit support arrangement.

### *Collateral and Contingent Features*

In accordance with industry practice, certain derivative contracts contain provisions that require the Respondent to maintain specific credit ratings from one or more of the major credit rating agencies on its unsecured debt. These derivative contracts may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features"). These rights can vary by contract and by counterparty. As of December 31, 2011, the Respondent's credit ratings from the three recognized credit rating agencies were investment grade.

The aggregate fair value of the Respondent's derivative contracts in liability positions with specific credit-risk-related contingent features totaled \$71.0 million and \$74.0 million as of December 31, 2011 and 2010, respectively, for which the Respondent had not posted collateral. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of December 31, 2011 and 2010, the Respondent would have been required to post \$68.6 million and \$67.4 million, respectively, of collateral. The Respondent's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation, or other factors.

## **(7) Long-Term Debt**

Long-term debt consists of the following, including unamortized premiums and discounts, as of December 31 (dollars in thousands):

	<u>Par Value</u>	<u>2011</u>	<u>2010</u>
Long-term debt:			
7.0% Senior Notes, due 2011	\$ -	\$ -	\$ 250,000
5.375% Senior Notes, due 2012	300,000	299,955	299,904
5.125% Senior Notes, due 2015	100,000	99,948	99,934
5.75% Senior Notes, due 2018	200,000	199,967	199,963
4.25% Senior Notes, due 2021	200,000	199,958	-
5.8% Senior Bonds, due 2037	150,000	149,901	149,899
Total long-term debt	<u>\$ 950,000</u>	<u>\$ 949,729</u>	<u>\$ 999,700</u>

All of the Respondent's senior notes and bonds are due and payable on their respective maturity dates and none have mandatory prepayment terms.

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## (8) Asset Retirement Obligations

The Respondent estimates its ARO liabilities based upon detailed engineering calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation and then discounted at a credit-adjusted, risk-free rate. Changes in estimates could occur for a number of reasons, including plan revisions, inflation and changes in the amount and timing of the expected work.

The Respondent has concluded that it is legally obligated to remove, or abandon-in-place, its onshore pipeline and related equipment upon the final retirement of the pipeline. While interim removal or abandonment-in-place and replacement of such equipment is probable, the final retirement dates of these assets are not determinable, and therefore, the liabilities for their removal cannot be reasonably estimated. The Respondent has also identified AROs related to asbestos siding on some of its buildings. Because both the methods of settlement and the timing of the retirements are unknown, the amounts of these obligations cannot be reasonably estimated to determine the fair value of these obligations.

The following table reconciles the beginning and ending balances of the Respondent's ARO liabilities for the years ended December 31(in thousands):

	<u>2011</u>	<u>2010</u>
<b>Beginning balance</b>	\$ 60,966	\$ 63,944
Change in estimated costs	(14,270)	(1,175)
Retirements	-	(5,454)
Accretion	<u>2,905</u>	<u>3,651</u>
<b>Ending balance</b>	<u>\$ 49,601</u>	<u>\$ 60,966</u>

The Respondent's most significant ARO liability relates to the abandonment of pipeline assets located in offshore waters. In 2008, the United States Army Corps of Engineers Galveston District ("Galveston District") informed the Respondent that its policy requires all pipelines in offshore Texas waters to be removed unless it would be detrimental to the environment or too hazardous to remove. The Respondent previously believed that it would be allowed to abandon the pipeline assets in-place based on approvals from the FERC and the Bureau of Ocean Energy Management, formerly known as the Minerals Management Service ("BOEM"), since the removal of pipelines may cause environmental and safety concerns. As a result, the Respondent recognized an additional probability-weighted ARO liability to include the potential removal of pipelines that meet these conditions.

In May 2011, the Galveston District sent a letter to the Respondent in response to the Respondent's request to abandon in-place certain pipelines located in offshore Texas waters. The Galveston District has determined that one of the pipelines, which is located in San Antonio Bay, must be removed. The remaining pipelines, as identified in the Respondent's request, will be allowed to be abandoned in-place pending approval of modifications to the existing permits for those pipelines. As a result, the Respondent's asset retirement obligation decreased primarily due to the changes in its assumptions regarding the removal of its offshore Texas facilities. These changes in the ARO liabilities did not impact earnings in 2011 or 2010.

In May 2011, the FERC approved the Respondent's Petition for Approval of Modified Settlement Amendment ("Settlement") to modify its Stipulation and Agreement of Settlement in Docket Nos. RP03-398-000 and RP04-155-000. The Settlement allows the Respondent to suspend effective April 1, 2011, the \$3.0 million annual payment to its Voluntary Employee Beneficiary Association ("VEBA") trust fund and increase its ARO allowance by the same amount. The Respondent currently recovers \$4.3 million per year in its cost of service for its ARO and such recovered funds are included in its general bank account. The ARO cost settlements and the ARO recovery amount are recorded in a separate subaccount of Account 108-Accumulated provision for depreciation of gas utility plant. Gains or losses are not recognized in the settlement of the Respondent's ARO liabilities. As of December 31, 2011 and 2010, the Respondent had incurred inception to date ARO settlements of \$32.8 million and \$32.7 million, respectively, and recovered a total of \$11.7 million and \$8.1 million, respectively, through its current regulated rates.

## (9) Employee Benefit Plans

The Respondent participates in multi-employer benefit plans sponsored by MidAmerican Energy Company ("MEC"), an indirect wholly owned subsidiary of MEHC. The MidAmerican Energy Company Retirement Plan provides pension benefits for eligible

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employees (“pension plan”) and the MidAmerican Energy Company Welfare Benefit Plan provides certain postretirement health care and life insurance benefits for eligible retirees (“other postretirement plan”) on behalf of the Respondent. Employees hired on or after January 1, 2008 for the pension plan or after June 30, 2004 for the other postretirement plan are not eligible to participate. Benefit obligations under the pension plan are based on a cash balance arrangement for salaried employees. Under the other postretirement plan, certain employees may become eligible for these benefits if they reach retirement age while working for the Respondent. Effective January 1, 2012, MEC changed the medical benefits for all Medicare-eligible participants in its other postretirement benefit plan. Medicare-eligible participants now enroll in individual medical plans, rather than company-sponsored plans, under which MEC contributes fixed amounts to the participant’s health reimbursement account. Benefit obligations under the pension plan and other postretirement plans are determined for the Respondent’s employees by an independent actuary.

#### *Net Periodic Benefit Cost*

For purposes of calculating the expected return on pension plan assets, a market-related value is used. The market-related value of plan assets is calculated by spreading the difference between expected and actual investment returns on equity investments over a five-year period beginning after the first year in which they occur.

Net periodic benefit cost for the plans of MEC and its participating affiliates included the following components for the years ended December 31 (in millions):

	<b>Pension</b>		<b>Other Postretirement</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Service cost	\$ 18	\$ 17	\$ 4	\$ 4
Interest cost	39	39	10	11
Expected return on plan assets	(43)	(40)	(13)	(13)
Net amortization	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Net periodic benefit cost (benefit)	<u>\$ 14</u>	<u>\$ 16</u>	<u>\$ (1)</u>	<u>\$ -</u>

The Respondent’s share of pension cost totaled \$1.1 million and \$1.5 million for the years ended December 31, 2011 and 2010, respectively. The Respondent’s share of other postretirement cost totaled \$(1.2) million and \$(0.8) million for the years ended December 31, 2011 and 2010, respectively.

#### *Funded Status*

The following table is a reconciliation of the fair value of plan assets for MEC and its participating affiliates for the years ended December 31 (in millions):

	<b>Pension</b>		<b>Other Postretirement</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Plan assets at fair value, beginning of year</b>	\$ 546	\$ 497	\$ 216	\$ 204
Employer contributions	55	24	2	2
Participant contributions	-	-	7	8
Actual return on plan assets	-	62	4	20
Benefits paid	<u>(46)</u>	<u>(37)</u>	<u>(16)</u>	<u>(18)</u>
<b>Plan assets at fair value, end of year</b>	<u>\$ 555</u>	<u>\$ 546</u>	<u>\$ 213</u>	<u>\$ 216</u>

The Respondent’s contributions to the pension plan and the other postretirement plan, including net periodic benefit cost, totaled \$2.3 million and \$1.4 million for the years ended December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, the fair value of plan assets attributable to the Respondent in the pension plan was \$27.1 million and \$28.5 million, respectively, and the other postretirement plan was \$39.1 million and \$40.5 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement.

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The following table is a reconciliation of the benefit obligations for MEC and its participating affiliates for the years ended December 31 (in millions):

	<u>Pension</u>		<u>Other Postretirement</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Benefit obligation, beginning of year</b>	\$ 738	\$ 687	\$ 189	\$ 201
Service cost	18	17	4	4
Interest cost	39	39	10	11
Participant contributions	-	-	7	8
Plan amendments	-	-	(18)	(7)
Actuarial loss (gain)	50	32	22	(10)
Benefits paid, net of Medicare subsidy	(46)	(37)	(16)	(18)
<b>Benefit obligation, end of year</b>	<u>\$ 799</u>	<u>\$ 738</u>	<u>\$ 198</u>	<u>\$ 189</u>
<b>Accumulated benefit obligation, end of year</b>	<u>\$ 771</u>	<u>\$ 707</u>		

MEC paid benefits from the plans to the Respondent's participants totaling \$7.5 million and \$7.8 million for the years ended December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, the benefit obligation attributable to the Respondent for the pension plan was \$32.2 million and \$31.1 million, respectively, and for the other postretirement plan was \$23.6 million and \$25.2 million, respectively.

The funded status of the plans for MEC and its participating affiliates as of December 31 is as follows (in millions):

	<u>Pension</u>		<u>Other Postretirement</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Plan assets at fair value, end of year	\$ 555	\$ 546	\$ 213	\$ 216
Less - Benefit obligation, end of year	<u>799</u>	<u>738</u>	<u>198</u>	<u>189</u>
Funded status	<u>\$ (244)</u>	<u>\$ (192)</u>	<u>\$ 15</u>	<u>\$ 27</u>

As of December 31, 2011, the Respondent recorded an affiliate company payable included in accumulated provision for pension and benefits relating to the under funded status of the pension plan and an affiliate company receivable included in other special funds relating to the over funded status of the other postretirement plan of \$5.1 million and \$15.4 million, respectively. As of December 31, 2010, the Respondent recorded an affiliate company payable included in accumulated provision for pension and benefits relating to the under funded status of the pension plan and an affiliate company receivable included in other special funds relating to the over funded status of the other postretirement plan of \$2.6 million and \$15.2 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement. Offsetting regulatory assets and liabilities have been recorded related to the amounts not yet recognized as a component of net periodic benefit costs that will be included in regulated rates.



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### Unrecognized Amounts

The portion of the funded status of the plans for MEC and its participating affiliates not yet recognized in net periodic benefit cost as of December 31 is as follows (in millions):

	<u>Pension</u>		<u>Other Postretirement</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net loss	\$ 111	\$ 18	\$ 48	\$ 21
Prior service cost (credit)	4	5	(58)	(43)
Curtailment gain	-	(1)	-	-
Total	<u>\$ 115</u>	<u>\$ 22</u>	<u>\$ (10)</u>	<u>\$ (22)</u>

A reconciliation of the amounts not yet recognized as components of net periodic benefit cost for MEC and its participating affiliates for the years ended December 31, 2011 and 2010 is as follows (in millions):

	<u>Regulatory Asset</u>	<u>Regulatory Liability</u>	<u>Receivables (Payables) with Affiliates</u>	<u>Total</u>
<b><u>Pension</u></b>				
Balance, December 31, 2009	\$ 10	\$ (9)	\$ 11	\$ 12
Net loss (gain) arising during the year	4	7	(1)	10
Net amortization	-	1	(1)	-
Total	4	8	(2)	10
Balance, December 31, 2010	14	(1)	9	22
Net loss arising during the year	85	1	7	93
Net amortization	-	-	-	-
Total	85	1	7	93
Balance, December 31, 2011	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 115</u>

	<u>Regulatory Asset</u>	<u>Regulatory Liability</u>	<u>Receivables (Payables) with Affiliates</u>	<u>Deferred Income Taxes</u>	<u>Total</u>
<b><u>Other Postretirement</u></b>					
Balance, December 31, 2009	\$ 6	\$ -	\$ (13)	\$ 7	\$ -
Net gain arising during the year	(6)	(11)	-	-	(17)
Prior service credit arising during the year	-	(5)	(2)	-	(7)
Income tax benefits no longer realizable <sup>(1)</sup>	-	7	-	(7)	-
Net amortization	-	1	1	-	2
Total	(6)	(8)	(1)	(7)	(22)
Balance, December 31, 2010	-	(8)	(14)	-	(22)
Net loss arising during the year	16	8	5	-	29
Prior service credit arising during the year	(15)	-	(4)	-	(19)
Net amortization	1	-	1	-	2
Total	2	8	2	-	12
Balance, December 31, 2011	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ (10)</u>

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- (1) Represents adjustments to regulatory assets associated with income tax benefits that will no longer be realized when the net periodic benefit cost is recognized as a result of the healthcare reform legislation.

The net loss and prior service cost (credit) for MEC and its participating affiliates that will be amortized in 2012 into net periodic benefit cost are estimated to be as follows (in millions):

	<u>Net Loss</u>	<u>Prior Service Cost (Credit)</u>	<u>Total</u>
Pension	\$ 3	\$ 1	\$ 4
Other postretirement	<u>3</u>	<u>(6)</u>	<u>(3)</u>
Total	<u>\$ 6</u>	<u>\$ (5)</u>	<u>\$ 1</u>

The net loss and prior service cost amounts expected to be recognized by the Respondent for the year ended December 31, 2012 for the pension plan and the other postretirement plan are a credit of \$- million and \$0.8 million, respectively.

#### *Plan Assumptions*

Assumptions used to determine benefit obligations and net periodic benefit cost for MEC and its participating affiliates were as follows:

	<u>Pension</u>		<u>Other Postretirement</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Benefit obligations as of December 31:				
Discount rate	4.75%	5.50%	4.75%	5.50%
Rate of compensation increase	3.50%	3.50%	N/A	N/A
Net periodic benefit cost for the years ended				
December 31:				
Discount rate	5.50%	6.00%	5.50%	6.00%
Expected return on plan assets <sup>(1)</sup>	7.50%	7.50%	7.50%	7.50%
Rate of compensation increase	3.50%	3.00%	N/A	N/A

- (1) Amounts reflected are pre-tax values. Assumed after-tax returns for a taxable, non-union other postretirement plan were 5.75% for 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Assumed healthcare cost trend rates as of December 31:		
Healthcare cost trend rate assumed for next year	7.40%	8.00%
Rate that the cost trend rate gradually declines to	5.00%	5.00%
Year that the rate reaches the rate it is assumed to remain at	2016	2016

In establishing MEC's assumption as to the expected return on plan assets, MEC utilizes the expected asset allocation and return assumptions for each asset class based on historical performance and forward-looking views of the financial markets.

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A one percentage-point change in assumed healthcare cost trend rates would have the following effects for MEC and its participating affiliates (in millions):

	<b>One Percentage-Point</b>	
	<b>Increase</b>	<b>Decrease</b>
Increase (decrease) in:		
Total service and interest cost	\$ -	\$ -
Other postretirement benefit obligation	3	(2)

#### *Contributions and Benefit Payments*

MEC's contributions to its pension and other postretirement benefit plans are expected to be \$32 million and \$- million, respectively, during 2012. Funding to MEC's pension benefit plan trust is based upon the actuarially determined costs of the plan and the requirements of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006, as amended. MEC considers contributing additional amounts from time to time in order to achieve certain funding levels specified under the Pension Protection Act of 2006, as amended. MEC's funding policy for its other postretirement benefit plan is to contribute an amount equal to the net periodic benefit cost.

The Respondent's contributions to the pension plan and the other postretirement plan are expected to be \$2.5 million and \$- million, respectively, during 2012. Refer to Note 8 for further discussion regarding the Respondent's Settlement and related transfer of VEBA contributions to ARO allowance.

Net periodic benefit costs assigned to MEC affiliates are reimbursed currently in accordance with the intercompany administrative service agreement. The expected benefit payments to participants in MEC's pension and other postretirement benefit plans for 2012 through 2016 and for the five years thereafter are summarized below (in millions):

	<b>Projected Benefit Payments</b>	
	<b>Pension</b>	<b>Other Postretirement</b>
2012	\$ 52	\$ 14
2013	53	15
2014	56	16
2015	56	16
2016	59	17
2017-21	316	91

#### *Plan Assets*

##### *Investment Policy and Asset Allocations*

MEC's investment policy for its pension and other postretirement benefit plans is to balance risk and return through a diversified portfolio of debt securities, equity securities, and other alternative investments. Maturities for debt securities are managed to targets consistent with prudent risk tolerances. The plans retain outside investment advisors to manage plan investments within the parameters outlined by the MidAmerican Energy Pension and Employee Benefits Plans Administrative Committee. The investment portfolio is managed in line with the investment policy with sufficient liquidity to meet near-term benefit payments. The return on assets assumption for each plan is based on a weighted-average of the expected historical performance for the types of assets in which the plans invest.

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The target allocations (percentage of plan assets) for MEC's pension and other postretirement benefit plan assets are as follows as of December 31, 2011:

	<u>Pension</u>	<u>Other Postretirement</u>
Debt securities <sup>(1)</sup>	20-30%	25-35%
Equity securities <sup>(1)</sup>	65-75%	60-80%
Real estate funds	0-10%	- %
Other	0-5%	0-5%

- (1) For purposes of target allocation percentages and consistent with the plans' investment policy, investment funds have been allocated based on the underlying investments in debt and equity securities.

#### *Fair Value Measurements*

A financial asset or liability classification within the three levels of the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that an entity has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 – Unobservable inputs reflect an entity's judgment about the assumptions market participants would use in pricing the asset or liability since limited market data exists. An entity develops these inputs based on the best information available, including its own data.

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The following table presents the fair value of plan assets for MEC and its participating affiliates, by major category, for the defined benefit pension plan (in millions):

	<b>Input Levels for Fair Value Measurements</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As of December 31, 2011</b>				
Cash equivalents	\$ -	\$ 9	\$ -	\$ 9
Debt securities:				
United States government obligations	6	-	-	6
Corporate obligations	-	29	-	29
Municipal obligations	-	5	-	5
Agency, asset and mortgage-backed obligations	-	35	-	35
Equity securities:				
United States companies	115	-	-	115
Investment funds <sup>(1)</sup>	76	256	-	332
Real estate funds	-	-	24	24
Total	<u>\$ 197</u>	<u>\$ 334</u>	<u>\$ 24</u>	<u>\$ 555</u>
<b>As of December 31, 2010</b>				
Cash equivalents	\$ -	\$ 11	\$ -	\$ 11
Debt securities:				
United States government obligations	9	-	-	9
Corporate obligations	-	25	-	25
Municipal obligations	-	3	-	3
Agency, asset and mortgage-backed obligations	-	29	-	29
Equity securities:				
United States companies	123	-	-	123
Investment funds <sup>(1)</sup>	73	256	-	329
Real estate funds	-	-	17	17
Total	<u>\$ 205</u>	<u>\$ 324</u>	<u>\$ 17</u>	<u>\$ 546</u>

- (1) Investment funds are comprised of mutual funds and collective trust funds. These funds represent equity and debt securities of approximately 77% and 23%, respectively, for 2011 and 78% and 22%, respectively, for 2010. Additionally, these funds are invested in United States and international securities of approximately 79% and 21%, respectively, for 2011 and 76% and 24%, respectively, for 2010.

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The following table presents the fair value of plan assets for MEC and its participating affiliates, by major category, for the defined benefit other postretirement plans (in millions):

	<u>Input Levels for Fair Value Measurements</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b><u>As of December 31, 2011</u></b>				
Cash equivalents	\$ 6	\$ -	\$ -	\$ 6
Debt securities:				
United States government obligations	6	-	-	6
Corporate obligations	-	7	-	7
Municipal obligations	-	30	-	30
Agency, asset and mortgage-backed obligations	-	12	-	12
Equity securities:				
United States companies	88	-	-	88
Investment funds <sup>(1)</sup>	<u>64</u>	<u>-</u>	<u>-</u>	<u>64</u>
Total	<u>\$ 164</u>	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ 213</u>

<b><u>As of December 31, 2010</u></b>				
Cash equivalents	\$ 6	\$ -	\$ -	\$ 6
Debt securities:				
United States government obligations	3	-	-	3
Corporate obligations	-	12	-	12
Municipal obligations	-	28	-	28
Agency, asset and mortgage-backed obligations	-	8	-	8
Equity securities:				
United States companies	85	-	-	85
Investment funds <sup>(1)</sup>	<u>74</u>	<u>-</u>	<u>-</u>	<u>74</u>
Total	<u>\$ 168</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 216</u>

- (1) Investment funds are comprised of mutual funds and collective trust funds. These funds represent equity and fixed maturity securities of approximately 83% and 17%, respectively, for 2011 and 81% and 19%, respectively, for 2010. Additionally, these funds are invested in United States and international securities of approximately 59% and 41%, respectively, for 2011 and 2010.

When available, a readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value. In the absence of a quoted market price or net asset value of an identical security, the fair value is determined using pricing models or net asset values based on observable market inputs and quoted market prices of securities with similar characteristics. When observable market data is not available, the fair value is determined using unobservable inputs, such as estimated future cash flows, purchase multiples paid in other comparable third-party transactions or other information. The real estate funds determine fair value of their underlying assets using independent appraisals given there is no current liquid market for the underlying assets.

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The following table reconciles the beginning and ending balances of MEC's pension plan assets measured at fair value using significant Level 3 inputs for the years ended December 31 (in millions):

	<u><b>Real Estate Funds</b></u>	
	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Beginning balance</b>	\$ 17	\$ 15
Actual return on plan assets still held at period end	4	2
Purchases	3	-
Sales	-	-
<b>Ending balance</b>	<u>\$ 24</u>	<u>\$ 17</u>

MEC sponsors a defined contribution plan for MEC and its participating affiliates covering substantially all employees. MEC's contributions are based primarily on each participant's level of contribution and cannot exceed the maximum allowable for tax purposes. MEC's contributions to the plan were \$15 million for each of the years ended December 31, 2011 and 2010, respectively.

The Respondent participates in the MEC sponsored defined contribution plan and contributed \$3.8 million and \$4.2 million for the years ended December 31, 2011 and 2010, respectively.

#### (10) **Income Taxes**

Income tax expense consists of the following for the years ended December 31 (in thousands):

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Current:</b>		
Federal	\$ (14,331)	\$ (16)
State	536	2,531
	<u>(13,795)</u>	<u>2,515</u>
<b>Deferred:</b>		
Federal	84,689	70,985
State	16,383	20,746
	<u>101,072</u>	<u>91,731</u>
<b>Total</b>	<u>\$ 87,277</u>	<u>\$ 94,246</u>

A reconciliation of the federal statutory income tax rate to the effective income tax rate applicable to income before income tax expense is as follows for the years ended December 31:

	<u><b>2011</b></u>	<u><b>2010</b></u>
Federal statutory income tax rate	35.0%	35.0%
State income tax, net of federal income tax benefit	4.8	4.8
Change in valuation allowance	-	2.0
Other, net	0.3	0.3
Effective income tax rate	<u>40.1%</u>	<u>42.1%</u>

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The net deferred income tax liability consists of the following as of December 31 (in thousands):

	<u>2011</u>	<u>2010</u>
<b>Deferred income tax assets:</b>		
Acquired goodwill	\$ 138,364	\$ 165,583
Regulatory liabilities <sup>(1)</sup>	33,099	33,608
Unrealized losses on derivative contracts	27,329	22,337
AROs	19,742	24,266
Utility plant, net	17,019	21,023
State carryforwards	11,985	15,700
Other	<u>17,123</u>	<u>22,019</u>
Total deferred income tax assets	264,661	304,536
Valuation allowance	<u>(9,151)</u>	<u>(13,043)</u>
Total deferred income tax assets, net	<u>255,510</u>	<u>291,493</u>
<b>Deferred income tax liabilities:</b>		
Utility plant, net	(529,362)	(468,072)
Regulatory assets	(49,296)	(49,884)
Other	<u>(12,103)</u>	<u>(7,380)</u>
Total deferred income tax liabilities	<u>(590,761)</u>	<u>(525,336)</u>
Net deferred income tax liability	<u>\$ (335,251)</u>	<u>\$ (233,843)</u>

(1) Includes \$21.5 million and \$22.3 million of deferred income tax assets associated with regulatory assets as of December 31, 2011 and 2010, respectively.

Acquired goodwill resulted from the income tax treatment by the Respondent's predecessor owners of their January 2002 acquisition of the Respondent. Acquired goodwill is being amortized for tax purposes through January 2017.

As of December 31, 2011, the Respondent has available \$12.0 million of state carryforwards, consisting of net operating losses and credits that expire at various intervals between 2012 and 2016. The valuation allowance primarily relates to Nebraska state credit carryforwards that are not expected to be realized.

The United States Internal Revenue Service has closed examination of MEHC's income tax returns through February 2006, including components related to the Respondent. In addition, state jurisdictions have closed examination of MEHC's income tax returns through at least February 9, 2006.

## (11) Commitments and Contingencies

### *Legal Matters*

The Respondent is party to a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. The Respondent does not believe that such normal and routine litigation will have a material impact on its financial results. The Respondent is also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines, penalties and other costs in substantial amounts and are described below.

The Respondent's storage gas has migrated from its certificated storage field boundaries near Cunningham, Kansas and has been produced on leaseholds held by Nash Oil & Gas, Inc. ("Nash"), L.D. Drilling Company ("LD Drilling"), Val Energy, Inc. ("Val



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Energy”) and Luka-Carmi Development, LLC. In order to mitigate its losses, the Respondent has initiated the following actions:

- In September 2009, the Respondent filed an application with the FERC to extend the boundaries of the Cunningham natural gas storage facility by 14,240 acres. In June 2010, FERC issued an order granting the Respondent certificate authority to extend the boundaries of the Cunningham natural gas storage facility by 12,320 acres. The Respondent extended good faith offers to the interested parties in the extension area, and in July 2010, filed a complaint in District Court to acquire the necessary interests by eminent domain. The Respondent has either acquired leases or purchased the property on 3,580 acres, or 29% of the extension area. In June 2011, the Respondent filed a motion for preliminary injunction seeking access to the extension area to construct the facilities necessary to implement its containment plan to control the migrating storage gas. A hearing on the access motion was held in October 2011. The magistrate issued a recommended decision in November 2011, granting the Respondent’s motion. On March 13, 2012, the federal district court judge issued an order granting the Respondent’s motion for the preliminary injunction. The March 2012 order requires security in the form of a cash deposit of \$2.7 million and a bond of \$7.8 million, both of which were deposited with the court by the Respondent.
- The Respondent filed a lawsuit in December 2008 against Nash, LD Drilling and Val Energy in the United States District Court for the District of Kansas (“District Court”) for conversion, nuisance and unjust enrichment. Shortly after the FERC order granting the Respondent authority to expand the boundaries of the Cunningham natural gas storage facility was issued in June 2010, the Respondent filed a motion to shut-in the production of the third-party wells producing the Respondent’s storage gas. In December 2010, the District Court granted the Respondent’s motion and ordered all of the wells in the extension area to be shut-in, which was completed in February 2011. The defendants appealed the injunction order to the Tenth Circuit Court of Appeals and requested a stay. Oral argument on the appeal was held in November 2011 and a decision is pending. Discovery has been stayed pending the outcome of the Kansas Supreme Court appeal discussed below.
- In December 2009, the Respondent filed a lawsuit in the 13<sup>th</sup> Judicial District, District Court, Pratt County, Kansas (“Pratt County State District Court”) against ONEOK Field Services Company and Lumen Energy Corporation alleging conversion based on their purchase of the storage gas from the producers. In April 2010, the Pratt County State District Court granted the defendants’ motion for summary judgment, finding that the Respondent does not have title to storage gas that has migrated beyond adjoining property. The Respondent appealed the decision to the Kansas Court of Appeals in April 2010, and the appeal was transferred to the Kansas Supreme Court at the Respondent’s request. Oral argument was held in March 2011. A decision on the merits is expected in the second quarter of 2012.

In December 2011, state court petitions were filed against the Respondent in three counties in Kansas, alleging trespass, nuisance and unjust enrichment, arising out of the migration of the Respondent’s storage gas. The Respondent filed petitions to move the cases to federal district court in Wichita, Kansas on December 27, 2011 and the petitions were granted. The Respondent filed responses to the petitions in January 2012, and the actions have been stayed pending the outcome of the Kansas Supreme Court appeal discussed above.

The Respondent has recorded Cunningham storage gas losses of 13.7 bcf since 2004. The replacement cost of storage gas losses is \$6.0 million and \$13.8 million for the years ended December 31, 2011 and 2010, respectively, which are included in operating expenses on the Statements of Income.

While it is not possible to predict with certainty the outcome of the aforementioned litigation and other contingencies, the Respondent believes that the ultimate resolution of these matters will not have a material adverse effect on the Respondent’s financial results.

#### *Purchase Obligations*

The Respondent expects to incur significant future capital expenditures to meet increased customer growth and system reliability objectives. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of such reviews. Estimates may change significantly at any time as a result of, among other factors, changes in rules and regulations, including environmental; changes in income tax laws; general business conditions; load projections; system reliability standards; the cost and

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efficiency of construction labor, equipment, and materials; and the cost and availability of capital. Additionally, the Respondent has commitments to two of its largest customers to meet minimum levels of incremental capacity requests through 2022 and 2026.

#### *Operating Leases, Easements and Maintenance Contracts*

The Respondent has non-cancelable operating leases primarily for office space and rights-of-way. The minimum payments under these leases as of December 31, 2011 were \$1.9 million, \$1.9 million, \$1.8 million, \$1.4 million and \$1.4 million for the years 2012 through 2016, respectively, and \$5.5 million for the total of the years thereafter. These amounts are not reflected on the Balance Sheets. Rent expense on non-cancelable operating leases totaled \$4.1 million and \$3.8 million for the years ended December 31, 2011 and 2010, respectively, and was included in operating expenses on the Statements of Income.

#### **(12) Credit Risk**

The Respondent has a concentration of customers in the electric and gas utility industries, principally in the upper Midwestern states. This concentration of customers may impact the Respondent's overall exposure to credit risk in that the customer base may be similarly affected by changes in economic, industry, weather or other conditions. The Respondent's ten largest customers accounted for 65% of its system-wide transportation and storage revenue.

The following customers accounted for 10% or more of the Respondent's total operating revenues for the years ended December 31 and customer account receivables as of December 31:

	<u>Revenue</u>		<u>Accounts Receivable</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Xcel Energy, Inc. <sup>(1)</sup>	15%	15%	13%	11%
CenterPoint Energy Resources Corporation <sup>(2)</sup>	12	11	15	14
MEC	11	10	11	10

(1) The Respondent's agreements are with Northern States Power-Minnesota, Northern States Power-Wisconsin and Southwestern Public Service Company, subsidiaries of Xcel Energy, Inc.

(2) The Respondent's agreements are with CenterPoint Energy Minnesota Gas, CenterPoint Energy Services and CenterPoint Energy Gas Transmission, subsidiaries of CenterPoint Energy Resources Corporation.

For shippers that have withdrawn gas prior to injection under the Respondent's deferred delivery services, the Respondent is exposed to credit risk with respect to those counterparties based upon the value of the gas withdrawn. The balances in miscellaneous current and accrued assets were \$8.9 million and \$39.8 million as of December 31, 2011 and 2010, respectively. Included in these amounts were balances owed from one customer of \$4.4 million and \$12.7 million as of December 31, 2011 and 2010, respectively, which were related to the Respondent's deferred delivery services.

As a general policy, collateral is not required for receivables from creditworthy customers. Customers' financial condition and creditworthiness are regularly evaluated, and historical losses have been minimal. In order to provide protection against credit risk, and as permitted by the terms of the Respondent's tariff, the Respondent has, among other alternatives, required customers that lack creditworthiness as defined by the tariff to provide letters of credit, cash security deposits or to establish separate legally restricted escrow funds to be held until these customers' creditworthiness can be demonstrated. As of December 31, 2011 and 2010, the Respondent has reflected on the Balance Sheets; escrow funds of \$2.1 million and \$2.4 million, respectively, in special deposits and \$13.4 million and \$7.0 million, respectively, in other special funds with offsetting amounts in customer deposits.

#### **(13) Other Related Party Transactions**

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The Respondent is identified as an affiliate of Berkshire Hathaway and its subsidiaries, including MEHC and its subsidiaries. The following transactions are provided for in the intercompany administrative services agreement between the Respondent and its affiliates.

The Respondent provided gas transportation, storage and other services to MEC totaling \$58.6 million and \$58.5 million for the years ended December 31, 2011 and 2010, respectively. MEC provides certain administrative and management services, including executive, financial, legal, human resources, payroll and tax, to the Respondent. Expenses incurred by MEC and billed to the Respondent are based on the individual services and expense items provided and were \$6.6 million and \$8.4 million for the years ended December 31, 2011 and 2010, respectively. MEC also provided electricity and other services to the Respondent of \$0.5 million and \$0.8 million for the years ended December 31, 2011 and 2010, respectively. The Respondent reimbursed MEC \$57.9 million and \$56.9 million for the years ended December 31, 2011 and 2010, respectively, for payroll, healthcare benefits and other benefit payments that MEC processed on behalf of the Respondent.

MEHC provides certain administrative and management services, including executive, financial, legal and tax, to the Respondent. Expenses incurred by MEHC and billed to the Respondent are based on the individual services and expense items provided and were \$4.4 million and \$6.8 million for the years ended December 31, 2011 and 2010, respectively. Income tax transactions with MEHC resulted in net receipts of \$21.2 million and net payments of \$6.8 million for the years ended December 31, 2011 and 2010, respectively.

The Respondent provides operating, administrative and management services, including executive, financial, regulatory and legal, to MEHC and certain subsidiaries. Expenses incurred by the Respondent and billed to MEHC are based on the individual services and expense items provided. Intercompany expenses were \$0.4 million and \$0.7 million for the years ended December 31, 2011 and 2010, respectively.

As of December 31, 2011 and 2010, the Respondent had net accounts payable to MEHC and certain subsidiaries for intercompany transactions totaling \$2.6 million and \$1.1 million, respectively.

The Respondent provides certain administrative and management services, including executive, financial, regulatory and legal, to Kern River Gas Transmission Company ("Kern River"), an indirect wholly-owned subsidiary of MEHC. The Respondent billed Kern River \$1.1 million and \$0.8 million for the years ended December 31, 2011 and 2010, respectively, for these services.

The Respondent provides risk management services to Kern River, pursuant to a service agreement dated August 1, 2008. The Respondent relinquishes all risks, liabilities, losses and profits associated with these risk management services. For the years ended December 31, 2011 and 2010, the Respondent entered into specific risk management transactions that settled on behalf of Kern River totaling \$0.6 million and \$3.8 million, respectively. As of December 31, 2011 and 2010, the Respondent recorded an insignificant derivative contracts liability and an insignificant net accounts receivable from Kern River on the Balance Sheets.

For the years ended December 31, 2011 and 2010, the Respondent received demand promissory notes bearing interest at a 30-day LIBOR plus a fixed per annum rate from MEHC in exchange for cash of \$80.0 million and \$160.0 million, respectively. The Respondent received \$- million and \$65.0 million from MEHC in exchange for demand promissory notes for the years ended December 31, 2011 and 2010, respectively. The balance of the demand promissory notes as of December 31, 2011 and 2010 was \$230.0 million and \$150.0 million, respectively. Interest income of \$1.4 million and \$3.6 million was recorded for the years ended December 31, 2011 and 2010, respectively.

For the years ended December 31, 2011 and 2010, the Respondent distributed dividends on common stock of \$69.0 million and \$- million, respectively, through its parent company to MEHC.

#### (14) Components of Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of losses from changes in the fair value on cash flow hedges of \$1.6 million, net of tax of \$1.1 million, and \$0.7 million, net of tax of \$0.5 million, as of December 31, 2011 and 2010, respectively.

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion				
Line No.	Item (a)	Total Company For the Current Quarter/Year		
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	3,289,021,021		
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	48,388,712		
7	Experimental Plant Unclassified			
8	TOTAL Utility Plant (Total of lines 3 thru 7)	3,337,409,733		
9	Leased to Others			
10	Held for Future Use	585,866		
11	Construction Work in Progress	9,533,862		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Total of lines 8 thru 12)	3,347,529,461		
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,192,560,023		
15	Net Utility Plant (Total of lines 13 and 14)	2,154,969,438		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	1,112,794,609		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights	6,606,579		
21	Amortization of Other Utility Plant	73,055,654		
22	TOTAL In Service (Total of lines 18 thru 21)	1,192,456,842		
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	TOTAL Leased to Others (Total of lines 24 and 25)			
27	Held for Future Use			
28	Depreciation	103,181		
29	Amortization			
30	TOTAL Held for Future Use (Total of lines 28 and 29)	103,181		
31	Abandonment of Leases (Natural Gas)			
32	Amortization of Plant Acquisition Adjustment			
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	1,192,560,023		

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (continued)				
Line No.	Electric (c)	Gas (d)	Other (specify) (e)	Common (f)
1				
2				
3		3,289,021,021		
4				
5				
6		48,388,712		
7				
8		3,337,409,733		
9				
10		585,866		
11		9,533,862		
12				
13		3,347,529,461		
14		1,192,560,023		
15		2,154,969,438		
16				
17				
18		1,112,794,609		
19				
20		6,606,579		
21		73,055,654		
22		1,192,456,842		
23				
24				
25				
26				
27				
28		103,181		
29				
30		103,181		
31				
32				
33		1,192,560,023		

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**Gas Plant in Service (Accounts 101, 102, 103, and 106)**

1. Report below the original cost of gas plant in service according to the prescribed accounts.  
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified, and Account 106, Completed Construction Not Classified-Gas.  
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.  
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.  
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	4,841,691	
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	170,226,213	5,602,197
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	175,067,904	5,602,197
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment	53,247	
16	329 Other Structures	97,353	
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines	11,464,139	
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment	16,921	
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and	17,139,006	8,233,913
27	TOTAL Production and Gathering Plant (Enter Total of lines 8	28,770,666	8,233,913
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and	28,770,666	8,233,913
40	Manufactured Gas Production Plant (Submit Supplementary		
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	28,770,666	8,233,913
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land	1,266,262	10,000
45	350.2 Rights-of-Way	2,358,419	1,644
46	351 Structures and Improvements	26,028,033	862,148
47	352 Wells	85,959,225	384,948
48	352.1 Storage Leaseholds and Rights	21,200,081	1,591,083
49	352.2 Reservoirs	4,740,534	
50	352.3 Non-recoverable Natural Gas	21,177,672	
51	353 Lines	48,520,539	2,204,300
52	354 Compressor Station Equipment	79,555,926	5,681,207
53	355 Other Equipment	12,295,575	660,761
54	356 Purification Equipment	49,603,274	3,048,985
55	357 Other Equipment	3,819,667	
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru	356,525,207	14,445,076
58	Other Storage Plant		
59	360 Land and Land Rights	639,698	
60	361 Structures and Improvements	5,351,797	45,365
61	362 Gas Holders	20,174,119	
62	363 Purification Equipment	6,520,761	
63	363.1 Liquefaction Equipment	5,967,764	918,967
64	363.2 Vaporizing Equipment	2,016,829	
65	363.3 Compressor Equipment	33,666,858	4,016,333
66	363.4 Measuring and Regulating Equipment	1,807,350	
67	363.5 Other Equipment		
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)	76,145,176	4,980,665
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment		
74	364.4 LNG Transportation Equipment		
75	364.5 Measuring and Regulating Equipment		
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and		

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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,	432,670,383	19,425,741
82	TRANSMISSION PLAN		
83	365.1 Land and Land Rights	2,596,928	
84	365.2 Rights-of-Way	76,752,824	760,536
85	366 Structures and Improvements	74,319,918	2,136,448
86	367 Mains	1,601,691,901	30,673,357
87	368 Compressor Station Equipment	529,117,515	26,016,878
88	369 Measuring and Regulating Station Equipment	249,783,055	11,718,639
89	370 Communication Equipment	329,443	
90	371 Other Equipment	5,200,716	
91	372 Asset Retirement Costs for Transmission Plant	30,814,010	24,087,728
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)	2,570,606,310	95,393,586
93	DISTRIBUTION PLAN		
94	374 Land and Land Rights		
95	375 Structures and Improvements		
96	376 Mains		
97	377 Compressor Station Equipment		
98	378 Measuring and Regulating Station Equipment-General		
99	379 Measuring and Regulating Station Equipment-City Gate		
100	380 Services		
101	381 Meters		
102	382 Meter Installations		
103	383 House Regulators		
104	384 House Regulator Installations		
105	385 Industrial Measuring and Regulating Station Equipment		
106	386 Other Property on Customers' Premises		
107	387 Other Equipment		
108	388 Asset Retirement Costs for Distribution Plant		
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)		
110	GENERAL PLANT		
111	389 Land and Land Rights	1,973,200	
112	390 Structures and Improvements	21,023,439	226,566
113	391 Office Furniture and Equipment	52,659,443	1,268,606
114	392 Transportation Equipment	15,816,232	2,996,789
115	393 Stores Equipment		
116	394 Tools, Shop, and Garage Equipment	19,665,010	2,116,023
117	395 Laboratory Equipment	314,645	69,829
118	396 Power Operated Equipment	5,406,528	512,545
119	397 Communication Equipment	6,513,698	77,243
120	398 Miscellaneous Equipment	1,802,445	
121	Subtotal (Enter Total of lines 111 thru 120)	125,174,640	7,267,601
122	399 Other Tangible Property		
123	399.1 Asset Retirement Costs for General Plant		
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	125,174,640	7,267,601
125	TOTAL (Accounts 101 and 106)	3,332,289,903	135,923,038
126	Gas Plant Purchased (See Instruction 8)		
127	(Less) Gas Plant Sold (See Instruction 8)		
128	Experimental Gas Plant Unclassified		
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	3,332,289,903	135,923,038



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<b>Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)</b>
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including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				4,841,691
3				
4	58,973,528		( 73,812)	116,781,070
5	58,973,528		( 73,812)	121,622,761
6				
7				
8				
9				
10				
11				
12				
13				
14				
15			1	53,248
16				97,353
17				
18				
19			1	11,464,140
20				
21			1	16,922
22				
23				
24				
25				
26	15,910,007		1	9,462,913
27	15,910,007		4	21,094,576
28				
29				
30				
31				
32				
33				

**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39	15,910,007		4	21,094,576
40				
41	15,910,007		4	21,094,576
42				
43				
44				1,276,262
45				2,360,063
46	104,236		( 143,681)	26,642,264
47	187,805			86,156,368
48				22,791,164
49				4,740,534
50				21,177,672
51	372,039			50,352,800
52	516,974		205,865	84,926,024
53	102,891		( 12,974)	12,840,471
54	377,122		( 1,923,710)	50,351,427
55	65,060		( 1)	3,754,606
56				
57	1,726,127		( 1,874,501)	367,369,655
58				
59				639,698
60	21,192		( 37,070)	5,338,900
61				20,174,119
62				6,520,761
63	38,518			6,848,213
64				2,016,829
65	1,106,867			36,576,324
66			2	1,807,352
67				
68				
69	1,166,577		( 37,068)	79,922,196
70				
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78				
79				
80				

**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
81	2,892,704		( 1,911,569)	447,291,851
82				
83	2,071		( 56,281)	2,538,576
84	9,208		( 228,106)	77,276,046
85	397,724		( 390,150)	75,668,492
86	1,268,339		( 2,887,877)	1,628,209,042
87	7,617,045		1,636,594	549,153,942
88	1,557,589		377,765	260,321,870
89			( 27,079)	302,364
90	15		( 2)	5,200,699
91	18,994,566			35,907,172
92	29,846,557		( 1,575,136)	2,634,578,203
93				
94				
95				
96				
97				
98				
99				
100				
101				
102				
103				
104				
105				
106				
107				
108				
109				
110				
111				1,973,200
112	4,550		( 469)	21,244,986
113	18,341,322		( 457,243)	35,129,484
114	9,308			18,803,713
115				
116	897,200		23,353	20,907,186
117				384,474
118				5,919,073
119	5,138		71,976	6,657,779
120			2	1,802,447
121	19,257,518		( 362,381)	112,822,342
122				
123				
124	19,257,518		( 362,381)	112,822,342
125	126,880,314		( 3,922,894)	3,337,409,733
126				
127		3,922,894	( 3,922,894)	
128				
129	126,880,314	( 3,922,894)		3,337,409,733

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 204 Line No.: 125 Column: c**

Tentative Classification of Assets in Account 106 (Gas Plant in Service but Not Unitized)

(Only affected groups are reported)

Account 106				
Page 204 Line No.	Account	Balance 12/31/2010	Net Additions	Balance 12/31/2011
1	INTANGIBLE PLANT			
4	3030 Miscellaneous Intangible Plant	170,182		-
			(170,182)	
5	Total Intangible Plant	170,182		-
			(170,182)	
42	NATURAL GAS STORAGE AND PROCESSING PLANT			
46	3510 Structures and improvements			92,846
		158,566	(65,720)	
47	3520 Wells			225,511
		868,725	(643,214)	
51	3530 Lines		535,005	1,842,211
		1,307,206		
52	3540 Compressor station equipment		4,722,599	4,722,599
		-		
54	3560 Purification equipment		2,853,106	2,853,106
		-		
57	Total Underground Storage Plant		7,401,776	9,736,273
		2,334,497		
58	OTHER STORAGE PLANT			
63	3631 Liquifaction Equip			1,172,886
		272,574	900,312	
65	3633 Compressor Equip			3,773,560
		26,055	3,747,505	
69	Total Other Storage Plant			4,946,446
		298,629	4,647,817	
81	Total Nat'l Gas Storage and Processing Plant			14,682,719
		2,633,126	12,049,593	
82	TRANSMISSION PLANT			
85	3660 Structures & Improvements			1,029,021
		820,048	208,973	
86	3670 Mains			9,583,153
		11,386,487	(1,803,334)	
87	3680 Compressor Station Equip			18,453,516
		4,945,458	13,508,058	
88	3690 M&R Station Equipment			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

				4,380,769
		1,986,247	2,394,522	
92	Total Transmission Plant			33,446,459
		19,138,240	14,308,219	
110	GENERAL PLANT			
112	3900 Structures and Improvements			18,417
		-	18,417	
113	3910 Office Furniture & Equip	382,745		79,985
			(302,760)	
116	3940 Tools Shop Equipment			85,137
		38,788	46,349	
117	3950 Lab Equipment			69,830
		-	69,830	
119	3970 Communications Equipment			6,165
		-	6,165	
124	Total General Plant	421,533		259,534
			(161,999)	
125	Total (Account 106)	22,363,081		48,388,712
			26,025,631	

**Schedule Page: 204 Line No.: 127 Column: e**

The adjustment of \$3,922,894 represent the accumulated depreciation, cost of sale, sale proceeds, and gain or loss on sale as indicated below.

Milbank and Ortonville - South Dakota Transmission System Sale  
Sold to Northwestern Corporation on March 31, 2011  
Submitted Proposed Accounting Entries on September 26, 2011  
Commission Approved Proposed Accounting Entries on January 11, 2012

Accumulated Depreciation	\$ 639,986
Cost of Sale	\$ 0
Sale Proceeds	\$ 4,500,000
Gain on Sale	\$ ( 1,217,092)
Total Account 102 Adjustment	\$ 3,922,894

**Schedule Page: 204 Line No.: 127 Column: f**

The transfer of (\$3,922,894) is the original cost of sold assets recorded in Account 102 Gas Plant Purchased or Sold for the year 2011 as listed below:

Milbank and Ortonville - South Dakota Transmission System Sale  
Sold to Northwestern Corporation on March 31, 2011  
Submitted Proposed Accounting Entries on September 26, 2011  
Commission Approved Proposed Accounting Entries on January 11, 2012

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

Original Cost of Facilities (\$ 3,922,894)

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Gas Property and Capacity Leased from Others**

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.
2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments for Current Year (d)
1	Eagle Rock Field Services, L.P.		Cargray Compression Station	300,000
2				
3				
4				
5				
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44				
45	Total			300,000

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<p align="center"><b>Gas Property and Capacity Leased to Others</b></p> <p>1. For all leases in which the average lease income over the initial term of the lease exceeds \$500,000 provide in column (c), a description of each facility or leased capacity that is classified as gas plant in service, and is leased to others for gas operations.</p> <p>2. In column (d) provide the lease payments received from others.</p> <p>3. Designate associated companies with an asterisk in column (b).</p>
--

Line No.	Name of Lessor (a)	* (b)	Description of Lease (c)	Lease Payments for Current Year (d)
1	WTG Hugoton			2,520
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44				
45	Total			2,520



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Gas Plant Held for Future Use (Account 105)**

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Respondent has 3 properties held for future			585,866
2	use each less than \$1,000,000			
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45	Total			585,866

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<p align="center"><b>Construction Work in Progress-Gas (Account 107)</b></p> <p>1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).</p> <p>2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).</p> <p>3. Minor projects (less than \$1,000,000) may be grouped.</p>
--

Line No.	Description of Project  (a)	Construction Work in Progress-Gas (Account 107)  (b)	Estimated Additional Cost of Project  (c)
1	Sunray Automation	1,199,214	5,592,777
2	Ventura Control System Upgrade	693,685	2,955,083
3	Phase IV TMS Scheduling Software	670,853	2,421,492
4	Point and Legal Entity (PLE) Software	177,772	1,133,203
5	Hugo turbine Automation	26,464	1,047,588
6	Bushton Station-Automation	9,699	1,000,581
7	Farmington Controls Upgrade	8,601	1,341,482
8	Redfield Well Electric Heaters	6,796	1,246,205
9	Cunningham Dehy 3 Replacement	3,928	1,530,464
10	Various Projects under \$1,000,000	6,736,850	16,932,308
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44			
45	Total	9,533,862	35,201,183

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Non-Traditional Rate Treatment Afforded New Projects
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1. The Commission's Certificate Policy Statement provides a threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. See Certification of New Interstate Natural Gas Pipeline Facilities, 88 FERC P61,227 (1999); order clarifying policy, 90 FERC P61,128 (2000); order clarifying policy, 92 FERC P61,094 (2000) (Policy Statement). In column a, list the name of the facility granted non-traditional rate treatment.

2. In column b, list the CP Docket Number where the Commission authorized the facility.

3. In column c, indicate the type of rate treatment approved by the Commission (e.g. incremental, at risk)

4. In column d, list the amount in Account 101, Gas Plant in Service, associated with the facility.

5. In column e, list the amount in Account 108, Accumulated Provision for Depreciation of Gas Utility Plant, associated with the facility.

Line No.	Name of Facility  (a)	CP Docket No.  (b)	Type of Rate Treatment  (c)	Gas Plant in Service  (d)
1	Redfield, IA Storage Expansion	CP07-108-000	Market-based	53,883,515
2				
3				
4				
5				
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36				
	Total			53,883,515

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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Non-Traditional Rate Treatment Afforded New Projects (continued)							
6. In column f, list the amount in Account 190, Accumulated Deferred Income Tax; Account 281, Accumulated Deferred Income Taxes – Accelerated Amortization Property; Account 282, Accumulated Deferred Income Taxes – Other Property; Account 283, Accumulated Deferred Income Taxes – Other, associated with the facility. 7. In column g, report the total amount included in the gas operations expense accounts during the year related to the facility (Account 401, Operation Expense). 8. In column h, report the total amount included in the gas maintenance expense accounts during the year related to the facility. 9. In column i, report the amount of depreciation expense accrued on the facility during the year. 10. In column j, list any other expenses(including taxes) allocated to the facility. 11. In column k, report the incremental revenues associated with the facility. 12. Identify the volumes received and used for any incremental project that has a separate fuel rate for that project. 13. Provide the total amounts for each column.							
Line No.	Accumulated Depreciation  (e)	Accumulated Deferred Income Taxes (f)	Operating Expense  (g)	Maintenance Expense  (h)	Depreciation Expense  (i)	Other Expenses (including taxes) (j)	Incremental Revenues  (k)
1	4,900,758	11,086,684	450,464	233,933	1,413,110	902,608	11,041,051
2							
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	4,900,758	11,086,684	450,464	233,933	1,413,110	902,608	11,041,051

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 217   Line No.: 1   Column: f**

Deferred income taxes are recorded in Account 282.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>General Description of Construction Overhead Procedure</b>			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

### Administrative and General Overhead

(a) Engineering, supervision, general office salaries and expenses, including the cost of construction engineering and supervision services provided by others, related to the general oversight of capital construction or software development projects are charged to an overhead work order.

(b) Engineering and operations payroll that support construction are direct charged to the overhead work order for allocation to capital construction projects. Property accounting payroll incurred in support of capital construction and software development projects is also charged directly to the overhead work order for allocation to both construction and software development projects. A study was conducted to determine which other employees devote a portion of their time in support of construction or software development activities. Based on this study a fixed amount of payroll and a proportionate share of Respondent's Omaha office cost are charged each month to the overhead work order to be allocated to both construction and software development projects.

(c) The overhead costs are allocated to individual projects based on direct charges to each capital construction or internally developed software project. Allocation rates are periodically adjusted throughout the year based on the forecast of overhead costs to direct capital charges to ensure that the balance of the overhead work order at the end of the year is cleared.

(d) Separate overhead allocation rates are developed for construction and software development projects.

(e) Overhead rates are based on the ratio of charges forecast to be charged as capital overhead to the total forecast of capital construction and software development expenditures to be charged directly to projects. Engineering and operations related overheads are allocated to capital construction projects and information technology related overhead charges are allocated to software development projects. General office salaries and expenses are allocated to both construction and software development projects.

(f) Overhead is directly assigned to each work order based on current month charges to the project excluding overheads.

### Engineering As-Built Overhead

(a) Engineering, supervision, general office salaries and expenses, including the cost of engineering and supervision services provided by others, related to the creation of construction as-built drawings are charged to an overhead work order set up solely to capture as-built construction costs. The costs charged to this work order are separate from and are not included in the administrative and general overhead.

(b) Engineering payroll and charges for engineering services provided by others incurred for the creation of capital construction as-built drawings and records are charged directly to the as-built overhead work order. A study was conducted to determine the ratio of engineering payroll capitalized for creation of as-built records for capital construction and based on this study a pro-rata share of Respondent's office building space and related costs is charged to the as-built overhead work order each month.

(c) The overhead costs are allocated to individual projects based on direct charges to each capital construction. The allocation rate is periodically adjusted throughout the year based on the forecast of overhead costs to direct capital charges to ensure that the balance in the overhead work order at the end of the year is cleared.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>General Description of Construction Overhead Procedure</b>			

- (d) Overheads are allocated using a single overhead rate.
- (e) There is no differentiation in rates for different types of construction.
- (f) Overhead is directly assigned to each work order based on current month charges to the project excluding overheads.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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General Description of Construction Overhead Procedure (continued)			
<p>COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES</p> <p>1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.</p> <p>2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.</p> <p>3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.</p>			

1. Components of Formula (Derived from actual book balances and actual cost rates):				
Line No.	Title (a)	Amount (b)	Capitalization Ration (percent) (c)	Cost Rate Percentage (d)
	(1) Average Short-Term Debt	S		
	(2) Short-Term Interest			s
	(3) Long-Term Debt	D 950,000,000	42.71	d 5.37
	(4) Preferred Stock	P		p
	(5) Common Equity	C 1,274,405,137	57.29	c 12.00
	(6) Total Capitalization	2,224,405,137	100.00	
	(7) Average Construction Work In Progress Balance	W 20,338,365		
2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$			2.29	
3. Rate for Other Funds $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$			6.88	
4. Weighted Average Rate Actually Used for the Year:				
a. Rate for Borrowed Funds -			2.71	
b. Rate for Other Funds -			6.58	



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 218 Line No.: 5 Column: d**

The 12% rate of return is a black box settlement rate based on the Respondent's consolidated stipulation and agreement of settlement for its RP03-398 and RP04-155 rate case proceedings approved on March 25, 2005.

**Schedule Page: 218 Line No.: 6 Column: c**

The capital structure of the Respondent was used in the computation of allowance for funds used during construction.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 219 Line No.: 4 Column: c**

Per Respondent's consolidated rate case settlement in Docket Nos. RP03-398 and RP04-155, Respondent was originally allowed to recover in its cost of service an annual allowance of \$1,320,306 to provide funds to cover the costs of its offshore asset retirement obligations. On May 1, 2011, the Commission approved the amendment to Respondent's consolidated stipulation and agreement for its RP03-398 and RP04-155 rate cases to suspend the \$3,004,781 annual payment to its Voluntary Employee Benefit Association (VEBA) trust fund due to overfunding, and increase its FAS 143 allowance, ARO Negative Salvage, annually to \$4,325,087.

Based on the rate case settlement, this allowance is to be charged to depreciation expense Account 403, similar to Respondent's negative salvage depreciation allowance for its offshore assets. As a result of this recovery method, all accretion and depreciation expense related to asset retirement obligations are cleared from Account 411.10 accretion expense and Account 403.1 depreciation expense for Asset Retirement Obligations and deferred as a regulatory asset in Account 182.3. Therefore, Respondent does not reflect any net expense in Accounts 411.10 or 403.1 related to asset retirement obligations.

**Schedule Page: 219 Line No.: 8 Column: c**

Reclassification of Respondent's Omaha office building depreciation expense for overhead to Account 107 Construction Work-in-Progress.

**Schedule Page: 219 Line No.: 12 Column: b**

The difference of \$58,984,805 between the sum of line 12 and line 18, column b on page 219 and that reported for Gas Plant In Service, Page 204-209, line 125, column d is due to the following retirements:

1. \$58,973,528	Retirement of Software, which is classified as Intangible Plant and not reflected on page 219.
2. \$ 9,206	Retirement of Transmission Land Rights, which is classified as Intangible Plant and not reflected on page 219.
3. \$ 2,071	Sale of land, which is not depreciated.
<b>\$58,984,805</b>	<b>Total</b>

**Schedule Page: 219 Line No.: 16 Column: c**

The \$246,953 decrease to the balance in Account 108 is comprised of the following items:

1. (\$639,986)	Transfer of accumulated depreciation reserve to Account 102 Gas Plant Purchased or Sold for sale of the Milbank/Ortonville Branch Line.
2. \$377,320	For Contribution in aid of Construction (CIAC's) Paid by Others.
3. \$ 11,561	Correcting entry to transfer accumulated depreciation reserves for transmission plant from Account 111 Accumulated Provision for Amortization and Depletion of Gas Utility Plant.
4. \$ 4,152	Correcting entry to transfer accumulated depreciation reserves for Palmyra transmission equipment from Account 111 Accumulated Provision for Amortization and Depletion of Gas Utility Plant.
<b>(\$246,953)</b>	<b>Total</b>

**Schedule Page: 219 Line No.: 22 Column: c**

The accumulated depreciation reserve for production and gathering is related to Respondent's pipeline facilities located in the Gulf of Mexico offshore the coasts of Texas and Louisiana. The balance is made up of the following components.

**Plant Reserve**

Accumulated Depreciation	\$ 32,484,818
Cost of Plant Retired	( 29,773,632)
Accumulated Plant Reserve	<u>\$ 2,711,186</u>

**Retirement Work-In-Progress**

\$ ( 1,171)

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Negative Salvage**

Accumulated Provision	\$ 1,460,854
Cost of Removal	( 603,629)
Net Negative Salvage	<u>\$ 857,225</u>

**Asset Retirement Obligation**

Accumulated Depreciation on ARO Capitalized	<u>\$ 1,430,075</u>
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**Asset Retirement Obligation (ARO) Allowance**

Accumulated Annual ARO Allowance	\$ 11,715,779
Accumulated Cost of ARO Retirements	( 32,770,258)
Unrecovered Net ARO Costs	<u>(\$ 21,054,479)</u>

<b>Accumulated Provision for Depreciation Gas Gathering</b>	<u>(\$ 16,057,164)</u>
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)**

1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.

3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).

Line No.	Description  (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of	27,903,863	41,211,532		( 3,741,134)	1,561,916			66,936,177
2	Gas Delivered to Storage				91,386,807				91,386,807
3	Gas Withdrawn from				92,009,939				92,009,939
4	Other Debits and Credits				4,156,685	( 1,561,916)			2,594,769
5	Balance at End of Year	27,903,863	41,211,532		( 207,581)	0			68,907,814
6	Dth	37,139,100	14,000,000		( 70,253)				51,068,847
7	Amount Per Dth	0.7513	2.9437		2.9548				1.3493

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 220 Line No.: 5 Column: b**

The Respondent utilizes the fixed asset method to account for the gas.

**Schedule Page: 220 Line No.: 5 Column: c**

The Respondent utilizes the fixed asset method to account for the gas.

**Schedule Page: 220 Line No.: 5 Column: e**

The Respondent utilizes the fixed asset method to account for the gas.

**Schedule Page: 220 Line No.: 5 Column: f**

The Respondent purchased gas for operational purposes in 2011. The Respondent classified this inventory as current and accounted for the gas using the inventory method.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Investments (Account 123, 124, and 136)

- Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
- Provide a subheading for each account and list thereunder the information called for:
  - Investment in Securities-List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments) state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
  - Investment Advances-Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment  (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Account 124 - Notes Receivable			
2	ZG Gathering, Ltd. (formerly known as McDay Energy Partners, Ltd) and Ms. Betty Lou Sheerin		1,894,718	
3	(Original issuance date 3/8/1999, 120 monthly payments beginning May, 1999)			
4				
5	Collectibility Reserve - ZG Gathering Notes		( 1,894,718)	
6				
7	Total - Account 124			
8				
9				
10				
11				
12				
13				
14	Account 136 - Temporary Cash Investments			
15				
16	Short-term Money Market Investments		73,363,294	1,847,507,067
17				
18	Total Account 136		73,363,294	1,847,507,067
19				
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Investments (Account 123, 124, and 136) (continued)**

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year  (e)	Principal Amount or No. of Shares at End of Year  (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference)  (g)	Revenues for Year  (h)	Gain or Loss from Investment Disposed of  (i)
1					
2			1,894,718		
3					
4					
5			( 1,894,718)		
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16	1,870,870,121		50,000,240	21,372	
17					
18	1,870,870,121		50,000,240	21,372	
19					
20					
21					
22					
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 222 Line No.: 2 Column: g**

The \$1,894,718 represents the principal amount of the Respondent's claim against Ms. Betty Lou Sheerin. The Respondent is pursuing its claim through the Texas judicial system. The related interest receivable is included in Account 171 and is fully reserved.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Investments in Subsidiary Companies (Account 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.

2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).

(a) Investment in Securities-List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.

3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment  (a)	Date Acquired  (b)	Date of Maturity  (c)	Amount of Investment at Beginning of Year  (d)
1				
2				
3				
4	None - this page intentionally left blank			
5				
6				
7				
8				
9				
10				
11				
12				
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34				
35				
36				
37				
38				
39				
40	TOTAL Cost of Account 123.1 \$		TOTAL	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Investments in Subsidiary Companies (Account 123.1) (continued)**

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustments includible in column (f).
8. Report on Line 40, column (a) the total cost of Account 123.1.

Line No.	Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)
1				
2				
3				
4				
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)**

**PREPAYMENTS (ACCOUNT 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Payment  (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	1,556,664
2	Prepaid Rents	
3	Prepaid Taxes	2,143,945
4	Prepaid Interest	
5	Miscellaneous Prepayments	1,888,564
6	TOTAL	5,589,173

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)**  
(continued)

**EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)**

Line No.	Description of Extraordinary Loss [include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	Written off During Year  Account Charged (e)	Written off During Year  Amount (f)	Balance at End of Year (g)
7							
8							
9							
10							
11							
12							
13							
14							
15	<b>Total</b>						

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<b>Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)</b> <b>(continued)</b>

<b>UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)</b>
---

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr)] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year  (b)	Total Amount of Charges  (c)	Costs Recognized During Year  (d)	Written off During Year  Account Charged  (e)	Written off During Year  Amount  (f)	Balance at End of Year  (g)
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	Total						

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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 230 Line No.: 5 Column: b**

Miscellaneous prepayments include:

Software licenses and maintenance contracts	\$1,822,780
Right of way	44,451
Rating agency fees	21,333
Total	<u>\$1,888,564</u>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Other Regulatory Assets (Account 182.3)**

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
5. Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, state commission order, court decision).

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	Computer systems development costs	3,640,490		407.3	3,640,490		
2							
3	Deferred regulatory commission expense	4,693,271	604,380	928	1,172,471		4,125,180
4							
5	FAS 106 implementation deferral	2,053,148		926	1,026,574		1,026,574
6							
7	Post retirement medical plan accrual	3,680,000		926	3,680,000		
8							
9	Asset retirement obligation	32,041,522	28,623,635	230	46,592,698		14,072,459
10							
11	Deferred FERC annual charge	1,327,681	1,720,553	928	1,757,819		1,290,415
12							
13	Deferred income taxes for AFUDC equity	14,601,256	631,423	421	252,293		14,980,386
14							
15	Other IMP related costs	4,223,147		407.3	4,223,147		
16							
17	Deferred migration costs	2,488,489		921	649,171		1,839,318
18							
19	Deferred system upgrade costs	2,071,497		921	540,390		1,531,107
20							
21	Smartpigging/hydrostatic testing	22,758,919	9,006,794	833,863	6,718,888		25,046,825
22							
23	Defined benefit pension plan	2,585,795	5,119,303	228.3	2,585,795		5,119,303
24							
25	Fair value hedges and firm commitments for operational storage	254,454		803	254,454		
26							
27	Unrealized loss on derivatives, net	50,124,266	22,406,577	483,803	8,623,158		63,907,685
28							
29	Encroachment revaluation	338	2,656,033				2,656,371
30							
31	Fuel, unaccounted for, and other trackers	31,777	19,375,213	813,855	12,940,845		6,466,145
32							
33	Interest rate lock		421,363	428	23,400		397,963
34							
35							
36							
37							
38							
39							
40	<b>Total</b>	<b>146,576,050</b>	<b>90,565,274</b>		<b>94,681,593</b>	<b>0</b>	<b>142,459,731</b>



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 232 Line No.: 1 Column: a**  
**Regulatory Authorization**

Line No.	Description	Regulatory Citation	Amortization Period
1	Computer systems development costs	RP92-1	Through 10/2011
3	Deferred regulatory commission expense	RP04-155	Over 60 months
5	FAS 106 implementation deferral	RP98-203	170 months through 12/2012
7	Post retirement medical plan accrual	RP98-203	
9	Asset retirement obligation	RP04-155	
11	Deferred FERC annual charge	18 CFR Sec 154.402	12 months ending September
13	Deferred income taxes associated with AFUDC equity	RP04-155	Based on life of plant
15	Other IMP related costs	RP92-1	Through 10/2011
17	Deferred migration costs	RP04-155	120 months through 10/2014
19	Deferred system upgrade costs	RP04-155	120 months through 10/2014
21	Smart pigging/hydrostatic testing	RP04-155	Over 84 months
23	Defined benefit pension plan	AI07-1-000 & Order 710	
25	Fair value hedges and firm commitments	Orders 552 & 627	
27	Unrealized loss on derivatives, net	Orders 552 & 627	
29	Encroachment revaluation	Orders 552 & 627	
31	Fuel and storage, unaccounted for gas and electrical compression trackers (1)	RP97-275	
33	Interest rate lock (ref. \$200M Sr Notes due 6-1-2021)	Not applicable	Through 05/2021

(1) Refer to footnote 4 - Regulatory Matters in the Notes to Financial Statements on page 122 for more information regarding regulatory trackers.

**Schedule Page: 232 Line No.: 7 Column: a**

On May 11, 2011, the Federal Energy Regulatory Commission approved the Respondent's Petition for Approval of Modified Settlement Amendment (Settlement) to modify its Stipulation and Agreement of Settlement in Docket Nos. RP03-398-000 and RP04-155-000. The Settlement allows the Respondent to suspend effective April 1, 2011, the \$3,004,781 annual payment to its Voluntary Employee Beneficiary Association trust fund and increase its FAS No. 143 allowance by the same amount. As a result of the Settlement, the offsetting regulatory asset (post retirement medical plan accrual) and regulatory liability (post retirement benefits obligation) were written off to FERC account 926 - Employee pensions and benefits.

**Schedule Page: 232 Line No.: 31 Column: a**

During the year, fuel and storage/unaccounted for gas trackers changed to an under-retention position. The debit balance was transferred from account 254.

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits	Balance at Beginning of Year	Debits	Credits Account Charged	Credits Amount	Balance at End of Year	
	(a)	(b)	(c)	(d)	(e)	(f)	
1	Payroll/investment credits (Nebraska						
2	Legislative Bill 775)	3,426,127		143	221,016	3,205,111	
3							
4	Advance payments	521,871		165	105,440	416,431	
5							
6	Unbilled contribution in aid						
7	of construction	1,809,861		174	419,358	1,390,503	
8							
9	FIN 48	742,094		174,236	742,094		
10							
11	Minor items less than \$250,000	38,512		154	38,512		
12							
13							
14							
15							
16							
17							
18							
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34							
35							
36							
37							
38							
39	Miscellaneous Work in Progress						
40	Total	6,538,465	0		1,526,420	5,012,045	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 233 Line No.: 4 Column: d**

The current portion of these advance payments for software licenses and right of way leases was reclassified to Account 165 - Prepayments.

**Schedule Page: 233 Line No.: 7 Column: d**

The current portion of this unbilled contribution in aid of construction was reclassified to Account 174 - Miscellaneous Current and Accrued Assets - CIACs.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Accumulated Deferred Income Taxes (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.  
2. At Other (Specify), include deferrals relating to other income and deductions.  
3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	Changes During Year  Amounts Debited to Account 410.1 (c)	Changes During Year  Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas	125,909,301	17,957,722	9,589,092
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	125,909,301	17,957,722	9,589,092
6	Other (Specify) (footnote details)	165,583,294		
7	TOTAL Account 190 (Total of lines 5 thru 6)	291,492,595	17,957,722	9,589,092
8	Classification of TOTAL			
9	Federal Income Tax	234,792,686	14,624,028	7,530,344
10	State Income Tax	56,699,909	3,333,694	2,058,748
11	Local Income Tax			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Accumulated Deferred Income Taxes (Account 190) (continued)**

Line No.	Changes During Year Amounts Debited to Account 410.2 (e)	Changes During Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Account No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							
3	58,364		219	900,000	219	563,900	117,146,207
4							
5	58,364			900,000		563,900	117,146,207
6	27,219,176						138,364,118
7	27,277,540			900,000		563,900	255,510,325
8							
9	22,214,273			732,000		459,231	205,211,960
10	5,063,267			168,000		104,669	50,298,365
11							

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

<b>Schedule Page: 234   Line No.: 6   Column: k</b>
Goodwill and intangibles
\$138,364,118

<b>Schedule Page: 234   Line No.: 7   Column: k</b>
Deferred income taxes that could be included in the development of jurisdictional recourse rates:

	<u>Beginning of year</u>	<u>End of year</u>
Regulatory Liabilities	\$ 991,791	\$ 1,312,667
Depreciable Property	<u>21,022,632</u>	<u>21,360,623</u>
Total	\$ 22,014,423	\$21,673,290

Name of Respondent Northern Natural Gas Company	This Report Is:		Date of Report (Mo, Da, Yr)	Year/Period of Report
	(1)	<input checked="" type="checkbox"/> An Original	/ /	End of <u>2011/Q4</u>
	(2)	<input type="checkbox"/> A Resubmission		

**Capital Stock (Accounts 201 and 204)**

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange	Number of Shares Authorized by Charter	Par or Stated Value per Share	Call Price at End of Year
	(a)	(b)	(c)	(d)
1	Account 201			
2	Common stock - not listed on any stock exchange	10,000	1.00	
3	Total common stock	10,000		
4				
5	Account 204			
6	Preferred stock - not listed on any stock exchange	1,000	0.01	
7	(Series A, 6%, cumulative)			
8	Total preferred stock	1,000		
9				
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Capital Stock (Accounts 201 and 204)**

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.

5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.

6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1						
2	1,002	1,002				
3	1,002	1,002				
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Capital Stock: Subscribed, Liability for Conversion, Premium on, and Installments Recieved on (Accts 202, 203, 205, 206, 207, and 212)**

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.

2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.

3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of year.

4. For Premium on Account 207, Capital Stock, designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	* (b)	Number of Shares (c)	Amount (d)
1				
2				
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40	Total		0	0

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Other Paid-In Capital (Accounts 208-211)**

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208) - State amount and briefly explain the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) Gain or Resale or Cancellation of Reacquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	211 Other Paid-In Capital	981,867,972
2		
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40	Total	981,867,972

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<b>DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)</b>		
1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data. 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.		

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6		
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11		
12		
13		
14		
TOTAL		

<b>CAPITAL STOCK EXPENSE (ACCOUNT 214)</b>		
1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above. 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.		

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
16		
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TOTAL		

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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>Securities Issued or Assumed and Securities Refunded or Retired During the Year</b>			

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

On April 20, 2011 the Respondent issued \$200.0 million of 4.25% senior notes due June 1, 2021 at the offering price of 99.978%. The sale of the notes to institutional investors was conducted by BNP PARIBAS and Credit Suisse as joint book-running managers in reliance on the exemption from registration provided by Rule 144A and other provisions of the Securities Act of 1933. The net proceeds were used to repay at maturity the Respondent's \$250.0 million 7.00% senior notes due June 1, 2011.

#### I. Securities Issued

\$200,000,000 4.25% Senior Notes due 6/1/2021 dated 4/20/2011

Entry:

131 Cash	198,956,000	
226 Unamortized discount on long-term debt	44,000	
181 Unamortized debt expense	1,000,000	
224 Other Long-Term Debt		200,000,000

#### II. Securities Retired

\$250,000,000 7.00% Senior Notes due 6/1/2011

Entry:

131 Cash		250,000,000
224 Other Long-Term Debt	250,000,000	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Long-Term Debt (Accounts 221, 222, 223, and 224)**

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for amts held by respondent) (d)
1	224			
2	7.0% Senior Notes Due 06/01/2011	05/27/1999	06/01/2011	
3	5.375% Senior Notes Due 10/31/2012	10/15/2002	10/31/2012	300,000,000
4	5.125% Senior Notes Due 05/01/2015	04/14/2005	05/01/2015	100,000,000
5	5.75% Senior Notes Due 07/15/2018	07/15/2008	07/15/2018	200,000,000
6	4.25% Senior Notes Due 06/1/2021	04/20/2011	06/01/2021	200,000,000
7	Subtotal			800,000,000
8	221			
9	5.80% Senior Bonds Due 02/15/2037	02/12/2007	02/15/2037	150,000,000
10				
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40	TOTAL			950,000,000

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Long-Term Debt (Accounts 221, 222, 223, and 224)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year  Rate (in %) (e)	Interest for Year  Amount  (f)	Held by Respondent  Reacquired Bonds (Acct 222) (g)	Held by Respondent  Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year  (i)
1					
2	7.000	7,291,667			
3	5.375	16,125,000			
4	5.125	5,125,000			
5	5.750	11,500,000			
6	4.250	5,926,389			
7		45,968,056			
8					
9	5.800	8,700,000			
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40		54,668,056			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 256 Line No.: 7 Column: d**

The balance in Senior Notes at 12/31/2010 of \$850,000,000 decreased \$50,000,000 to \$800,000,000 as of 12/31/2011 as described below:

Repayment of 7.0% Senior Notes Due 06/01/2011	\$ (250,000,000)
Issuance of 4.25% Senior Notes Due 06/01/2021	200,000,000
	<u>\$ (50,000,000)</u>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt  (a)	Principal Amount of Debt Issued  (b)	Total Expense Premium or Discount  (c)	Amortization Period  Date From (d)	Amortization Period  Date To (e)
1	Account 181 Unamortized Debt Expense				
2	7.00% Senior Notes Due 2011	250,000,000	1,986,253	05/27/1999	06/01/2011
3	5.375% Senior Notes Due 2012	300,000,000	4,354,997	10/15/2002	10/31/2012
4	5.125% Senior Notes Due 2015	100,000,000	884,929	04/14/2005	05/01/2015
5	5.75%Senior Notes Due 2018	200,000,000	1,794,586	07/15/2008	07/15/2018
6	4.25% Senior Notes Due 2021	200,000,000	1,651,142	04/20/2011	06/01/2021
7	5.80% Senior Bonds Due 2037	150,000,000	1,012,926	02/12/2007	02/15/2037
8	Total 181	1,200,000,000	11,684,833		
9					
10	Account 226 Unamortized Debt Discount				
11	5.375% Senior Notes Due 2012	300,000,000	423,000	10/15/2002	10/31/2012
12	5.125% Senior Notes Due 2015	100,000,000	135,000	04/14/2005	05/01/2015
13	5.75% Senior Notes Due 2018	200,000,000	46,000	07/15/2008	07/15/2018
14	4.25% Senior Notes Due 2021	200,000,000	44,000	04/20/2011	06/01/2021
15	5.80% Senior Bonds Due 2037	150,000,000	106,500	02/12/2007	02/15/2037
16	Total 226	950,000,000	754,500		
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt-Credit.

Line No.	Balance at Beginning of Year  (f)	Debits During Year  (g)	Credits During Year  (h)	Balance at End of Year  (i)
1				
2	100,062		100,062	
3	983,776		524,736	459,040
4	436,032		92,491	343,541
5	1,444,451		157,278	1,287,173
6		1,651,142	91,705	1,559,437
7	958,175		16,195	941,980
8	3,922,496	1,651,142	982,467	4,591,171
9				
10				
11	95,554		50,967	44,587
12	66,519		14,110	52,409
13	37,025		4,031	32,994
14		44,000	2,444	41,556
15	100,743		1,701	99,042
16	299,841	44,000	73,253	270,588
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Unamortized Loss and Gain on Reacquired Debt (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt  (a)	Date Reacquired  (b)	Principal of Debt Reacquired  (c)	Net Gain or Loss  (d)	Balance at Beginning of Year  (e)	Balance at End of Year  (f)
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes**

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	130,153,657
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Contributions in aid of construction	4,568,914
6		
7		
8	TOTAL	4,568,914
9	Deductions Recorded on Books Not Deducted for Return	
10	Deferred income tax expense	101,071,485
11	Current federal income tax expense	( 14,331,245)
12	Book depreciation expense/Regulatory reserve adjustment	71,584,317
13	TOTAL	158,324,557
14	Income Recorded on Books Not Included in Return	
15	Mark to market activities	15,004,809
16	Gain on storage valuations	8,786,515
17	Book gain from sale of assets	1,214,731
18	TOTAL	25,006,055
19	Deductions on Return Not Charged Against Book Income	
20	Amortization of goodwill	68,385,978
21	Amortization of regulatory assets	11,619,528
22	Tax depreciation	220,075,574
23	Tax loss on sale of assets	6,591,372
24	Other	2,600,362
25		
26	TOTAL	309,272,814
27	Federal Tax Net Income	( 41,231,741)
28	Show Computation of Tax:	
29	Federal taxable income	( 41,231,741)
30	Federal statutory rate	35
31	Federal income tax	( 14,431,109)
32	State benefit on federal tax	1,069,129
33	Prior year adjustments	79,886
34	Audit payment/FIN 48/State bonus Adj/other	( 1,049,151)
35	Federal income tax accrual	( 14,331,245)

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 261 Line No.: 27 Column: b**

Names of group members who will file a consolidated Federal Tax Return:

**MEHC Sub-Group:**

Alaska Gas Transmission Company, LLC	MidAmerican Renewables, LLC	HomeServices of Kentucky Real Estate Academy, LLC
American Pacific Finance Company	MidAmerican Solar, LLC	HomeServices of Nebraska, Inc
American Pacific Finance Company II	MidAmerican Transmission, LLC	HomeServices of the Carolinas, Inc
BG Energy Holding LLC	MidAmerican Wind, LLC	HomeServices Relocation, LLC
BG Energy LLC	Midwest Capital Group, Inc	HomeSvc of IL LLC d/b/a Koenig & Strey GMAC RE
Bishop Hill II Holdings, LLC	Midwest Gas Company	HSR Equity Funding, Inc
CalEnergy Company, Inc	Midwest Power Transmission Illinois LLC	Huff Commercial Group, LLC
CalEnergy Generation Operating Company	Midwest Power Transmission Iowa LLC	Huff-Drees Realty, Inc
CalEnergy Holdings, Inc	MWR Capital, Inc	IMO Company, Inc
CalEnergy International Services, Inc	NNGC Acquisition, LLC	Iowa Realty Company, Inc
CalEnergy International, Inc	Northern Aurora Inc	Iowa Realty Insurance Agency, Inc
CalEnergy Minerals Development LLC	Northern Natural Gas Company	Iowa Title Company
CalEnergy Minerals LLC	Quad Cities Energy Company	J.S. White Associates, Inc
CalEnergy Pacific Holdings Corp	Salton Sea Minerals Corporation	JBRC, Inc
CalEnergy UK Inc	TPZ Holding, LLC	Jim Huff Realty, Inc.
CBEC Railway, Inc	Two Rivers, Inc	JRHBW Realty, Inc d/b/a/ RealtySouth
CE Administrative Services, Inc	Centralia Mining Company	Kansas City Title, Inc
CE Black Rock Holdings LLC	Energy West Mining Company	Kentucky Residential Referral Service, LLC
CE Butte Energy Holdings LLC	Glenrock Coal Company	Larabee School of Real Estate & Insurance
CE Butte Energy LLC	Interwest Mining Company	Mid-America Referral Network, Inc.
CE Electric (NY), Inc	Pacific Minerals, Inc	Midland Escrow Services, Inc
CE Electric, Inc	PacifiCorp	Nebraska Land Title & Abstract Company
CE Exploration Company	PacifiCorp Environmental Remediation Co	Pickford Escrow Company, Inc
CE Geothermal, Inc.	PacifiCorp Investment Management, Inc	Pickford Holdings LLC
CE Indonesia Geothermal, Inc	PPW Holdings LLC	Pickford Real Estate, Inc
CE International Investments, Inc	Allerton Capital, Ltd	Pickford Services Company, Inc
CE Obsidian Energy LLC	Arizona Home Services, LLC	Plaza Financial Services, LLC
CE Obsidian Holding LLC	Capitol Intermediary Company	Plaza Mortgage Services, LLC
CE Power, Inc	Capitol Title Company	Preferred Carolinas Realty, Inc
CE Red Island Energy Holdings LLC	CBSHome Real Estate Company	Preferred Carolinas Title Agency, L.L.C.
CE Red Island Energy LLC	CBSHome Real Estate of Iowa, Inc	Professional Referral Organization, Inc
CE/TA LLC	CBSHome Relocation Services, Inc	Real Estate Links, LLC
Cimmred Leasing Company	Champion Realty, Inc	Real Estate Referral Network, Inc
Constellation Energy Holdings LLC	Chancellor Title Services, Inc	Reece & Nichols Alliance, Inc
Cordova Energy Company LLC	Columbia Title of Florida, Inc	Reece & Nichols Realtors, Inc
Cordova Funding Corporation	Edina Financial Services, Inc	Reece Commercial, Inc.
Dakota Dunes Development Company	Edina Realty Referral Network, Inc	Referral Company of North Carolina, Inc
DCCO, Inc	Edina Realty Relocation, Inc	RHL Referral Company, LLC
Kern River Funding Corporation	Edina Realty Title, Inc	Roberts Brothers, Inc
Kern River Gas Transmission Company	Edina Realty, Inc	Roy H. Long Realty Company, Inc
KR Acquisition 1, LLC	Esslinger-Wooten-Maxwell, Inc	San Diego PCRE, Inc
KR Acquisition 2, LLC	E-W-M Referral Services, Inc.	Semonin Realtors, Inc
KR Holding, LLC	FFR, Inc	Southwest Relocation, LLC
M & M Ranch Acquisition Company, LLC	First Realty, Ltd	The Escrow Firm
M & M Ranch Holding Company, LLC	First Reserve Insurance, Inc	The Referral Company
MEC Construction Services Company	For Rent, Inc	Title South, LLC
MEHC America Transco, LLC	HMSV Financial Services, Inc	United Settlement Services, L.C.
MEHC Insurance Services Ltd.	HN Insurance Holdings, LLC	
MEHC Investment, Inc	HN Mortgage, LLC	
MEHC Texas Transco, LLC	HN Real Estate Group N.C., Inc	
MHC Investment Company	HN Real Estate Group, LLC	
MHC, Inc	HN Referral Corporation	
MidAmerican AC Holding, LLC	HomeServices Financial Holdings, Inc	
MidAmerican Energy Company	HomeServices Insurance, Inc	
MidAmerican Energy Holdings Company	HomeServices of Alabama, Inc.	
MidAmerican Energy Machining Services LLC	HomeServices of America, Inc	
MidAmerican Funding, LLC	HomeServices of California, Inc	
MidAmerican Geothermal, LLC	HomeServices of Florida, Inc	
MidAmerican Hydro, LLC	HomeServices of Illinois Holdings, LLC	
MidAmerican Nuclear Energy Company, LLC	HomeServices of Iowa, Inc	
MidAmerican Nuclear Energy Holdings Co., LLC	HomeServices of Kentucky, Inc	

With respect to members of the MEHC Sub-Group, MidAmerican Energy Holdings Company (MEHC) requires all subsidiaries to pay to or receive from MEHC an amount of tax based primarily on the stand-alone method of allocation. The computation includes all tax benefits from tax deductions stemming from cost borne by utility customers.

**All Other Affiliates:**

Acme Brick Company	Los Angeles Junction Railway Company	International Dairy Queen, Inc.
Acme Brick DFW, Inc.	Star Lake Railroad Company	American Dairy Queen Corporation
Acme Brick Sales Company	Santa Fe Receivables Corporation	DQF, Inc.
Acme Ochs Brick and Stone, Inc.	The BN and SF Railway de Mexico, S.A. de C.V.	DQGC, Inc.
American Tile and Stone, Inc	The Zia Company	Unified Supply Chain, Inc.
Innovative Building Products, Inc	Santa Fe Pacific Pipeline Holdings, Inc.	DQ Funding Corporation

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

Alpha Cargo Motor Express, Inc.  
Brick Acquisition Company  
Acme Building Brands, Inc.  
Acme Investment Company  
Acme Management Company  
Acme Services Company, L.P.  
Denver Brick Company  
Edmonds Material and Equipment Co.  
Justin Industries, Inc.  
AEG Processing Center No. 35, Inc.  
AEG Processing Center No. 58, Inc.  
American Employers Group, Inc.  
Applied Group Insurance Holdings, Inc.  
Applied Investigations Inc.  
Applied Logistics, Inc.  
Applied Premium Finance, Inc.  
Applied Risk Services of New York, Inc.  
Applied Risk Services, Inc.  
AU Captive Risk Assurance Co., Inc.  
AU Holding Company, Inc.  
Applied Underwriters, Inc.  
AU Captive Risk Assurance Co.  
BH, LLC  
Combined Claims Services, Inc.  
Coverage Dynamics Group, Inc.  
Commercial General Indemnity, Inc.  
California Insurance Company  
Continental Indemnity Company  
Applied Underwriters Captive Risk Assurance Company, Inc.  
Laurier Indemnity Company  
North American Casualty Co.  
Promesa Health, Inc.  
Strategic Staff Management, Inc.  
The Ben Bridge Corporation  
Ben Bridge Jeweler, Inc.  
BH Affordable Housing, Inc.  
Berkadia Commercial Mortgage Inc.  
Berkshire Hathaway Credit Corporation  
BH Columbia Inc.  
Berkshire Hathaway Finance Corporation  
Berkshire Hathaway Inc.  
BHR Inc.  
Railsplitter Holdings Corporation  
Wesco Holdings Midwest, Inc.  
Benjamin Moore & Co.  
Complementary Coatings Corporation  
Eco Color Company  
The Indecor Group, Inc.  
Burlington Northern Santa Fe, LLC  
FreightWise, Inc.  
Burlington Northern Santa Fe Insurance Company, Ltd.  
BNSF Logistics International, Inc.  
BNSF Railway Company  
Bayport Systems, Inc.  
Burlington Northern Santa Fe Manitoba, Inc.  
Martin Mills, Inc.  
Camp Manufacturing Company  
Leesburg Yarn Mills, Inc.  
Rabun Apparel, Inc.  
Fruit of The Loom Caribbean, Inc.  
FTL Sales Company, Inc.  
FTL Regional Sales Co., Inc.  
Union Sales, Inc.  
Fruit of the Loom Trading Company  
Fruit of the Loom, Inc. (Sub)  
Mobile Disaster Structures, Inc.  
Forest River Financial Services, Inc.  
Forest River Housing, Inc.  
Forest River, Inc.  
Mapletree Transportation, Inc.  
Priority One Financial Services, Inc.  
Veritas Insurance Group, Inc.  
FlightSafety Capital Corp.  
FlightSafety Development Corp.  
FlightSafety International Inc.

Burlington Northern Santa Fe British Columbia, Ltd.  
Pine Canyon Land Company  
Santa Fe Pacific Insurance Company  
Santa Fe Pacific Railroad Company  
Western Fruit Express Company  
Burlington Northern Railroad Holdings, Inc.  
Winona Bridge Railroad Company  
BNSF Railway International Services, Inc.  
BN Leasing Corporation  
Midwest Northwest Properties, Inc.  
Santa Fe Pacific Pipelines, Inc.  
BNSF Communications, Inc.  
BNSF Spectrum, Inc.  
Borsheim Jewelry Company, Inc.  
The Buffalo News, Inc.  
Business Wire, Inc.  
Clayton Commercial Buildings, Inc.  
CMH Hodgenville, Inc.  
CMH Manufacturing, Inc.  
CMH Set and Finish, Inc.  
CMH Manufacturing West, Inc.  
AL/TEX Homes, Inc.  
BR Agency, Inc.  
Giles Industries, Inc.  
MH Transport, Inc.  
Southern Energy Homes, Inc.  
Cavalier Homes, Inc.  
CMH Homes, Inc.  
CMH of KY, Inc.  
CMH Parks, Inc.  
Chatwell, Inc.  
Freedom Warehouse Corp.  
Vanderbilt ABS Corp.  
Vanderbilt Mortgage and Finance, Inc.  
Vanderbilt SPC, Inc.  
Vanderbilt Property&Casualty Insurance Co., Ltd.  
Homefirst Agency, Inc.  
21st Communities, Inc.  
21st Mortgage Corporation  
Henley Holdings, LLC  
21 SPC, Inc.  
Clayton Homes, Inc.  
CMH Capital, Inc.  
CMH Services, Inc.  
Cort Business Services Corporation  
Central States of Omaha Companies, Inc.  
Central States Indemnity Co. of Omaha  
CSI Life Insurance Company  
Agile Manufacturing, Inc.  
CTB Credit Corp  
CTB Inc.  
CTB International Corp  
Ironwood Plastics Inc  
CTB IW INC  
CTB MN Investments  
General Star National Insurance Company  
National Reinsurance Corporation  
Helzberg's Diamond Shops, Inc.  
HDS Redevelopment Corporation  
Dexter Shoe Company  
H. H. Brown Shoe Company, Inc.  
Isabella Shoe Corporation  
Macro Retailing, Inc.  
Pan-Am Shoe Co., Inc.  
Running with Heels, Inc.  
BH Shoe Holdings, Inc.  
Soft Shoe Company  
H. H. Brown Shoe Technologies, Inc.  
Vision Retailing, Inc.  
American All Risk Insurance Services Inc.  
American Commercial Claims Administrators Inc  
Brookwood Insurance Company  
Berkshire Hathaway Homestate Insurance Company  
Continental Divide Insurance Company  
Cypress Insurance Company

Dairy Queen Of Georgia, Inc.  
Golden Skillet International, Inc.  
Karmelkorn Shoppes, Inc.  
Orange Julius Of America  
Dairy Queen Corporate Stores, Inc.  
DQ Managed Stores, Inc.  
DQ Wholly-Owned Stores, Inc.  
DQ Joint Venture Stores, Inc.  
PJR Management, Inc.  
All Bilt Uniforms  
Bricker-Mincolla Uniforms  
Command Uniforms  
Commonwealth Uniforms Inc.  
Crowley Garment Mfg Co Inc.  
Crowley Shirt Mfg Co Inc.  
The Eagle Company  
West Virginia Uniforms  
Farriors, Inc.  
The Fechheimer Brothers Co.  
Fulton Manufacturing Company  
Great Plains Uniforms  
Griffey Uniforms  
Harris Uniforms  
Harrison Uniforms  
Kale Uniforms  
Kay Uniforms  
Martin Manufacturing Company  
McCain Uniform Company Inc.  
Metro Uniforms  
Nick Bloom Uniforms  
Nationwide Uniforms  
Pima Uniforms  
Roberts Men's Shop  
Silver State Uniforms  
Simon's Incorporated  
Sol Frank Uniforms Inc.  
Uniforms of Texas  
Universal Uniforms  
Waynesburg Shirt Company Inc.  
Zuckerbergs Uniforms  
Fruit of the Loom, Inc.  
Union Underwear Co., Inc.  
Union Underwear Co., Inc.  
Cumberland Asset Management, Inc.  
Brooks Sports, Inc.  
Cross Creek Apparel, LLC  
Fruit of the Loom Direct, Inc.  
Vanity Fair, Inc.  
VFI-Mexico, Inc.  
Ponce Fashions, Inc.  
The BVD Licensing Corporation  
Apeks Apparel, Inc.  
Russell Athletic Corporation  
Total Quality Apparel Resources  
Undergarment Fashions, Inc.  
Marmon Water, Inc.  
Marmon Construction Services, Inc.  
Marmon Flow Products, Inc.  
Marmon Industrial Companies, Inc.  
Marmon Retail Services, Inc.  
Marmon Wire & Cable, Inc.  
Lockwood Street Urban Renewal Corporation  
Ecodyne Corporation  
J.L. Mining Company  
Fontaine Truck Equipment Company  
Morgantown-National Supply, Inc.  
Procrane Holdings, Inc.  
RCP Investment, Inc.  
HG-Power Plant, Inc.  
Penn Coal Land, Inc.  
Penn Pocahontas Coal Co.  
TRH Holding Corp.  
Alexander-Otto Company LLC  
Precision Millwork Settings LLC  
Marmon Holdings, Inc.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

FlightSafety New York, Inc.  
 FlightSafety Properties, Inc.  
 FlightSafety Services Corporation  
 Garan Central America Corp.  
 Garan Incorporated  
 Garan Manufacturing Corp.  
 Garan Services Corp  
 Criterion Insurance Agency  
 GEICO Corporation  
 Government Employees Financial Corp.  
 GEICO Insurance Agency  
 GEICO Products, Inc.  
 International Insurance Underwriters, Inc.  
 Maryland Ventures, Inc..  
 Plaza Financial Services Co.  
 Plaza Resources Co.  
 Top Five Club, Inc.  
 GEICO Advantage Insurance Company  
 GEICO Casualty Co.  
 GEICO Choice Insurance Company  
 GEICO General Insurance Co.  
 Government Employees Insurance Co.  
 GEICO Indemnity Co.  
 GEICO Secure Insurance Company  
 General Re Corporation  
 Gen Re Long Ridge LLC  
 Cologne Services Corporation  
 Elm Street Corporation  
 GRD Holdings Corporation  
 Gen Re Intermediaries Corporation  
 General Re New England Asset Management  
 Genesis Management and Insurance Services Corporation  
 General Star Management Company  
 United States Aviation Underwriters, Inc.  
 General Re Financial Products Corporation  
 General Reinsurance Corporation  
 Faraday Capital Limited  
 Fairfield Insurance Company  
 Genesis Indemnity Insurance Company  
 Genesis Insurance Company  
 General Star Indemnity Company  
 C & R Insurance Services, Inc.  
 C & R Legal Insurance Agency, LLC  
 Medical Protective Finance Corporation  
 The Medical Protective Company  
 Medical Protective Insurance Services, Inc.  
 Medical Protective Corporation  
 MedPro Risk Retention Services, Inc.  
 Somerset Services, Inc  
 Princeton Insurance Company  
 Princeton Advertising & Marketing Group, Inc.  
 Princeton Risk Protection, Inc  
 Alexander Road Insurance Agency, Inc.  
 Diedrich Technologies, Inc.  
 MiTek Framings, Inc.  
 Hardy Frames, Inc.  
 HeatPipe Technology, Inc.  
 Hohmann & Barnard, Inc.  
 MiTek Holdings, Inc.  
 MiTek, Inc.  
 MiTek Industries, Inc.  
 Rush Air Inc  
 Miller-Sage, Inc.  
 SidePlate Systems, Inc.  
 Simpax, Inc.  
 TMI Custom Air Systems, Inc.  
 United Steel Products Company  
 Floors, Inc.  
 NFM of Kansas, Inc.  
 Nebraska Furniture Mart, Inc.  
 Homemakers Plaza, Inc.  
 TXFM, Inc.  
 WMC Corp.  
 First Berkshire Hathaway Life Insurance Company  
 Berkshire Hathaway Life Insurance Company of Nebr.

Oak River Insurance Company  
 Redwood Fire and Casualty Insurance Company  
 Boot Royalty Company  
 Chippewa Shoe Company  
 Footwear Investment Company  
 H.J. Justin & Sons, Inc.  
 Justin Belt Company, Inc.  
 Justin Brands, Inc.  
 Justin Boot Company  
 J.S Justin, Inc.  
 Nocona Boot Company  
 Tony Lama Company  
 Johns Manville Corporation  
 Johns Manville, Inc.  
 Seventeenth Street Realty, Inc.  
 Johns Manville China, Ltd.  
 JM E3 CO  
 Corbond Corporation  
 Jordan's Furniture, Inc.  
 Kansas Bankers Surety Company  
 Albecca, Inc.  
 Ohio Merger Sub, Inc.  
 Active Organics, Inc.  
 Lubrizol Inter-Americas Corporation  
 Lubrizol Advanced Materials China, Inc.  
 The Lubrizol Corporation  
 CPI Engineering Services, Inc.  
 Lubrizol Holding, Inc  
 Lubrizol Advanced Materials FCC, Inc.  
 Lubrizol Advanced Materials Holding Corporation  
 LZ Holding Corporation  
 Lubrizol Advanced Materials International, Inc.  
 Lubrizol Enterprises, Inc.  
 Lubrizol International Management Corporation  
 Lubrizol Overseas Trading Corporation  
 MPP Pipeline Corporation  
 Merquinsa North America, Inc.  
 Noveon Hilton Davis, Inc.  
 Lubrizol Advanced Materials, Inc.  
 Lubrizol Advanced Materials Gibraltar, Inc.  
 Lubricant Investments, Inc.  
 National Indemnity Company of the South  
 AAS-Lunken, Inc.  
 BNJ NetJets, Inc.  
 Executive Jet Europe, Inc.  
 Executive Jet Management, Inc.  
 NetJets Aviation, Inc.  
 NetJets Europe Holdings, LLC  
 NetJets Inc.  
 NetJets International, Inc.  
 NetJets Large Aircraft, Inc.  
 NetJets Leasing, Inc.  
 NetJets M.E., Inc.  
 NetJets Sales, Inc.  
 NetJets Services, Inc.  
 NetJets U.S., Inc.  
 NJ Executive Services, Inc.  
 NJA Jets Inc.  
 NJE Holdings, LLC  
 NJI Sales, Inc.  
 NJI, Inc.  
 Marquis Jet Partners, Inc.  
 Marquis Jet Holdings, Inc.  
 Omaha World-Herald Company  
 World Investments, Inc.  
 World Marketing, Inc.  
 Midlands Newspapers, Inc.  
 World Enterprises, Inc.  
 Capitol Avenue Real Estate Company  
 World Real Estate Management, LLC  
 World Media Company  
 Suburban Newspapers, Inc.  
 Western Nebraska Newspapers, Inc.  
 Kearney Hub Publishing Company, Inc.  
 Lexington Publishing Company, Inc.

Getz Bros. & Co. Zug, Inc.  
 Webb Wheel Products, Inc.  
 Perfection Hy-Test Company  
 Marathon Suspension Systems, Inc.  
 Fontaine Specialized, Inc.  
 Fontaine Trailer Company  
 Fontaine Modification Company  
 Fontaine Fifth Wheel Company  
 Marmon-Herrington Company  
 Triangle Suspension Systems, Inc.  
 Fontaine Spray Suppression Company  
 TSE Brakes, Inc.  
 Union Tank Car Company  
 Uni-Form Components Company  
 Marmon Distribution Services, Inc.  
 Railserve, Inc.  
 Tiger-Sunbelt Industries, Inc.  
 Worldwide Containers, Inc.  
 Exsif Worldwide, Inc.  
 McLane Southern, Inc.  
 McLane Western, Inc.  
 McLane Minnesota, Inc.  
 McLane Express, Inc.  
 McLane New Jersey, Inc.  
 Kahn Ventures, Inc.  
 Empire Distributors, Inc.  
 Empire Distributors of North Carolina, Inc.  
 Horizon Wine & Spirits - Nashville, Inc.  
 Horizon Wine & Spirits - Chattanooga, Inc.  
 Salado Sales, Inc.  
 McLane Foodservice, Inc.  
 McCarty-Hull Cigar Company, Inc.  
 Professional Datasolutions, Inc.  
 Claims Services, Inc.  
 M & C Products, Inc.  
 Transco, Inc.  
 McLane Company, Inc.  
 McLane Eastern, Inc.  
 McLane Midwest, Inc.  
 McLane Suneast, Inc.  
 McLane Mid-Atlantic, Inc.  
 ScottCare Corporation  
 The Scott Fetzer Company  
 CG Service, Inc.  
 Campbell Hausfeld/Scott Fetzer Company  
 Adalet/Scott Fetzer Company  
 Western/Scott Fetzer Company  
 Halex/Scott Fetzer Company  
 Stahl/Scott Fetzer Company  
 France/Scott Fetzer Company  
 Wayne/Scott Fetzer Company  
 Carefree/Scott Fetzer Company  
 Northland/Scott Fetzer Company  
 Scott Fetzer Financial Group, Inc.  
 BH Finance, Inc.  
 United Consumer Financial Services Company  
 United Direct Finance, Inc.  
 World Book, Inc.  
 World Book Encyclopedia, Inc.  
 World Book/Scott Fetzer Company  
 Worldbook.com, Inc.  
 SHX Leasing, Inc.  
 SHX Flooring, Inc.  
 Shaw International Services, Inc.  
 Pro Installations, Inc.  
 Shaw Contract Flooring Installation Services, Inc.  
 Shaw Contract Flooring Services, Inc.  
 Spectra Contract Flooring Puerto Rico, Inc.  
 Shaw Industries Group, Inc.  
 Shaw Industries, Inc.  
 Shaw Diversified Services, Inc.  
 Shaw Transport, Inc.  
 Queen Carpet Corporation  
 Shaw Floors, Inc.  
 Shaw Retail Properties, Inc.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

Ringwalt & Liesche Co.  
 Brilliant National Services, Inc.  
 Soco West, Inc.  
 Whittaker, Clark & Daniels, Inc.  
 L.A. Terminals, Inc.  
 Boat America Corporation  
 Boat U.S., Inc.  
 Vessel Assist insurance Services, Inc.  
 BHG Structured Settlements, Inc.  
 Resolute Management Inc.  
 International America Group Inc.  
 International American Management Company  
 Northern States Agency, Inc.  
 Finial Holdings, Inc.  
 Consolidated Health Plans Inc.  
 Affordable Housing Partners, Inc.  
 American Centennial Insurance Company  
 Citadel Insurance Company  
 Berkshire Hathaway Assurance Corporation  
 Wesco-Financial Insurance Company  
 National Liability & Fire Insurance Company  
 National Indemnity Company of Mid-America  
 National Fire & Marine Insurance Company  
 National Indemnity Company  
 Atlanta International Insurance Company  
 Stonewall Insurance Company  
 Columbia Insurance Company  
 Commercial Casualty Insurance Company  
 Unione Italiana Reinsurance Company of America, Inc.  
 Seaworthy Insurance Company  
 Finial Reinsurance Company

North Platte Publishing Company, Inc.  
 Scottsbluff Publishing Company, Inc.  
 Central Nebraska Publications, Inc.  
 Hemingford Building, LLC  
 Southwest Iowa Newspapers, Inc.  
 Western Iowa Newspapers, Inc.  
 Grand Island Independent Real Estate, LLC  
 Grand Island Publishing Company, Inc.  
 York Publishing Company, Inc.  
 Ace Mailing Service, Inc.  
 World Technologies, Inc.  
 Mail Tech, Ltd.  
 LEE Distributing Service, Inc.  
 Diversified Mailing, Inc.  
 World Broadcasting, Inc.  
 World Interactive Group, Inc.  
 Riverview Land, LLC  
 Douglas Building, LLC  
 TPC European Holdings, LTD.  
 TPC North America, Ltd.  
 TPC N.A.S.A., LLC  
 The Pampered Chef, Ltd.  
 Precision Steel Warehouse - Charlotte S/C  
 Precision Steel Warehouse, Inc.  
 Precision Brand Products, Inc.  
 R.C. Willey Home Furnishings  
 Richline Group, Inc  
 See's Candies, Inc  
 Sees Candy Shops, Incorporated  
 BHSF, Inc.  
 Ambucor Health Solutions, Inc.

Shaw Funding Company  
 Star Furniture Company  
 CJE II  
 Mouser Electronics, Inc.  
 TTI, Inc.  
 Gateway Underwriters Agency, Inc.  
 U.S. Investment Corporation  
 United States Liability Insurance Company  
 Mount Vernon Fire Insurance Company  
 U.S. Underwriters Insurance Co.  
 Wesco Financial Corporation  
 MS Property Company  
 Blue Chip Stamps  
 Blue Chip Stamps, Inc  
 AJF Warehouse Distributors, Inc.  
 XTRA Chassis, Inc.  
 Expertos en Administracion, S.A. de C.V.  
 XTRA Finance Corporation  
 XTRA International, Ltd.  
 XTRA Mexicana, S.A. de C.V.  
 MMX Corporation  
 XTRA Intermodal, Inc.  
 Strick Mexicana, S.A. de C.V.  
 XTRA International Pacific, Ltd.  
 RENTCO Trailer Corporation  
 X-L-Co., Inc.  
 XLI, Inc.  
 XTR, Inc.  
 XTRA Corporation  
 XTRA Companies, Inc.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	Real and Personal Property Tax		
2			
3	Illinois 2011		
4	Illinois 2010	4,500	
5	Iowa 2011		
6	Iowa 2010	13,969,740	
7	Iowa 2009	6,792,104	
8	Kansas 2011		
9	Kansas 2010	7,475,080	
10	Louisiana 2011		
11	Louisiana 2010	( 57)	
12	Michigan 2011		
13	Michigan 2010	269,215	
14	Minnesota 2011		
15	Minnesota 2010	12,394,001	
16	Nebraska 2011		
17	Nebraska 2010	1,900,001	
18	New Mexico 2011		
19	New Mexico 2010	23,624	
20	North Dakota 2011		
21	North Dakota 2010	1,032	
22	Oklahoma 2011		
23	Oklahoma 2010	277,729	
24	South Dakota 2011		
25	South Dakota 2010	465,002	
26	Texas 2011		
27	Texas 2010	676,683	
28	Wisconsin 2011		
29	Wisconsin 2010	( 5)	
30			
31	Subtotal Real and Personal Property Tax	44,248,649	
32			
33			
34	Federal Income Tax		8,005,960
35	Other		
36	FICA	395,096	
37	Federal Unemployment	820	
38			
39	Subtotal Federal Tax	395,916	8,005,960



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)			
Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	State Income Tax		
2			
3	Illinois		41,920
4	Iowa		1,271,023
5	Kansas		( 182,505)
6	Michigan		9,266
7	Minnesota		311,026
8	Nebraska		( 92,793)
9	New Mexico		39,681
10	North Dakota		17,944
11	Oklahoma		966,517
12	Texas		( 71,255)
13	Wisconsin		115,395
14	Other	32,432	
15			
16	Subtotal State Income Tax	32,432	2,426,219
17			
18	State Unemployment Tax (SUTA)		
19			
20	Illinois		
21	Iowa	92	
22	Kansas		
23	Michigan		
24	Minnesota	571	
25	Nebraska	399	
26	New Mexico		
27	Oklahoma		
28	South Dakota		
29	Texas	65	
30	Wisconsin	74	
31			
32	Subtotal State Unemployment Tax	1,201	
33			
34			
35			
36			
37			
38			
39			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)			
Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	Use Tax		
2			
3	Illinois	2,687	
4	Iowa	84,718	
5	Kansas	43,371	
6	Louisiana		
7	Michigan		
8	Minnesota	99,103	
9	Nebraska	39,139	
10	New Mexico	1,906	
11	North Dakota		
12	Oklahoma	6,088	
13	South Dakota	( 3,095)	
14	Texas	5,719	
15	Wisconsin	2,989	
16	Sales Tax		
17			
18	Subtotal Use Tax	282,625	
19			
20	Franchise Tax		
21	Nebraska		
22	Kansas		
23	Oklahoma		
24			
25	Subtotal Franchise Tax		
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
TOTAL		44,960,823	10,432,179

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$250,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3	4,500			4,500	
4	( 240)	4,260			
5	13,658,144	3		13,658,141	
6	( 514,498)	6,727,688		6,727,554	
7		6,792,104			
8	12,920,225	6,460,123		6,460,102	
9	( 178,018)	7,297,062			
10	803	801		2	
11	57				
12	594,598	594,598			
13	( 3,263)	265,952			
14	13,320,232			13,320,232	
15	11,933	12,405,934			
16	1,685,498			1,685,498	
17	( 64,161)	1,835,840			
18	36,850	18,425		18,425	
19	( 1)	23,623			
20	1,032			1,032	
21	( 281)	751			
22	507,545	253,774		253,771	
23	( 461)	277,268			
24	370,959		32,165	403,124	
25	( 6,076)	458,926			
26	955,000	382,640		572,360	
27	( 25,282)	651,401			
28	1,329,177	1,329,176		1	
29	5				
30					
31	44,604,277	45,780,349	32,165	43,104,742	
32					
33					
34	( 14,331,245)	( 21,724,074)			613,131
35			185,885	185,885	
36	5,221,019	5,164,550		451,565	
37	4,624	1,772		3,672	
38					
39	( 9,105,602)	( 16,557,752)	185,885	641,122	613,131

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)					
Line No.	Taxes Charged During Year  (d)	Taxes Paid During Year  (e)	Adjustments  (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3	8,006				33,914
4	1,097,987	848,570			1,021,606
5	( 552,824)	( 365,824)			4,495
6	( 82,280)	( 81,458)			10,088
7	280,456	196,511			227,081
8	( 497,619)	( 401,090)			3,736
9	9,793	2,000			31,888
10	7,972	( 8,464)			1,508
11	113,201	( 772,538)			80,778
12	21,121	92,908			532
13	130,686	130,479			115,188
14			18,253	50,685	
15					
16	536,499	( 358,906)	18,253	50,685	1,530,814
17					
18					
19					
20					
21	3,493	3,498		87	
22	1,075	1,070		5	
23	1,024	1,024			
24	31,567	31,380		758	
25	35,420	35,576		243	
26					
27	5,076	4,935		141	
28	440	440			
29	10,123	10,061		127	
30	7,397	7,241		230	
31					
32	95,615	95,225		1,591	
33					
34					
35					
36					
37					
38					
39					

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<b>Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)</b> <b>(continued)</b>
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Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3	1,798	4,485			
4	420,356	445,131		59,943	
5	276,316	274,901		44,786	
6					
7	2,873	1,849		1,024	
8	500,225	579,980		19,348	
9	245,370	257,009		27,500	
10	1,255	3,161			
11					
12	20,248	28,157		( 1,821)	
13	13,464	14,088		( 3,719)	
14	88,344	86,634		7,429	
15	49,906	47,263		5,632	
16	142,030	141,675		355	
17					
18	1,762,185	1,884,333		160,477	
19					
20					
21					
22	20,000	20,000			
23	20,100	20,100			
24					
25	40,100	40,100			
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
<b>TOTAL</b>	37,933,074	30,883,349	236,303	43,958,617	2,143,945

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)				
Line No.	Electric (Account 408.1, 409.1)  (i)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3		4,500		
4		( 240)		
5		13,658,144		
6		( 514,498)		
7				
8		12,920,225		
9		( 178,018)		
10		803		
11		57		
12		594,598		
13		( 3,263)		
14		13,320,232		
15		11,933		
16		1,685,498		
17		( 64,161)		
18		36,850		
19		( 1)		
20		1,032		
21		( 281)		
22		507,545		
23		( 461)		
24		370,959		
25		( 6,076)		
26		955,000		
27		( 25,282)		
28		1,329,177		
29		5		
30				
31		44,604,277		
32				
33				
34		9,885,892		( 24,217,137)
35				
36		4,606,497		
37		1,615		
38				
39		14,494,004		( 24,217,137)

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged) (continued)				
DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)				
Line No.	Electric (Account 408.1, 409.1)  (i)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2				
3		97,239		( 89,233)
4		13,336,014		( 12,238,027)
5		( 6,714,549)		6,161,725
6		( 999,359)		917,079
7		3,406,399		( 3,125,943)
8		( 6,044,026)		5,546,407
9		118,948		( 109,155)
10		96,829		( 88,857)
11		1,374,924		( 1,261,723)
12		256,539		( 235,418)
13		1,587,303		( 1,456,617)
14				
15				
16		6,516,261		( 5,979,762)
17				
18				
19				
20				
21		3,188		
22		975		
23		933		
24		28,603		
25		32,427		
26				
27		4,498		
28		401		
29		9,171		
30		6,600		
31				
32		86,796		
33				
34				
35				
36				
37				
38				
39				

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
**(continued)**

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)				
Line No.	Electric (Account 408.1, 409.1)  (i)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2				
3				
4				
5				
6				
7				
8		465,689		
9				
10				
11				
12				
13				
14				
15				
16		141,675		
17				
18		607,364		
19				
20				
21				
22		20,000		
23		20,100		
24				
25		40,100		
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
TOTAL		66,348,802		( 30,196,899)



Name of Respondent Northern Natural Gas Company	This Report Is:		Date of Report (Mo, Da, Yr)	Year/Period of Report
	(1)	<input checked="" type="checkbox"/> An Original	/ /	End of 2011/Q4
	(2)	<input type="checkbox"/> A Resubmission		

<p align="center"><b>Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)</b></p> <p align="center"><b>(continued)</b></p> <p>5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).</p> <p>6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.</p> <p>7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.</p> <p>8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.</p> <p>9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.</p> <p>10. Items under \$250,000 may be grouped.</p> <p>11. Report in column (q) the applicable effective state income tax rate.</p>
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DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)					
Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439)  (o)	Other  (p)	State/Local Income Tax Rate  (q)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36				614,522	
37				3,009	
38					
39				617,531	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<b>Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)</b> <b>(continued)</b>
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DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)					
Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439)  (o)	Other  (p)	State/Local Income Tax Rate  (q)
1					
2					
3					7.30
4					12.00
5					7.10
6					4.95
7					9.80
8					7.81
9					7.60
10					6.50
11					6.00
12					1.00
13					7.90
14					
15					
16					
17					
18					
19					
20					
21				305	
22				100	
23				91	
24				2,964	
25				2,993	
26					
27				578	
28				39	
29				952	
30				797	
31					
32				8,819	
33					
34					
35					
36					
37					
38					
39					

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<p><b>Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)</b></p> <p><b>(continued)</b></p>
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DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)					
Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439)  (o)	Other  (p)	State/Local Income Tax Rate  (q)
1					
2					
3				1,798	
4				420,356	
5				276,316	
6					
7				2,873	
8				34,536	
9				245,370	
10				1,255	
11					
12				20,248	
13				13,464	
14				88,344	
15				49,906	
16				355	
17					
18				1,154,821	
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
TOTAL				1,781,171	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 262 Line No.: 24 Column: f**  
Property tax reimbursement from Northwestern Energy associated with the Milbank sale.

**Schedule Page: 262 Line No.: 35 Column: f**  
Change in FIN 48 balance

**Schedule Page: 262 Line No.: 40 Column: j**

Amount charged to Taxes Other Than Income	\$49,946,649
Taxes (account 408.1) included in column (j.)	
Payroll taxes billed from affiliates	100,894
Taxes charged to construction overhead	(84,238)
Taxes billed to others	(80,144)
Taxes reported on p. 114 line 14 column (c.)	<u>\$49,883,161</u>

**Schedule Page: 262.1 Line No.: 14 Column: f**  
Change in FIN 48 balance

**Schedule Page: 262.1 Line No.: 16 Column: j**

Amount charged to Income Taxes, Utility Operating	\$ 6,516,261
Income (account 409.1) included in column (j.)	
Refund of Michigan income taxes	(107)
Taxes reported on p. 114 line 16 column (c.)	<u>\$ 6,516,154</u>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<p align="center"><b>Miscellaneous Current and Accrued Liabilities (Account 242)</b></p> <p>1. Describe and report the amount of other current and accrued liabilities at the end of year.</p> <p>2. Minor items (less than \$250,000) may be grouped under appropriate title.</p>		
--	--	--

Line No.	Item  (a)	Balance at End of Year (b)
1	Transportation and exchange gas payable	7,670,465
2	Accrued vacation and other employee benefits	7,581,299
3	Contract retainage	1,083,485
4	Accrued Department of Transportation safety user fees	879,586
5	DCP Midstream condensate accrual	255,055
6	Litigation reserve	297,550
7	Minor items	459,898
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
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31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	Total	18,227,338

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Other Deferred Credits (Account 253)
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- |  |
|--|
| 1. Report below the details called for concerning other deferred credits.<br>2. For any deferred credit being amortized, show the period of amortization.<br>3. Minor items (less than \$250,000) may be grouped by classes. |
|--|

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	Debit Contra Account (c)	Debit Amount (d)	Credits (e)	Balance at End of Year (f)
1	Environmental remediation	542,059	864	159,342		382,717
2	Contribution in aid of construction obligation	450,000				450,000
3	Retained customer security deposit	393,672				393,672
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	Total	1,385,731		159,342	0	1,226,389

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
<b>Accumulated Deferred Income Taxes-Other Property (Account 282)</b>					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization. 2. At Other (Specify), include deferrals relating to other income and deductions.					
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 282				
2	Electric				
3	Gas	467,381,384	61,243,693	593,293	
4	Other (Define) (footnote details)				
5	Total (Enter Total of lines 2 thru 4)	467,381,384	61,243,693	593,293	
6	Other (Specify) (footnote details)	690,906			
7	TOTAL Account 282 (Enter Total of lines 5 thr	468,072,290	61,243,693	593,293	
8	Classification of TOTAL				
9	Federal Income Tax	389,399,250	52,388,309	590,035	
10	State Income Tax	78,673,040	8,855,384	3,258	
11	Local Income Tax				

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)**

3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments  Debits Acct. No. (g)	Adjustments  Debits Amount (h)	Adjustments  Credits Account No. (i)	Adjustments  Credits Amount (j)	Balance at End of Year  (k)
1							
2							
3	639,418						528,671,202
4							
5	639,418						528,671,202
6							690,906
7	639,418						529,362,108
8							
9	520,730						441,718,254
10	118,688						87,643,854
11							



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

<b>Schedule Page: 274</b>	<b>Line No.: 6</b>	<b>Column: k</b>
FIN 48		\$690,906

<b>Schedule Page: 274</b>	<b>Line No.: 7</b>	<b>Column: k</b>
Deferred income taxes that could be included in the development of jurisdictional recourse rates:		

	<u>Beginning of year</u>	<u>End of year</u>
Depreciable property	\$ 445,461,725	\$ 504,134,410

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Accumulated Deferred Income Taxes-Other (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.  
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas	57,225,593	19,964,071	17,204,108
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	57,225,593	19,964,071	17,204,108
6	Other (Specify) (footnote details)	37,549	10,220	
7	TOTAL Account 283 (Total of lines 5 thru	57,263,142	19,974,291	17,204,108
8	Classification of TOTAL			
9	Federal Income Tax	46,633,936	15,977,775	14,028,072
10	State Income Tax	10,629,206	3,996,516	3,176,036
11	Local Income Tax			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<p align="center"><b>Accumulated Deferred Income Taxes-Other (Account 283) (continued)</b></p>
--

<p>3. Provide in a footnote a summary of the type and amount of deferred income taxes reported in the beginning-of-year and end-of-year balances for deferred income taxes that the respondent estimates could be included in the development of jurisdictional recourse rates.</p>
---

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments  Debits Acct. No. (g)	Adjustments  Debits Amount (h)	Adjustments  Credits Account No. (i)	Adjustments  Credits Amount (j)	Balance at End of Year  (k)
1							
2							
3	1,365,314			4			61,350,874
4							
5	1,365,314			4			61,350,874
6							47,769
7	1,365,314			4			61,398,643
8							
9	1,111,884						49,695,523
10	253,430			4			11,703,120
11							

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

<b>Schedule Page: 276</b>	<b>Line No.: 6</b>	<b>Column: k</b>
FIN 48		\$47,769

<b>Schedule Page: 276</b>	<b>Line No.: 7</b>	<b>Column: k</b>
Deferred income taxes that could be included in the development of jurisdictional recourse rates:		

	<u>Beginning of Year</u>	<u>End of year</u>
Regulatory Assets	\$ 16,933,413	\$ 13,393,440



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 278 Line No.: 1 Column: a**

**Regulatory Authorization**

Line No.	Description	Regulatory Citation	Amortization Period
1	Carlton resolution credits	RP01-382	
3	Penalty and deferred delivery variance charge revenue crediting mechanism	Order 637 A	
5	Fuel and storage and unaccounted for gas trackers (1)	RP97-275	
7	Interest rate lock (ref. \$100M Sr. Notes due 5-1-2015)	Not applicable	Through 04/2015
10	Employee benefits	A107-1-000 & Order 710	
12	PBOP obligation	RP98-203	

(1) Refer to footnote 4 - Regulatory Matters in the Notes to Financial Statements on page 122 for more information regarding regulatory trackers.

**Schedule Page: 278 Line No.: 5 Column: c**

During the year, fuel and storage/unaccounted for gas trackers changed to an under-retention position. The debit balance was transferred to account 182.3.

**Schedule Page: 278 Line No.: 12 Column: a**

On May 11, 2011, the Federal Energy Regulatory Commission approved the Respondent's Petition for Approval of Modified Settlement Amendment (Settlement) to modify its Stipulation and Agreement of Settlement in Docket Nos. RP03-398-000 and RP04-155-000. The Settlement allows the Respondent to suspend effective April 1, 2011, the \$3,004,781 annual payment to its Voluntary Employee Beneficiary Association trust fund and increase its FAS No. 143 allowance by the same amount. As a result of the Settlement, the offsetting regulatory asset (post retirement medical plan accrual) and regulatory liability (post retirement benefits obligation) were written off to FERC account 926 - Employee pensions and benefits.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Monthly Quantity & Revenue Data by Rate Schedule						
1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts. 2. Total Quantities and Revenues in whole numbers 3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule. 4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495. 5. Enter footnotes as appropriate.						
Line No.	Item  (a)	Month 1 Quantity  (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)	2,206,252			13,501,115	13,501,115
2	Transportation of Gas for Others (489.2 and 489..3)					
3	CS-1	1,841,388			30,416	30,416
4	TF	28,857,948		50,568	9,092,498	9,143,066
5	TFX	42,691,944		75,376	16,510,384	16,585,760
6	GS-T					
7	TI	3,005,310		5,703	472,508	478,211
8	SMS	1,681,356			920,389	920,389
9	Less: CS-1 units	-1,841,388				
10	Less: SMS units in other rate schedules	-1,681,356				
11						
12						
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item  (a)	Month 1 Quantity  (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA)  (d)	Month 1 Revenue (Other)  (e)	Month 1 Revenue (Total)  (f)
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60						
61						
62						
63	Total Transportation (Other than Gathering)	74,555,202		131,647	27,026,195	27,157,842
64	Storage (489.4)					
65	FDD-1	133,871			6,816,325	6,816,325
66	IDD-1	977,955			140,995	140,995
67	PDD-1	299,045			979,264	979,264
68						
69						
70						
71						
72						
73						
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75						
76						
77						
78						
79						
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84						
85						
86						
87						
88						
89						
90	Total Storage	1,410,871			7,936,584	7,936,584
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible	516,264			17,863	17,863
94	Total Gathering (489.1)	516,264			17,863	17,863
95	Additional Revenues					
96	Products Sales and Extraction (490-492)	43			157	157
97	Rents (493-494)				7,906	7,906
98	Other Gas Revenues (495)				3,040,758	3,040,758
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues	43			3,048,821	3,048,821
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	78,688,632		131,647	51,530,578	51,662,225



Monthly Quantity & Revenue Data by Rate Schedule

1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
2. Total Quantities and Revenues in whole numbers
3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.
4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.
5. Enter footnotes as appropriate.

Line No.	Month 2 Quantity  (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA)  (i)	Month 2 Revenue (Other)  (j)	Month 2 Revenue (Total)  (k)	Month 3 Quantity  (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA)  (n)	Month 3 Revenue (Other)  (o)	Month 3 Revenue (Total)  (p)
1	95,103			608,628	608,628	163,113			1,680,955	1,680,955
2										
3	1,965,034			32,382	32,382	1,897,247			31,672	31,672
4	25,727,564		47,889	24,541,883	24,589,772	33,026,335		59,508	24,804,805	24,864,313
5	44,543,974		81,667	36,330,740	36,412,407	58,054,541		103,865	36,169,074	36,272,939
6										
7	1,870,418		3,416	302,571	305,987	2,052,645		3,180	275,801	278,981
8	2,281,605			929,250	929,250	2,392,257			932,035	932,035
9	-1,965,034					-1,897,247				
10	-2,281,605					-2,392,257				
11										
12										
13										
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Monthly Quantity & Revenue Data by Rate Schedule (continued)										
Line No.	Month 2 Quantity  (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA)  (i)	Month 2 Revenue (Other)  (j)	Month 2 Revenue (Total)  (k)	Month 3 Quantity  (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA)  (n)	Month 3 Revenue (Other)  (o)	Month 3 Revenue (Total)  (p)
48										
49										
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51										
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63	72,141,956		132,972	62,136,826	62,269,798	93,133,521		166,553	62,213,387	62,379,940
64										
65	310,321			2,069,433	2,069,433	4,147,527			2,114,905	2,114,905
66	583,658			153,160	153,160	1,034,068			145,692	145,692
67	122,081			1,272,767	1,272,767	3,253,541			1,318,148	1,318,148
68										
69										
70										
71										
72										
73										
74										
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79										
80										
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82										
83										
84										
85										
86										
87										
88										
89										
90	1,016,060			3,495,360	3,495,360	8,435,136			3,578,745	3,578,745
91										
92										
93	533,428			18,457	18,457	530,957			18,371	18,371
94	533,428			18,457	18,457	530,957			18,371	18,371
95										
96						-17			( 588)	( 588)
97				7,906	7,906				8,505	8,505
98				116,314	116,314				112,485	112,485
99										
100				124,220	124,220	-17			120,402	120,402
101	73,786,547		132,972	66,383,491	66,516,463	102,262,710		166,553	67,611,860	67,778,413

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Gas Operating Revenues					
1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages. 2. Revenues in columns (b) and (c) include transition costs from upstream pipelines. 3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.					
Line No.	Title of Account  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities			1,719,064	1,806,341
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues				
19	Subtotal:			1,719,064	1,806,341
20	496 (Less) Provision for Rate Refunds				
21	TOTAL:			1,719,064	1,806,341

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Gas Operating Revenues						
4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote. 5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases. 6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.						
Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1						
2	6,914,444	6,995,384	6,914,444	6,995,384	633,383	407,631
3						
4	48,385,758	39,124,051	48,385,758	39,124,051	10,399,654	6,305,838
5						
6						
7						
8						
9	270,873	195,519	270,873	195,519	8,011,280	6,973,450
10	489,984,522	500,402,239	491,703,586	502,208,580	917,732,409	950,064,411
11						
12	63,013,471	75,342,009	63,013,471	75,342,009	111,853,937	130,475,708
13						
14						
15	224,921	261,670	224,921	261,670		
16	97,391	99,791	97,391	99,791		
17						
18	6,523,403	7,731,613	6,523,403	7,731,613		
19	615,414,783	630,152,276	617,133,847	631,958,617		
20						
21	615,414,783	630,152,276	617,133,847	631,958,617		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 300 Line No.: 10 Column: j**

Dekatherm volumes for the current year and prior year represent invoiced volumes excluding pooling points and deferred deliveries other than Ogden, Iowa.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<b>Revenues from Transporation of Gas of Others Through Gathering Facilities (Account 489.1)</b>
--

- |  |
|--|
| 1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).<br>2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308. |
|--|

Line No.	Rate Schedule and Zone of Receipt  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transaction Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Current Year (d)
1	TFX and MOPS GA				
2	TI and MOPS GA				
3					
4	Total				
5					
6					
7					
8					
9					
10					
11					
12					
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Empty space for additional information or calculations
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Revenues from Transporation of Gas of Others Through Gathering Facilities (Account 489.1)
---

<p>3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).</p> <p>4. Delivered Dth of gas must not be adjusted for discounting.</p>
---

Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1	1,194	42,395	1,194	42,395	217,103	2,547,934
2	269,679	153,124	269,679	153,124	7,794,177	4,425,516
3						
4	270,873	195,519	270,873	195,519	8,011,280	6,973,450
5						
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<b>Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)</b>
--

<p>1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule.</p> <p>2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.</p> <p>3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).</p>
--

Line No.	Zone of Delivery, Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Previous Year (e)
1	GS-T			55	155
2	SMS				
3	TF			621,204	620,216
4	TFX			1,025,811	1,118,054
5	TI			71,994	67,916
6	CS-1				
7	Deduct SMS units in other rate schedules				
8	Deduct CS-1 units				
9					
10	Total			1,719,064	1,806,341
11					
12					
13					
14					
15					
16					
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

4. Delivered Dth of gas must not be adjusted for discounting.

5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.

6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1	15,266	43,459	15,321	43,614	20,829	63,769
2	11,106,987	10,645,916	11,106,987	10,645,916	22,923,580	22,383,104
3	185,476,958	186,402,667	186,098,162	187,022,883	331,313,965	326,534,761
4	287,571,427	294,149,515	288,597,238	295,267,569	548,197,162	587,669,208
5	5,463,024	8,787,622	5,535,018	8,855,538	38,200,453	35,796,673
6	350,860	373,060	350,860	373,060	22,160,316	23,639,127
7					( 22,923,580)	( 22,383,104)
8					( 22,160,316)	( 23,639,127)
9						
10	489,984,522	500,402,239	491,703,586	502,208,580	917,732,409	950,064,411
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 304 Line No.: 10 Column: j**

See footnote for Page 300 line 10 column J for representation of dekatherm volumes.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Revenues from Storing Gas of Others (Account 489.4)**

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.  
2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.  
3. Other revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).

Line No.	Rate Schedule  (a)	Revenues for Transition Costs and Take-or-Pay  Amount for Current Year (b)	Revenues for Transaction Costs and Take-or-Pay  Amount for Previous Year (c)	Revenues for GRI and ACA  Amount for Current Year (d)	Revenues for GRI and ACA  Amount for Previous Year (e)
1	FDD-1				
2	IDD-1				
3	PDD-1				
4					
5					
6	Total				
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					

<b>Revenues from Storing Gas of Others (Account 489.4)</b>						
4. Dth of gas withdrawn from storage must not be adjusted for discounting. 5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.						

Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1	49,041,390	49,330,636	49,041,390	49,330,636	59,688,913	59,744,197
2	2,413,478	3,558,920	2,413,478	3,558,920	13,641,024	21,253,807
3	11,558,603	22,452,453	11,558,603	22,452,453	38,524,000	49,477,704
4						
5						
6	63,013,471	75,342,009	63,013,471	75,342,009	111,853,937	130,475,708
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### Other Gas Revenues (Account 495)

Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.

Line No.	Description of Transaction (a)	Amount (in dollars) (b)
1	Commissions on Sale or Distribution of Gas of Others	
2	Compensation for Minor or Incidental Services Provided for Others	
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale	
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments	
5	Miscellaneous Royalties	5,856
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495	
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures	
8	Gains on Settlements of Imbalance Receivables and Payables	
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	598,919
10	Revenues from Shipper Supplied Gas	
11	Other revenues (Specify):	5,918,628
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	<b>Total</b>	<b>6,523,403</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 308 Line No.: 11 Column: b**

Other Revenues consist of:

Gain on replacement of encroachment volumes	\$ 5,312,858
Five items each less than \$250,000	605,770
	<u>\$ 5,918,628</u>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Discounted Rate Services and Negotiated Rate Services**

1. In column b, report the revenues from discounted rate services.
2. In column c, report the volumes of discounted rate services.
3. In column d, report the revenues from negotiated rate services.
4. In column e, report the volumes of negotiated rate services.

Line No.	Account	Discounted Rate Services  Revenue (b)	Discounted Rate Services  Volumes (c)	Negotiated Rate Services  Revenue (d)	Negotiated Rate Services  Volumes (e)
	(a)				
1	Account 489.1, Revenues from transportation of gas of others through gathering facilities.	1,194	217,103		
2	Account 489.2, Revenues from transportation of gas of others through transmission facilities.	189,188,302	484,939,584	43,018,441	29,464,680
3	Account 489.4, Revenues from storing gas of others.	12,225,589	37,737,434	1,025,929	1,175,815
4	Account 495, Other gas revenues.				
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	<b>Total</b>	<b>201,415,085</b>	<b>522,894,121</b>	<b>44,044,370</b>	<b>30,640,495</b>

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 313 Line No.: 40 Column: b**

Revenue reflects (1) all discounted firm reservation revenue; (2) all firm commodity revenue on contracts where the Respondent discounted any part of the reservation charge for the month; and (3) all discounted interruptible revenue. The amounts exclude revenue associated with non-traditional rate treatment reported on page 217.

**Schedule Page: 313 Line No.: 40 Column: c**

Volume reflects (1) all firm commodity volume on contracts where the Respondent discounted any part of the reservation charge for the month; and (2) all discounted interruptible volume.

**Schedule Page: 313 Line No.: 40 Column: d**

Reflects total revenue and volume for the year for any contract that was considered a 'negotiated rate' for any part of the year. The amounts exclude revenue associated with non-traditional rate treatment reported on page 217.



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Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
<b>Gas Operation and Maintenance Expenses(continued)</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
31	B2. Products Extraction				
32	Operation				
33	770 Operation Supervision and Engineering	0	0		
34	771 Operation Labor	0	0		
35	772 Gas Shrinkage	0	0		
36	773 Fuel	0	0		
37	774 Power	0	0		
38	775 Materials	0	0		
39	776 Operation Supplies and Expenses	0	0		
40	777 Gas Processed by Others	0	0		
41	778 Royalties on Products Extracted	0	0		
42	779 Marketing Expenses	0	0		
43	780 Products Purchased for Resale	0	0		
44	781 Variation in Products Inventory	0	0		
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0		
46	783 Rents	0	0		
47	TOTAL Operation (Total of lines 33 thru 46)	0	0		
48	Maintenance				
49	784 Maintenance Supervision and Engineering	0	0		
50	785 Maintenance of Structures and Improvements	0	0		
51	786 Maintenance of Extraction and Refining Equipment	0	0		
52	787 Maintenance of Pipe Lines	0	0		
53	788 Maintenance of Extracted Products Storage Equipment	0	0		
54	789 Maintenance of Compressor Equipment	0	0		
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0		
56	791 Maintenance of Other Equipment	0	0		
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0		
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0		

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
<b>Gas Operation and Maintenance Expenses(continued)</b>					
Line No.	Account  (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
59	C. Exploration and Development				
60	Operation				
61	795 Delay Rentals	0	0		
62	796 Nonproductive Well Drilling	0	0		
63	797 Abandoned Leases	0	0		
64	798 Other Exploration	0	0		
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0	0		
66	D. Other Gas Supply Expenses				
67	Operation				
68	800 Natural Gas Well Head Purchases	0	0		
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0		
70	801 Natural Gas Field Line Purchases	0	0		
71	802 Natural Gas Gasoline Plant Outlet Purchases	0	0		
72	803 Natural Gas Transmission Line Purchases	62,757,144	38,406,694		
73	804 Natural Gas City Gate Purchases	0	0		
74	804.1 Liquefied Natural Gas Purchases	0	0		
75	805 Other Gas Purchases	( 11,275,286)	( 17,345,122)		
76	(Less) 805.1 Purchases Gas Cost Adjustments	0	0		
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	51,481,858	21,061,572		
78	806 Exchange Gas	3,397,969	3,715,603		
79	Purchased Gas Expenses				
80	807.1 Well Expense-Purchased Gas	0	0		
81	807.2 Operation of Purchased Gas Measuring Stations	0	0		
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0		
83	807.4 Purchased Gas Calculations Expenses	0	0		
84	807.5 Other Purchased Gas Expenses	0	0		
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	0	0		

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
<b>Gas Operation and Maintenance Expenses(continued)</b>					
Line No.	Account  (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
86	808.1 Gas Withdrawn from Storage-Debit	92,009,939	69,461,278		
87	(Less) 808.2 Gas Delivered to Storage-Credit	91,386,807	51,363,259		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0		
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0		
90	Gas used in Utility Operation-Credit				
91	810 Gas Used for Compressor Station Fuel-Credit	36,928,613	38,357,715		
92	811 Gas Used for Products Extraction-Credit	0	0		
93	812 Gas Used for Other Utility Operations-Credit	17,546,249	14,575,884		
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	54,474,862	52,933,599		
95	813 Other Gas Supply Expenses	9,906,493	5,993,834		
96	TOTAL Other Gas Supply Exp. (Total of lines 77,78,85,86 thru 89,94,95)	10,934,590	( 4,064,571)		
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)	11,017,006	( 3,944,385)		
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES				
99	A. Underground Storage Expenses				
100	Operation				
101	814 Operation Supervision and Engineering	257,958	28,272		
102	815 Maps and Records	57	0		
103	816 Wells Expenses	2,201,948	3,299,723		
104	817 Lines Expense	1,111,993	1,105,048		
105	818 Compressor Station Expenses	746,340	880,101		
106	819 Compressor Station Fuel and Power	3,356,841	3,766,856		
107	820 Measuring and Regulating Station Expenses	355,062	344,332		
108	821 Purification Expenses	549,279	815,433		
109	822 Exploration and Development	0	0		
110	823 Gas Losses	1,416,123	7,940,104		
111	824 Other Expenses	398,945	424,736		
112	825 Storage Well Royalties	0	0		
113	826 Rents	812,729	818,932		
114	TOTAL Operation (Total of lines of 101 thru 113)	11,207,275	19,423,537		

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Gas Operation and Maintenance Expenses(continued)					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
115	Maintenance				
116	830 Maintenance Supervision and Engineering	227,903		17,492	
117	831 Maintenance of Structures and Improvements	455,714		309,736	
118	832 Maintenance of Reservoirs and Wells	2,126,022		3,943,311	
119	833 Maintenance of Lines	1,547,753		746,532	
120	834 Maintenance of Compressor Station Equipment	1,443,602		1,043,284	
121	835 Maintenance of Measuring and Regulating Station Equipment	498,768		236,569	
122	836 Maintenance of Purification Equipment	1,021,269		894,434	
123	837 Maintenance of Other Equipment	624,200		639,027	
124	TOTAL Maintenance (Total of lines 116 thru 123)	7,945,231		7,830,385	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	19,152,506		27,253,922	
126	B. Other Storage Expenses				
127	Operation				
128	840 Operation Supervision and Engineering	194,663		53,514	
129	841 Operation Labor and Expenses	1,507,203		1,374,177	
130	842 Rents	2,508		2,464	
131	842.1 Fuel	1,636,504		696,849	
132	842.2 Power	762,797		140,725	
133	842.3 Gas Losses	0		0	
134	TOTAL Operation (Total of lines 128 thru 133)	4,103,675		2,267,729	
135	Maintenance				
136	843.1 Maintenance Supervision and Engineering	5,654		10,926	
137	843.2 Maintenance of Structures	163,255		338,427	
138	843.3 Maintenance of Gas Holders	65,734		109,900	
139	843.4 Maintenance of Purification Equipment	85,866		123,224	
140	843.5 Maintenance of Liquefaction Equipment	1,333,762		1,450,206	
141	843.6 Maintenance of Vaporizing Equipment	122,266		363,620	
142	843.7 Maintenance of Compressor Equipment	183,010		150,101	
143	843.8 Maintenance of Measuring and Regulating Equipment	176,766		36,955	
144	843.9 Maintenance of Other Equipment	203,887		539,220	
145	TOTAL Maintenance (Total of lines 136 thru 144)	2,340,200		3,122,579	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	6,443,875		5,390,308	

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
<b>Gas Operation and Maintenance Expenses(continued)</b>					
Line No.	Account  (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
147	C. Liquefied Natural Gas Terminaling and Processing Expenses				
148	Operation				
149	844.1 Operation Supervision and Engineering	0	0		
150	844.2 LNG Processing Terminal Labor and Expenses	0	0		
151	844.3 Liquefaction Processing Labor and Expenses	0	0		
152	844.4 Liquefaction Transportation Labor and Expenses	0	0		
153	844.5 Measuring and Regulating Labor and Expenses	0	0		
154	844.6 Compressor Station Labor and Expenses	0	0		
155	844.7 Communication System Expenses	0	0		
156	844.8 System Control and Load Dispatching	0	0		
157	845.1 Fuel	0	0		
158	845.2 Power	0	0		
159	845.3 Rents	0	0		
160	845.4 Demurrage Charges	0	0		
161	(less) 845.5 Wharfage Receipts-Credit	0	0		
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0		
163	846.1 Gas Losses	0	0		
164	846.2 Other Expenses	0	0		
165	TOTAL Operation (Total of lines 149 thru 164)	0	0		
166	Maintenance				
167	847.1 Maintenance Supervision and Engineering	0	0		
168	847.2 Maintenance of Structures and Improvements	0	0		
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0		
170	847.4 Maintenance of LNG Transportation Equipment	0	0		
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0		
172	847.6 Maintenance of Compressor Station Equipment	0	0		
173	847.7 Maintenance of Communication Equipment	0	0		
174	847.8 Maintenance of Other Equipment	0	0		
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0		
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0		
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	25,596,381	32,644,230		

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Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
<b>Gas Operation and Maintenance Expenses(continued)</b>					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
235	904 Uncollectible Accounts	0	0		
236	905 Miscellaneous Customer Accounts Expenses	0	0		
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	0	0		
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES				
239	Operation				
240	907 Supervision	0	0		
241	908 Customer Assistance Expenses	0	0		
242	909 Informational and Instructional Expenses	20,335	18,892		
243	910 Miscellaneous Customer Service and Informational Expenses	102	1,484		
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	20,437	20,376		
245	7. SALES EXPENSES				
246	Operation				
247	911 Supervision	0	0		
248	912 Demonstrating and Selling Expenses	2,021,116	1,950,963		
249	913 Advertising Expenses	3,864	1,021		
250	916 Miscellaneous Sales Expenses	0	0		
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	2,024,980	1,951,984		
252	8. ADMINISTRATIVE AND GENERAL EXPENSES				
253	Operation				
254	920 Administrative and General Salaries	31,582,975	32,798,229		
255	921 Office Supplies and Expenses	13,240,901	12,235,753		
256	(Less) 922 Administrative Expenses Transferred-Credit	1,558,831	1,054,576		
257	923 Outside Services Employed	7,694,818	7,032,477		
258	924 Property Insurance	1,113,759	998,190		
259	925 Injuries and Damages	1,418,773	862,651		
260	926 Employee Pensions and Benefits	12,687,894	17,640,692		
261	927 Franchise Requirements	0	0		
262	928 Regulatory Commission Expenses	2,930,290	2,935,779		
263	(Less) 929 Duplicate Charges-Credit	0	0		
264	930.1General Advertising Expenses	0	0		
265	930.2Miscellaneous General Expenses	108,709	130,168		
266	931 Rents	828,452	544,000		
267	TOTAL Operation (Total of lines 254 thru 266)	70,047,740	74,123,363		
268	Maintenance				
269	932 Maintenance of General Plant	1,024	0		
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	70,048,764	74,123,363		
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	227,326,946	229,715,505		



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Gas Used in Utility Operations**

1. Report below details of credits during the year to Accounts 810, 811, and 812.
2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas  Gas Used Dth (c)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit	854/819	8,895,177	36,928,613		
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Construction	107/856	16,235	67,570		
7	LNG Compressor Station Fuel	842.1	404,166	1,636,504		
8	Line Operations	856	1,799,197	7,485,335		
9	Purification Underground Storage	821	63,167	267,500		
10	Other Underground Storage Operations	817/819	186,512	789,657		
11	Condensate	856	16,059	224,921		
12	Unaccounted For	813	1,707,665	7,074,762		
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25	Total		13,088,178	54,474,862		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 331 Line No.: 1 Column: b**

Gas used for compressor station fuel includes charges to Account 854 for transmission and to Account 819 for underground storage as follows:

	<u>Gas Used (Dth)</u>	<u>Amount (\$)</u>
Transmission	8,326,321	\$34,591,826
Underground Storage	568,856	2,336,787
Total Line 1	<u>8,895,177</u>	<u>\$36,928,613</u>

**Schedule Page: 331 Line No.: 10 Column: b**

Other underground storage operations includes charges to Account 817 for storage lines fuel and to Account 819 for other underground storage facility fuel as follows:

	<u>Gas Used (Dth)</u>	<u>Amount (\$)</u>
Storage Lines Fuel	149,071	\$634,007
Other Underground Storage Facility Fuel	37,441	155,650
Total Line 10	<u>186,512</u>	<u>\$789,657</u>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Transmission and Compression of Gas by Others (Account 858)				
1. Report below details concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline. 2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system. 3. Designate associated companies with an asterisk in column (b).				
Line No.	Name of Company and Description of Service Performed  (a)	*  (b)	Amount of Payment (in dollars) (c)	Dth of Gas Delivered  (d)
1	El Paso Natural Gas Company - Delivery & Receipt of gas at Plains, TX		11,959	33,021
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25	Total		11,959	33,021

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Other Gas Supply Expenses (Account 813)**

1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account 117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.

Line No.	Description  (a)	Amount (in dollars) (b)
1	Loss on replacement of encroachment volumes	5,715,804
2	Revaluation of encroachments	( 1,783,925)
3	Unaccounted for gas	7,074,762
4	Settlement of Burlington Resources Oil & Gas Company Kansas Ad Valorem Tax Issue	( 1,144,672)
5	Other	44,524
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<b>25</b>	<b>Total</b>	<b>9,906,493</b>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Miscellaneous General Expenses (Account 930.2)

1. Provide the information requested below on miscellaneous general expenses.
2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.

Line No.	Description (a)	Amount (in dollars) (b)
1	Industry association dues.	73,734
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses - 3 items	34,975
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25	Total	108,709

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas	3,689,958	0		
4	Products extraction plant				
5	Underground gas storage plant	4,939,076			271,590
6	Other storage plant	957,410			
7	Base load LNG terminaling and processing plant				
8	Transmission plant	36,467,762	0		
9	Distribution plant				
10	General plant	10,345,042			
11	Common plant-gas				
12	TOTAL	56,399,248			271,590



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in a footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3)	Amortization of Other Gas Plant (Account 405)	Total (b to g)	Functional Classification
(f)	(g)	(h)	(a)	
1	5,479,416		5,479,416	Intangible plant
2				Production plant, manufactured gas
3			3,689,958	Production and gathering plant, natural gas
4				Products extraction plant
5	31,306		5,241,972	Underground gas storage plant
6			957,410	Other storage plant
7				Base load LNG terminaling and processing plant
8	1,199,656		37,667,418	Transmission plant
9				Distribution plant
10			10,345,042	General plant
11				Common plant-gas
12	6,710,378		63,381,216	TOTAL

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<p align="center"><b>Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)</b></p>
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<p>4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.</p>
---

<p align="center"><b>Section B. Factors Used in Estimating Depreciation Charges</b></p>
---

Line No.	Functional Classification  (a)	Plant Bases (in thousands)  (b)	Applied Depreciation or Amortization Rates (percent)  (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)	1,875	4.64
3	Onshore (footnote details)		
4	Underground Gas Storage Plant (footnote details)	311,854	1.25
5	Transmission Plant		
6	Offshore (footnote details)	434	4.64
7	Onshore (footnote details)	2,533,277	1.50
8	General Plant (footnote details)	110,849	0.00
9	ARO, Offshore (footnote details)	45,370	0.00
10	Intangible (footnote details)	117,638	0.00
11	Other Gas Storage, Computers (footnote details)	11	10.00
12	Underground Storage, Computers (footnote details)	355	10.00
13	Other Gas Storage Plant (footnote details)	79,271	1.25
14	Market Based Underground Storage (footnote details)	53,884	2.34
15	Transmission Plant, Computers (footnote details)	1,390	10.00

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
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FOOTNOTE DATA			

**Schedule Page: 336 Line No.: 3 Column: b**

In its consolidated rate case settlement in Docket Nos. RP03-398 and RP04-155, the Respondent was authorized to include in its cost of service an annual allowance of \$1,320,306 for abandonment costs related to its Gulf Coast facilities asset retirement obligations. On May 1, 2011, the Commission approved the amendment to Northern's consolidated stipulation and agreement for its RP03-398 and RP04-155 rate cases to suspend the \$3,004,781 annual payment to its Voluntary Employee Benefit Association (VEBA) trust fund due to overfunding, and increase its FAS 143 allowance, ARO negative salvage, annually to \$4,325,087. The 2011 impact reflects the monthly increase of an additional \$250,398 for the period of April through December for a total allowance for 2011 of \$3,573,892.

For accounting purposes, this allowance is recorded as negative salvage with 1/12 of the annual allowance charged monthly to Account 403 Depreciation expense and related credits accumulated in a "negative salvage for ARO" subaccount of Account 108 Accumulated provision for depreciation. Actual costs of removal (asset removal costs) are charged against this accumulated allowance account as incurred.

**Schedule Page: 336 Line No.: 3 Column: c**

To meet the requirements of ASC 410, Asset Retirement and Environmental Obligations and the related requirements of the Uniform System of Accounts, the Respondent records its ARO obligations with credits to Account 230 Asset retirement obligations, with the related debit to Account 101 Gas plant in service using the appropriate gas plant detail account for asset retirement cost. Monthly entries are recorded to depreciate the capitalized retirement costs on a straight-line basis over the remaining life of the plant asset and to accrete the asset retirement obligation liability with an offsetting charge to Account 411.10 Accretion expense. The charges to depreciation expense and to accretion expense are deferred to Account 182.3 Other regulatory assets – ARO by recording credits to those expense accounts and charges to the ARO regulatory asset.

**Schedule Page: 336 Line No.: 8 Column: c**

To meet the requirements of ASC 410, Asset Retirement and Environmental Obligations and the related requirements of the Uniform System of Accounts, the Respondent records its ARO obligations with credits to Account 230 Asset retirement obligations, with the related debit to Account 101 Gas plant in service using the appropriate gas plant detail account for asset retirement cost. Monthly entries are recorded to depreciate the capitalized retirement costs on a straight-line basis over the remaining life of the plant asset and to accrete the asset retirement obligation liability with an offsetting charge to Account 411.10 Accretion expense. The charges to depreciation expense and to accretion expense are deferred to Account 182.3 Other regulatory assets – ARO by recording credits to those expense accounts and charges to the ARO regulatory asset.

**Schedule Page: 336 Line No.: 2 Column: b**

All plant bases are the balances as of 12-31-11.

**Schedule Page: 336 Line No.: 2 Column: c**

The 4.64% depreciation rate for Offshore Production and Gathering facilities is applied to those depreciable assets placed in service after 10/31/98 consistent with the General Rate Case Settlement in RP98-203. All offshore assets installed on or prior to 10/31/98 are fully depreciated. In addition to the 4.64% depreciation rate, the Respondent also accrues for expected negative salvage to be incurred on offshore plant retirements at an annual rate of .25% on all offshore facilities in service. The negative salvage accrual of .25% was established in the settlement agreement of Respondent's RP85-206 rate case and reaffirmed in the settlement agreements for each of the subsequent rate cases filed by Respondent. The Offshore Production and Gathering basis for the .25% negative salvage accrual as of 12/31/11 was \$11,631,663.

**Schedule Page: 336 Line No.: 4 Column: c**

The depreciation rate for Underground Storage facilities is 1.25% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 6 Column: c**

The 4.64% depreciation rate for Offshore Transmission facilities is applied to those depreciable assets placed in service after 10/31/98 consistent with the General Rate Case Settlement in RP98-203. All offshore assets installed on or prior to 10/31/98 are fully depreciated. In addition to the 4.64% depreciation rate, the Respondent also accrues for expected negative salvage to be incurred on offshore plant retirements at an annual rate of .25% on all offshore facilities in service. The negative salvage accrual of .25% was established in the settlement agreement of Respondent's RP85-206 rate case

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<b>FOOTNOTE DATA</b>			

and reaffirmed in the settlement agreements for each of the subsequent rate cases filed by Respondent. The Offshore Transmission basis for the .25% negative salvage accrual as of 12/31/11 was \$55,133,982.

**Schedule Page: 336 Line No.: 7 Column: c**

The depreciation rate for Onshore Transmission Plant is 1.5% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 8 Column: c**

The depreciation rate for General Plant structures is 2.75% with a plant basis of \$21,244,986 as of 12/31/11. The depreciation rate for Other General Plant is 10.0% with a plant basis of \$89,604,157 as of 12/31/11. Both rates are consistent with General Rate Case Dockets Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 9 Column: c**

The depreciation rates for Asset Retirement Costs are determined based on the estimated life of each asset for which an asset retirement obligation was recorded.

**Schedule Page: 336 Line No.: 10 Column: c**

For Intangible Plant related to Contributions in aid of Construction and Leasehold Improvements associated with a contract, a separate straight line amortization rate was determined based on the initial term of the contract, otherwise the rate will be 10.0%. For all other Intangible Plant which includes software development and organizational costs, the amortization rate is 4.4% as stated in the consolidated rate case settlement in Docket Nos. RP03-398 and RP04-155. The plant basis on which the 4.4% rate was applied as of December 31, 2011, was \$99,705,231.

**Schedule Page: 336 Line No.: 11 Column: c**

The depreciation rate for Other Gas Storage Computer Control equipment is 10.0% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 12 Column: c**

The depreciation rate for Underground Storage Computer Control equipment is 10.0% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 13 Column: c**

The depreciation rate for Other Storage facilities is 1.25% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 336 Line No.: 14 Column: c**

Per FERC Order 678, the Respondent must ensure that existing customers will not be subject to additional costs and separately account for costs, services, and commitments provided under section 4(f) authorizations for market-based rates. In order to comply with Order 678, straight line depreciation rates were derived for the Respondent's market-based facilities based on the average historical life experienced by the Respondent for that type of underground storage plant. Based on the Respondent's historical experience, the depreciation rate for market-based underground storage facilities is 2.34%.

**Schedule Page: 336 Line No.: 15 Column: c**

The depreciation rate for Transmission Computer Control equipment is 10.0% consistent with General Rate Case Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

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<p align="center"><b>Particulars Concerning Certain Income Deductions and Interest Charges Accounts</b></p> <p>Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.</p> <p>(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.</p> <p>(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.</p> <p>(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.</p> <p>(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.</p>
---

Line No.	Item (a)	Amount (b)
1	426.1 - Donations under \$250,000	368,065
2		
3	426.4 - Expenditures for Certain Civic, Political, and Related	
4	Activities under \$250,000	169,785
5		
6	426.5 - Other Deductions	
7	Natural gas swap payments-Kern River Gas Transmission Company	588,873
8	Losses on natural gas swaps	266,753
9	Other	13,106
10	Account subtotal	868,732
11		
12		
13		
14		
15	431 - Other Interest Expense - primarily interest on penalty trackers	40,542
16		
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Empty space for additional information or notes
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report  2011/Q4
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FOOTNOTE DATA			

**Schedule Page: 340   Line No.: 14   Column: a**

Interest rates used are published by the FERC and updated quarterly.

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**Regulatory Commission Expenses (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.)	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to Date	Deferred in Account 182.3 at Beginning of Year
	(a)	(b)	(c)	(d)	(e)
1	Federal Energy Regulatory Commission RP04-155 Rate Case (over 5 years starting the month after incurred)		8,170,892	8,170,892	4,693,271
2	Federal Energy Regulatory Commission Order No. 472 2010 FERC Annual Charge (Oct 10 - Sep 11)	1,770,241		1,770,241	1,327,681
3	Federal Energy Regulatory Commission Order No. 472 2011 FERC Annual Charge (Oct 11 - Sep 12)	1,720,553		1,720,553	
4					
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23					
24					
<b>25</b>	<b>Total</b>	3,490,794	8,170,892	11,661,686	6,020,952

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Regulatory Commission Expenses (Account 928)**

3. Show in column (k) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.
4. Identify separately all annual charge adjustments (ACA).
5. List in column (f), (g), and (h) expenses incurred during year which were charges currently to income, plant, or other accounts.
6. Minor items (less than \$250,000) may be grouped.

Line No.	Expenses Incurred During Year Charged Currently To  Department (f)	Expenses Incurred During Year Charged Currently To  Account No. (g)	Expenses Incurred During Year Charged Currently To  Amount (h)	Expenses Incurred During Year  Deferred to Account 182.3 (i)	Amortized During Year  Contra Account (j)	Amortized During Year  Amount (k)	Deferred in Account 182.3 End of Year  (l)
1				604,380	182.3	1,172,471	4,125,180
2					182.3	1,327,681	
3				1,720,553	182.3	430,138	1,290,415
4							
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25				2,324,933		2,930,290	5,415,595



1. Report below the items contained in Account 926, Employee Pensions and Benefits.

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<b>FOOTNOTE DATA</b>			

**Schedule Page: 352 Line No.: 3 Column: b**

Post-retirement benefits other than pensions is negative primarily due to the Federal Energy Regulatory Commission approving the Respondent's Petition for Approval of Modified Settlement Amendment (Settlement) to modify its Stipulation and Agreement of Settlement in Docket Nos. RP03-398-000 and RP04-155-000 on May 11, 2011. The Settlement allows the Respondent to suspend effective April 1, 2011, the \$3,004,781 annual payment to its Voluntary Employee Beneficiary Association trust fund and increase its FAS No. 143 allowance by the same amount. As a result of the Settlement, the offsetting regulatory asset (post retirement medical plan accrual) and regulatory liability (post retirement benefits obligation) were written off to FERC account 926 – Employee pensions and benefits. In addition, the Respondent recorded a credit to its employee pensions and benefits expense (FERC account 926) for an annual accrual of medicare subsidies of \$682,702.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Distribution of Salaries and Wages**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.

Line No.	Classification  (a)	Direct Payroll Distribution  (b)	Payroll Billed by Affiliated Companies  (c)	Allocation of Payroll Charged for Clearing Accounts  (d)	Total  (e)
1	Electric				
2	Operation				
3	Production				
4	Transmission				
5	Distribution				
6	Customer Accounts				
7	Customer Service and Informational				
8	Sales				
9	Administrative and General				
10	TOTAL Operation (Total of lines 3 thru 9)				
11	Maintenance				
12	Production				
13	Transmission				
14	Distribution				
15	Administrative and General				
16	TOTAL Maintenance (Total of lines 12 thru 15)				
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)				
19	Transmission (Total of lines 4 and 13)				
20	Distribution (Total of lines 5 and 14)				
21	Customer Accounts (line 6)				
22	Customer Service and Informational (line 7)				
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)				
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)				
26	Gas				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply				
31	Storage, LNG Terminaling and Processing	3,214,707			3,214,707
32	Transmission	19,015,517			19,015,517
33	Distribution				
34	Customer Accounts				
35	Customer Service and Informational				
36	Sales				
37	Administrative and General	26,768,568	3,352,893		30,121,461
38	TOTAL Operation (Total of lines 28 thru 37)	48,998,792	3,352,893		52,351,685
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing	2,358,094			2,358,094
44	Transmission	10,815,073			10,815,073
45	Distribution				

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Distribution of Salaries and Wages (continued)**

Line No.	Classification  (a)	Direct Payroll Distribution  (b)	Payroll Billed by Affiliated Companies  (c)	Allocation of Payroll Charged for Clearing Accounts  (d)	Total  (e)
46	Administrative and General				
47	TOTAL Maintenance (Total of lines 40 thru 46)	13,173,167			13,173,167
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)				
51	Production - Natural Gas (Including Expl. and Dev.)(ll. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)				
53	Storage, LNG Terminating and Processing (Total of ll. 31 and 43)	5,572,801			5,572,801
54	Transmission (Total of lines 32 and 44)	29,830,590			29,830,590
55	Distribution (Total of lines 33 and 45)				
56	Customer Accounts (Total of line 34)				
57	Customer Service and Informational (Total of line 35)				
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)	26,768,568	3,352,893		30,121,461
60	Total Operation and Maintenance (Total of lines 50 thru 59)	62,171,959	3,352,893		65,524,852
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	62,171,959	3,352,893		65,524,852
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant				
67	Gas Plant	6,800,432	29,187	1,183,187	8,012,806
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	6,800,432	29,187	1,183,187	8,012,806
70	Plant Removal (By Utility Departments)				
71	Electric Plant				
72	Gas Plant	287,042			287,042
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	287,042			287,042
75	Other Accounts (Specify) (footnote details)	675,783			675,783
76	TOTAL Other Accounts	675,783			675,783
77	TOTAL SALARIES AND WAGES	69,935,216	3,382,080	1,183,187	74,500,483

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
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FOOTNOTE DATA			

**Schedule Page: 354 Line No.: 75 Column: b**

The \$675,783 pertains to the following:

Smartpigging/Hydro Testing (182.3)	\$ 629,027
Redfield 2 BCF Phase 3 deferred cost (183.2)	12,985
Job orders (186)	<u>33,771</u>
	\$ 675,783

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Charges for Outside Professional and Other Consultative Services**

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

(a) Name of person or organization rendering services.

(b) Total charges for the year.

2. Sum under a description "Other", all of the aforementioned services amounting to \$250,000 or less.

3. Total under a description "Total", the total of all of the aforementioned services.

4. Charges for outside professional and other consultative services provided by associated (affiliated) companies should be excluded from this schedule and be reported on Page 358, according to the instructions for that schedule.

Line No.	Description (a)	Amount (in dollars) (b)
1	MICHELS CORPORATION	11,932,107
2	INTERCON CONSTRUCTION	4,140,810
3	AEROTEK INC	3,929,546
4	MINNESOTA LIMITED INC	3,509,249
5	RANGER PLANT CONSTRUCTIONAL CO INC	3,327,106
6	GAS GATHERING SPECIALISTS INC	2,353,995
7	MIDWEST UNDERGROUND INC	2,186,026
8	BAKER HUGHES BUS SUPPORT SERVICE	2,085,110
9	SOVDE ENTERPRISES INC	2,073,995
10	AVERY PIPELINE SERVICES INC	2,066,464
11	TDW SERVICES INC	1,965,831
12	GLENN E SESSIONS AND SONS INC	1,477,043
13	ERCON INC	1,472,139
14	D E RICE CONSTRUCTION COMPANY	1,385,005
15	WEST CON ENERGY SERVICES	1,311,059
16	APPLE ELECTRICAL CONTRACTORS	1,308,277
17	COMPRESSOR PROFESSIONALS INC	1,241,035
18	RYAN WHALEY COLDIRON SHANDY PLLC	1,165,366
19	SERVICE ENGINEERING REPAIR CO INC	1,047,422
20	MUELLER ENVIRONMENTAL DESIGNS INC	1,036,758
21	BELKNAP ELECTRIC INC	944,439
22	MIDWEST INDUSTRIAL XRAY INC	932,477
23	CONTROL SYSTEMS INTERNATIONAL INC	857,930
24	CSE SERVICES LLC	823,430
25	TSE LLC	756,798
26	TRES MANAGEMENT INC	747,964
27	SOLAR TURBINES INCORPORATED	740,058
28	CR INSPECTION INC	718,943
29	DIVERSIFIED SOLUTIONS INC	676,298
30	EGAN FIELD AND NOWAK INC	658,071
31	CHASE CORPORATION	641,387
32	MCDANIEL TECHNICAL SERVICES INC	635,598
33	CSS STAFFING	628,069
34	UTILITY CONTRACTORS INC	612,282
35	GALLAGHER BOLAND AND MEIBURGER LLP	605,113

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Charges for Outside Professional and Other Consultative Services (continued)**

Line No.	Description (a)	Amount (in dollars) (b)
1	WEAVERS INC	583,037
2	NRG ENERGY SERVICES LLC	582,394
3	EMS USA INC	574,173
4	ENGLOBAL LAND INC	556,199
5	OBJECT PARTNERS INC	531,061
6	Q3 CONTRACTING INC	513,608
7	ENERGY ECONOMICS INC	509,899
8	PRIT SERVICE INC	500,997
9	MASTER MECHANICAL INC	500,039
10	LAKE STATES TREE SERVICE INC	485,569
11	PRECISION SYSTEM DESIGN INC	483,037
12	RICOH PROFESSIONAL SERVICES	482,419
13	KUTAK ROCK	479,740
14	FAEGRE BAKER DANIELS LLP	464,518
15	WILLIAM M COBB AND ASSOCIATES	446,251
16	INNOVATIVE MECHANICAL SERVICES	442,474
17	MECO LAND AND FIELD SERVICES	421,144
18	INFRASOURCE UNDERGROUND CONSTRUCTION SERVICES LLC	409,056
19	T & C MFG & OPERATING INC	404,624
20	RAND CONSTRUCTION COMPANY	398,996
21	CLIENT RESOURCES INC	363,126
22	CARDIS MANUFACTURING CO	360,441
23	WESTWIND HELICOPTERS INC	347,573
24	TK AND COMPANY INC	340,364
25	EXLINE INC	324,982
26	HARDINGER CONSTRUCTION	320,285
27	COPPERHEAD PIPELINE AND CONSTRUCTION INC	316,265
28	OSI ENVIRONMENTAL INC	306,547
29	ZENOR ELECTRIC CO	303,495
30	GLY TECH SERVICES INC	298,554
31	C L CARROLL CO INC	297,862
32	DRESSER RAND GROUP	284,927
33	CEM RESOURCES INC	283,870
34	BOCKMANN INC	282,026
35	MARIOS CONTRACTOR CORP	276,663

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Charges for Outside Professional and Other Consultative Services (continued)**

Line No.	Description (a)	Amount (in dollars) (b)
1	INTERSTATE TREE	273,025
2	BENNETT CONSTRUCTION INC	254,886
3	OTHER	20,348,879
4	TOTAL	97,346,205
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Transactions with Associated (Affiliated) Companies**

1. Report below the information called for concerning all goods or services received from or provided to associated (affiliated) companies amounting to more than \$250,000.  
2. Sum under a description "Other", all of the aforementioned goods and services amounting to \$250,000 or less.  
3. Total under a description "Total", the total of all of the aforementioned goods and services.  
4. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.

Line No.	Description of the Good or Service  (a)	Name of Associated/Affiliated Company  (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	Executive management support services and other costs	MidAmerican Energy Holdings Company ("MEHC")	Various	2,349,481
3	Software leases, maintenance contracts and other charges	MEHC	107,165,426.5,921	1,128,114
4	Insurance premiums and self-insurance claims	MEHC	107,165 and 228.2	384,573
5	Other-goods and services under \$250,000	MEHC	Various	556,771
6	Finance and accounting services	MEHC	Various	255,732
7	Facility costs	MidAmerican Energy Company ("MEC")	921 and 931	2,043,060
8	IT shared services	MEC	Various	1,867,837
9	Other-goods and services under \$250,000	MEC	Various	1,037,309
10	Electricity, construction and other services	MEC	Various	472,721
11	Human resource services	MEC	Various	449,102
12	Executive management support services	MEC	Various	415,684
13	Tax compliance services	MEC	Various	308,460
14	Computer software maintenance services	International Business Machines	165 and 921	368,504
15	Other-goods and services under \$250,000	Various		469,769
16	Total			12,107,117
17				
18				
19				
20	Goods or Services Provided for Affiliated Company			
21	Transportation and storage services	MEC	489.2,489.4 and 495	58,535,387
22	Other-goods and services under \$250,000	MEC	Various	308,635
23	Commodities and other goods and services	Wells Fargo Commodities, LLC	Various	1,735,564
24	Financing services (demand promissory notes)	MEHC	419	1,448,186
25	Operating, administrative and management services	MEHC (Alaska Gas Transmission Company)	Various	251,045
26	Other-goods and services under \$250,000	MEHC	Various	118,763
27	Machining and operating	MidAmerican Energy Machining Services	Various	658,733
28	Other-goods and services under \$250,000	Kern River Gas Transmission Co. ("Kern River")	Various	459,104
29	Finance and accounting services	Kern River	Various	415,307
30	Regulatory support services	Kern River	Various	263,250
31	Risk management services (natural gas swaps)	Kern River	421	( 588,873)
32	Commodities and other goods and services	Wells Fargo Bank	232	356,770
33	Other-goods and services under \$250,000	Various		343,256
34	Total			64,305,127
35				
36				
37				
38				
39				
40				

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 358 Line No.: 2 Column: c**

Accounts charged or credited for MEHC: 181, 408.1, 920, 921, 926 and 930.2.

**Schedule Page: 358 Line No.: 5 Column: c**

Accounts charged or credited for MEHC: 228.2, 408.1, 421, 426.1, 426.4, 920, 921, 924, 925 and 926.

**Schedule Page: 358 Line No.: 6 Column: c**

Accounts charged or credited for MEHC: 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 8 Column: c**

Accounts charged or credited for MEC: 107, 165, 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 9 Column: c**

Accounts charged or credited for MEC: 165, 107, 408.1, 850, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 10 Column: c**

Accounts charged or credited for MEC: 107, 236, 242, 408.1, 816, 819, 820, 852, 855, 856, 857, 859, 912 and 931.

**Schedule Page: 358 Line No.: 11 Column: c**

Accounts charged or credited for MEC: 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 12 Column: c**

Accounts charged or credited for MEC: 408.1, 426.1, 426.4, 426.5, 920, 921 and 926.

**Schedule Page: 358 Line No.: 13 Column: c**

Accounts charged or credited for MEC: 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 15 Column: b**

Affiliate company includes affiliates of Berkshire Hathaway and MEHC for goods and services amounting to \$250,000 or less.

**Schedule Page: 358 Line No.: 16 Column: a**

Amounts which are chargeable from another affiliate are assigned first by coding to the specific affiliate. These charges were based on actual labor, benefits and operational costs incurred. Amounts not directly assignable to an individual affiliate, such as work performed where multiple affiliates benefit, are assigned on the basis of allocations from MidAmerican Energy Holdings Company, MHC Inc. and MidAmerican Energy Company, as described below:

Allocator	Description
Labor and Assets	An equal weighting of each company's labor and assets expressed as a percentage of the whole ((labor % + assets %) ÷ 2) determines the portion assigned to each company. Labor is 12 months ended through December of the prior year. Assets are total assets at December 31 of the prior year. Five combinations of this allocator are used for allocating services that benefit different companies within the holding company organization.
Legislative and Regulatory	The Legislative and Regulatory allocation is used to allocate costs incurred by the holding company's Legislative & Regulatory groups. The Legislative & Regulatory groups work on a variety of legislative and regulatory subject matter for select groups of companies within the holding company organization. The Legislative and Regulatory allocation percentages are based on the Legislative & Regulatory groups' estimation of the time and resources that are being spent on these selected companies.
Information Technology Infrastructure	Allocates costs related to shared information technology infrastructure owned by the affiliate to other benefited affiliates based on an aggregation of various measures of usage of such infrastructure including storage capacity utilized, number of servers utilized, server processing times, etc.
Employee Count	This allocator distributes costs to benefited affiliates based on employee counts at such platforms as of the prior year-end.
Processes	This allocator distributes costs of electronic data interchange software and services based on the number of transactions within each affiliate using such software or services.
Oracle Users	This allocator distributes costs of Oracle software and services based on the number of employees within each affiliate using such software and services.
Plant	This allocator distributes costs of managing the corporate insurance function based on assets for each affiliate.

**Schedule Page: 358 Line No.: 22 Column: c**

Accounts charged or credited for MEC: 235, 252, 408.1, 421, 806, 813, 920, 921 and 926.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 358 Line No.: 23 Column: c**

Accounts charged or credited for Wells Fargo Commodities LLC: 421, 489.2, 489.4 and 806.

**Schedule Page: 358 Line No.: 25 Column: c**

Accounts charged or credited for MEHC: 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 26 Column: c**

Accounts charged or credited for MEHC: 408.1, 493, 920, 921 and 926.

**Schedule Page: 358 Line No.: 27 Column: c**

Accounts charged or credited for MidAmerican Energy Machining Services: 408.1, 417.1, 421, 818, 852, 853, 856, 857, 862, 863, 864, 865, 867, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 28 Column: c**

Accounts charged or credited for Kern: 107, 182.3, 408.1, 920, 921, 923, 926 and 930.2.

**Schedule Page: 358 Line No.: 29 Column: c**

Accounts charged or credited for Kern: 107, 408.1, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 30 Column: c**

Accounts charged and credited to Kern: 107, 182.3, 408.1, 920, 921 and 926.

**Schedule Page: 358 Line No.: 33 Column: b**

Affiliate company includes affiliates of Berkshire Hathaway and MEHC for goods and services amounting to \$250,000 or less.

**Schedule Page: 358 Line No.: 34 Column: a**

Amounts which are chargeable to another affiliate are assigned first by coding to the specific affiliate. These charges were based on actual labor, benefits and operational costs incurred. Amounts not directly assignable to an individual affiliate, such as work performed where multiple affiliates benefit, are assigned on the basis of allocations to MidAmerican Energy Holdings Company and CalEnergy Generation Operating Company, as described below:

Allocator	Description
Building space	Allocates costs for rent and building services associated with occupied building space in Northern's office building in Omaha, Nebraska to affiliates of MEHC. This allocator distributes costs to benefited affiliates based on the occupied square footage of the office building.

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### Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.
2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Underground Storage: Underground Storage Compression:			
2	Underground Storage: Cunningham, Kansas	7	16,450	33,255,975
3	Underground Storage: Redfield, Iowa	7	16,760	49,289,013
4	Total Underground Storage	14	33,210	82,544,988
5				
6	Transmission: Transmission Compression:			
7	Transmission: Fort Buford, North Dakota	3	3,100	4,405,399
8	Transmission: Spencer, South Dakota	1	1,100	4,026,629
9	Transmission: Albert Lea, Minnesota	1	15,000	20,823,000
10	Transmission: Carlton, Minnesota	2	8,000	7,757,601
11	Transmission: Alexandria, Minnesota	1	800	2,316,315
12	Transmission: Farmington, Minnesota	7	20,200	27,097,703
13	Transmission: North Branch, Minnesota	4	8,000	11,598,983
14	Transmission: Pierz, Minnesota	1	800	5,202,109
15	Transmission: Owatonna, Minnesota	1	13,037	12,901,411
16	Transmission: Faribault, Minnesota	1	13,136	16,591,567
17	Transmission: Hugo, Minnesota	1	5,967	10,329,778
18	Transmission: Chatfield, Minnesota	2	4,250	7,710,635
19	Transmission: LaCrescent, Minnesota	1	1,250	2,603,976
20	Transmission: Popple Creek, Minnesota	1	2,000	3,376,944
21	Transmission: Elk River, Minnesota	1	1,100	4,970,445
22	Transmission: Belleville, Wisconsin	4	4,640	4,972,759
23	Transmission: Spring Green, Wisconsin	1	1,100	3,983,746
24	Transmission: Galena, Illinois	2	7,600	7,344,745
25	Transmission: Hubbard, Iowa	1	8,000	11,509,841

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**Compressor Stations (continued)**

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Transmission: Earlville, Iowa	1	15,000	12,475,511
2	Transmission: Ventura, Iowa	5	12,330	11,902,954
3	Transmission: Waterloo, Iowa	8	16,250	27,424,408
4	Transmission: Ogden, Iowa	10	30,400	23,804,583
5	Transmission: Paullina, Iowa	5	4,400	7,073,776
6	Transmission: Oakland, Iowa	6	30,500	29,067,246
7	Transmission: Guthrie Center, Iowa	1	5,667	9,513,857
8	Transmission: Palmyra, Nebraska	12	31,755	30,030,900
9	Transmission: Beatrice, Nebraska	8	32,500	22,886,794
10	Transmission: Clifton, Kansas	5	24,200	18,942,914
11	Transmission: Tescott, Kansas	5	33,900	15,702,594
12	Transmission: Bushton, Kansas	10	39,500	60,932,227
13	Transmission: Macksville, Kansas	5	33,900	26,701,337
14	Transmission: Mullinville, Kansas	7	25,900	38,873,916
15	Transmission: Sublette, Kansas	4	12,360	22,191,439
16	Transmission: Beaver, Oklahoma	7	28,500	24,229,834
17	Transmission: Plains, Texas	1	3,546	6,871,522
18	Transmission: Sunray, Texas	10	18,800	12,349,891
19	Transmission: Spraberry, Texas	6	7,702	12,153,104
20	Transmission: Pampa, Texas	1	9,300	3,400,041
21	Transmission: Cargray Compression Station, Texas	3	3,804	
22	Transmission: Plainview, Texas	1	9,300	4,391,820
23	Transmission: Seminole, Texas	1	9,300	4,074,713
24	Transmission: Claude, Texas	1	9,300	3,758,028
25	Transmission: Brownfield, Texas	1	9,300	4,820,795

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Compressor Stations (continued)
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Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Total Transmission Compression	160	576,494	603,097,790
2				
3	Other Storage Compression			
4	Other: Garner, IA LNG Plant	4	11,300	15,229,232
5	Other: Wrenshall, MN LNG Plant	6	8,230	21,347,092
6	Total Other Storage	10	19,530	36,576,324
7				
8	Offshore Compression			
9	Offshore: South Pelto 13	1	477	137,963
10	Total Offshore Compression	1	477	137,963
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Compressor Stations

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Line No.	Expenses (except depreciation and taxes)  Fuel (e)	Expenses (except depreciation and taxes)  Power (f)	Expenses (except depreciation and taxes)  Other (g)	Gas for Compressor Fuel in Dth  (h)	Electricity for Compressor Station in kWh (i)	Operational Data  Total Compressor Hours of Operation During Year (j)	Operational Data  Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1								
2	719,429	825,048	2,263,558	176,169	9,844,239	15,937	4	06/19/2011
3	1,617,358	316,830	6,869,358	392,687	2,579,500	30,696	7	01/01/2011
4	2,336,787	1,141,878	9,132,916	568,856	12,423,739	46,633	11	
5								
6								
7	713,380		178,653	174,454		25,576	3	05/15/2011
8		20,566	113,304		325,800	501	1	02/08/2011
9	1,150,297	22,227	157,847	261,675	195,840	1,795	1	01/06/2011
10	172,131	24,436	430,468	39,962	136,800	1,881	1	02/26/2011
11	1,167	75,803	52,102	300	857,472	2,317	1	01/29/2011
12	610,608	272,225	1,113,668	151,057	2,760,960	12,586	6	12/29/2011
13	471,796	69,200	1,152,825	114,089	738,200	9,617	4	02/02/2011
14	3,088	35,616	52,768	761	312,726	1,704	1	10/06/2011
15	254,800	25,483	106,361	61,856	229,800	1,217	1	01/08/2011
16	1,801,617	25,045	135,339	418,639	187,520	3,263	1	02/08/2011
17	23,919	17,332	213,223	5,654	185,040	64	1	01/23/2011
18		23,900	67,161		318,507	118	1	10/03/2011
19		40,182	58,803		55,606	13	1	01/21/2011
20		26,243	44,585		337,750	216	1	11/01/2011
21		1,229	20,645		15,000	7	1	12/01/2011
22	785,557	19,303	242,562	191,846	160,025	15,637	4	05/05/2011
23		24,792	18,260		278,400	669	1	02/08/2011
24	544,743	12,833	184,825	127,612	28,401	3,817	1	04/19/2011
25		157,977	184,840		384,600	345	1	01/24/2011

Name of Respondent Northern Natural Gas Company				This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of <u>2011/Q4</u>	
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**Compressor Stations (continued)**

Line No.	Expenses (except depreciation and taxes)  Fuel (e)	Expenses (except depreciation and taxes)  Power (f)	Expenses (except depreciation and taxes)  Other (g)	Gas for Compressor Fuel in Dth  (h)	Electricity for Compressor Station in kWh (i)	Operational Data  Total Compressor Hours of Operation During Year (j)	Operational Data  Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1	902,876	19,804	146,077	211,655	188,736	1,839	1	04/21/2011
2	969,621	41,546	614,878	232,120	496,160	7,267	5	01/23/2011
3	1,552,975	58,618	1,048,465	376,249	126,366	21,673	7	02/09/2011
4	3,730,763	69,411	2,469,977	906,572	281,430	29,038	8	12/21/2011
5	173,900	18,875	901,530	39,861	170,160	5,509	4	02/10/2011
6	697,549	80,766	942,377	168,914	365,750	6,170	6	10/28/2011
7	445,696	7,471	91,255	109,651	96,020	1,780	1	02/08/2011
8	4,519,187	84,431	1,582,502	1,087,093	1,383,744	39,252	11	02/09/2011
9	2,177,898	73,320	1,423,833	516,982	973,214	25,181	8	01/22/2011
10	1,735,906	68,525	786,094	413,434	1,027,334	3,813	4	10/28/2011
11	422,233	39,107	140,455	97,917	226,720	926	2	01/23/2011
12	2,307,768	192,136	3,779,391	546,970	2,905,920	19,639	5	10/28/2011
13	404,638	80,619	1,465,857	99,118	782,880	3,091	3	01/22/2011
14	1,461,100	35,461	1,878,431	372,884	809,357	17,449	5	10/27/2011
15	726,520	192,752	974,943	176,135	1,956,560	15,352	2	07/14/2011
16	1,078,172	47,288	616,284	258,265	4,259,400	12,176	5	03/02/2011
17	1,093,342	17,407	161,793	263,382	292,892	7,186	1	07/19/2011
18	1,744,607	115,009	1,815,195	423,949	2,063,400	28,945	7	11/20/2011
19	644,810	44,024	1,173,556	156,529	518,240	19,500	4	05/21/2011
20	5,185	7,288	220,217	1,180	99,360			
21	504,063			122,529		17,831	3	12/17/2011
22	345,240	11,134	57,749	88,662	122,320	1,687	1	10/26/2011
23	193,443	17,503	109,815	48,362	135,960	546	1	09/08/2011
24	53,203	11,838	194,600	14,976	85,920	247	1	10/27/2011
25	168,028	8,835	93,442	45,027	99,520	466	1	10/26/2011

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Compressor Stations (continued)
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Line No.	Expenses (except depreciation and taxes)  Fuel (e)	Expenses (except depreciation and taxes)  Power (f)	Expenses (except depreciation and taxes)  Other (g)	Gas for Compressor Fuel in Dth  (h)	Electricity for Compressor Station in kWh (i)	Operational Data  Total Compressor Hours of Operation During Year (j)	Operational Data  Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1	34,591,826	2,237,560	27,216,955	8,326,321	26,975,810	367,906	128	
2								
3								
4	140,297	1,227,076	1,818,137	32,403	23,416,400	8,904	4	02/22/2011
5	1,496,207	600,913	1,552,607	371,763	6,866,000	19,768	6	02/22/2011
6	1,636,504	1,827,989	3,370,744	404,166	30,282,400	28,672	10	
7								
8								
9								
10								
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>FOOTNOTE DATA</b>			

**Schedule Page: 508 Line No.: 7 Column: a**

The Fort Buford, North Dakota, compressor station is operated by Bear Paw Energy, Inc.

**Schedule Page: 508 Line No.: 14 Column: a**

Pursuant to the automatic blanket authorization of the Respondent's blanket certificate and Section 157.208(a) of the Commission's regulations, the Respondent replaced the existing 350-horsepower electric unit with an 800-horsepower electric unit at the Pierz compressor station located in Morrison County, Minnesota. The existing unit was abandoned in-place and the new unit was ready for service October 6, 2011.

**Schedule Page: 508 Line No.: 20 Column: a**

Pursuant to the automatic blanket authorization of the Respondent's blanket certificate and Section 157.208(a) of the Commission's regulations, the Respondent replaced the existing 1,500-horsepower electric motor with a 2,000-horsepower electric motor at the Popple Creek compressor station located in Benton County, Minnesota. The unit was ready for service October 21, 2011.

**Schedule Page: 508 Line No.: 21 Column: a**

Pursuant to the automatic blanket authorization of the Respondent's blanket certificate and Section 157.208(a) of the Commission's regulations, the Respondent constructed the Elk River compressor station located in Sherburne County, Minnesota. The station consists of a single 1,100-horsepower compressor driven by an electric motor and was ready for service October 20, 2011.

**Schedule Page: 508.1 Line No.: 5 Column: a**

Unit 5 at the Paulina, Iowa, compressor station is classified as "Gas Plant Held For Future Use," and is also reported on Page 214 "Gas Plant Held for Future Use" of the Form 2.

**Schedule Page: 508.1 Line No.: 12 Column: a**

One of the compressors at Bushton, Kansas, is operated for the Lyons, Kansas, underground storage facility.

**Schedule Page: 508.1 Line No.: 18 Column: a**

In accordance with Commission order issued April 5, 2011, in Docket No. CP11-98-000, the Respondent abandoned units 5, 6 and 7 totaling 4,800 horsepower at the Sunray compressor station located in Moore County, Texas. The units were abandoned November 1, 2011.

**Schedule Page: 508.1 Line No.: 20 Column: a**

The Pampa, Texas, compressor station was not operated in 2011 due to the lack of contract demand. The Respondent has no current plans to abandon the station.

**Schedule Page: 508.1 Line No.: 21 Column: a**

Pursuant to the automatic blanket authorization of the Respondent's blanket certificate and Section 157.208(a) of the Commission's regulations, the Respondent leases the Cargray compressor station located in Carson County, Texas, from Eagle Rock Field Services, LP.

**Schedule Page: 508.2 Line No.: 9 Column: a**

The Respondent owns 13.5% of the compressor installed on a platform owned and operated by Northstar Offshore Energy Partners, LLC, successor in interest to Reserve Oil Incorporated, in South Pelto Block 13 in the Gulf of Mexico offshore Louisiana. The Respondent does not know the ownership percentages of the other owners.

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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<b>Gas Storage Projects</b>
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1. Report injections and withdrawals of gas for all storage projects used by respondent.
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Line No.	Item  (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January	( 693,776)	1,535,226	841,450
3	February	( 466,991)	1,766,866	1,299,875
4	March	( 1,760,008)	5,906,855	4,146,847
5	April	( 6,276,879)	7,768,393	1,491,514
6	May	( 337,787)	7,548,185	7,210,398
7	June	( 9,292,014)	15,692,330	6,400,316
8	July	( 4,558,455)	14,954,182	10,395,727
9	August	( 3,102,213)	17,253,462	14,151,249
10	September	( 284,358)	19,740,836	19,456,478
11	October	2,029,179	15,465,250	17,494,429
12	November	1,301,974	5,824,992	7,126,966
13	December	( 2,745,912)	4,470,872	1,724,960
14	TOTAL (Total of lines 2 thru 13)	( 26,187,240)	117,927,449	91,740,209
15	Gas Withdrawn from Storage			
16	January	( 1,062,039)	22,832,693	21,770,654
17	February	( 3,749,349)	15,928,656	12,179,307
18	March	( 4,145,026)	10,509,674	6,364,648
19	April	( 3,406,033)	6,556,549	3,150,516
20	May	( 1,001,829)	2,117,006	1,115,177
21	June	( 5,240,864)	6,232,197	991,333
22	July	( 2,488,992)	4,198,202	1,709,210
23	August	( 1,979,165)	2,759,564	780,399
24	September	( 1,222,080)	1,418,994	196,914
25	October	( 500,513)	1,174,803	674,290
26	November	839,120	8,455,970	9,295,090
27	December	( 2,600,823)	23,291,268	20,690,445
28	TOTAL (Total of lines 16 thru 27)	( 26,557,593)	105,475,576	78,917,983

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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<p align="center"><b>Gas Storage Projects</b></p> <p>1. On line 4, enter the total storage capacity certificated by FERC.</p> <p>2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.</p>
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Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	68,605,490 MCF
2	Cushion Gas (Including Native Gas)	127,635,001 MCF
3	Total Gas in Reservoir (Total of line 1 and 2)	196,240,491 MCF
4	Certificated Storage Capacity	224,050,000 MCF
5	Number of Injection - Withdrawal Wells	239
6	Number of Observation Wells	99
7	Maximum Days' Withdrawal from Storage	1,095,800 MCF
8	Date of Maximum Days' Withdrawal	01/01/2011
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Transmission Lines			
1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year. 2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned. 3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated. 4. Report the number of miles of pipe to one decimal point.			
Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1	Op by resp: Illinois		21.80
2	Op by resp: Iowa		4,371.50
3	Op by resp: Kansas	*	1,784.50
4	Op by resp: Michigan		269.20
5	Op by resp: Minnesota		3,336.20
6	Op by resp: Nebraska	*	1,662.50
7	Op by resp: New Mexico		76.20
8	Op by resp: Oklahoma		269.70
9	Op by resp: South Dakota	*	790.80
10	Op by resp: Texas Onshore	*	959.40
11	Op by resp: Wisconsin		1,337.60
12	Op by resp: Texas Offshore	*	67.90
13	Total		14,947.30
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 514 Line No.: 3 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
KSC81201 Greensburg to Mullinville	ANR	1.8	50.0

**Schedule Page: 514 Line No.: 6 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
NEC64201 to LES from NEM50103	Lincoln Electric System	6.3	100.0
NEC64401 to OPPD Cass county generator station	Omaha Public Power District	0.2	100.0

**Schedule Page: 514 Line No.: 9 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
SDB96601 Webster branchline	Northwestern Energy	10.4	100.0
SDB96701 Parkston branchline	Northwestern Energy	43.7	100.0
SDB97001 Parker branchline	Northwestern Energy	20.4	100.0
SDB97301 Marion branchline	Northwestern Energy	0.1	100.0
SDB97101 Menno branchline	Northwestern Energy	6.7	100.0

**Schedule Page: 514 Line No.: 10 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
TXC90401 Spearman Interconnect from PVR	Penn Virginia Resources	0.3	100.0
TXC90701 Golden Spread Pipeline	Golden Spread Electric Coop	10.0	100.0

**Schedule Page: 514 Line No.: 12 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Owner/Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
MAT665/Inter Coastal 116 (TOS71201)	Southern Natural Gas Florida Gas Transmission	18.0	18.6 13.4
Intercoastal 116 to Coastline (TOS80651)	Southern Natural Gas Florida Gas Transmission	7.1	18.6 13.4
Coastline to Tivoli Plant (TXG80651)	Southern Natural Gas Florida Gas Transmission	11.0	18.6 13.4
MAT 657 (TOS83321)	Southern Natural Gas	1.5	100.0
Tivoli Plant to Florida Gas Interconnect (TXG80621)	Southern Natural Gas Florida Gas Transmission	3.3	18.6 13.4
MAT 686/665 (TOS80631)	Southern Natural Gas Florida Gas Transmission	5.2	18.6 13.4
MAT696 to 665 (TOS83311)	Southern Natural Gas	9.3	100.0
Interconnect on Matagorda Island (TOS85031)	Southern Natural Gas Florida Gas Transmission	-	18.6 13.4

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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### Transmission System Peak Deliveries

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	<b>SECTION A: SINGLE DAY PEAK DELIVERIES</b>			
1	Date: January 19, 2012			
2	Volumes of Gas Transported			
3	No-Notice Transportation		32,482	32,482
4	Other Firm Transportation	167,258	4,197,657	4,364,915
5	Interruptible Transportation		90,559	90,559
6	Other (Describe) (footnote details)			
7	TOTAL	167,258	4,320,698	4,487,956
8	Volumes of gas Withdrawn form Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage		858,078	858,078
11	Interruptible Storage		176,795	176,795
12	Other (Describe) (footnote details)			
13	TOTAL		1,034,873	1,034,873
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations		1,124,100	1,124,100
16	Reduction in Line Pack		( 79,300)	( 79,300)
17	Other (Describe) (footnote details)			
18	TOTAL		1,044,800	1,044,800
19	<b>SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES</b>			
20	Dates: January 18, 19, and 20, 2012			
21	Volumes of Gas Transported			
22	No-Notice Transportation		152,291	152,291
23	Other Firm Transportation	551,630	11,896,222	12,447,852
24	Interruptible Transportation		177,804	177,804
25	Other (Describe) (footnote details)			
26	TOTAL	551,630	12,226,317	12,777,947
27	Volumes of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage		2,515,345	2,515,345
30	Interruptible Storage		462,724	462,724
31	Other (Describe) (footnote details)			
32	TOTAL		2,978,069	2,978,069
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations		3,208,200	3,208,200
35	Reduction in Line Pack		( 141,900)	( 141,900)
36	Other (Describe) (footnote details)			
37	TOTAL		3,066,300	3,066,300

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Auxiliary Peaking Facilities**

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility  (a)	Type of Facility  (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	Garner, Iowa	LNG	300,000	43,109,095	<b>No</b>
2	Wrenshall, Minnesota	LNG	300,000	36,813,101	<b>Yes</b>
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**Gas Account - Natural Gas**

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
- If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
- Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
- Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
- Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
- Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
01 Name of System:				
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		13,033,046	3,164,480
4	Gas of Others Received for Gathering (Account 489.1)	303	8,011,280	1,580,649
5	Gas of Others Received for Transmission (Account 489.2)	305	917,732,409	239,830,679
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307	117,927,449	25,761,114
8	Gas of Others Received for Production/Extraction/Processing (Account 490 and 491)			
9	Exchanged Gas Received from Others (Account 806)	328		
10	Gas Received as Imbalances (Account 806)	328	4,244,578	1,985,339
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332	33,021	
12	Other Gas Withdrawn from Storage (Explain)		78,917,983	30,659,825
13	Gas Received from Shippers as Compressor Station Fuel		10,251,189	2,898,793
14	Gas Received from Shippers as Lost and Unaccounted for		313,496	439,101
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		1,150,464,451	306,319,980
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		11,033,037	2,464,468
19	Deliveries of Gas Gathered for Others (Account 489.1)	303	8,011,280	1,580,649
20	Deliveries of Gas Transported for Others (Account 489.2)	305	917,732,409	239,830,679
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307	105,475,576	32,922,041
23	Gas of Others Delivered for Production/Extraction/Processing (Account 490 and 491)			
24	Exchange Gas Delivered to Others (Account 806)	328		
25	Gas Delivered as Imbalances (Account 806)	328	3,009,789	23,687
26	Deliveries of Gas to Others for Transportation (Account 858)	332	33,021	
27	Other Gas Delivered to Storage (Explain)		91,740,209	26,346,355
28	Gas Used for Compressor Station Fuel	509	8,895,177	2,100,285
29	Other Deliveries and Gas Used for Other Operations		2,485,336	543,522
30	Total Deliveries (Total of lines 18 thru 29)		1,148,415,834	305,811,686
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		2,048,617	508,294
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		1,150,464,451	306,319,980

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 520 Line No.: 3 Column: c**

The 13,033,046 Dth represents gas purchases recorded to FERC account 803.

**Schedule Page: 520 Line No.: 12 Column: c**

The 78,917,983 Dth represents gas withdrawn from storage (includes third party and company owned gas).

**Schedule Page: 520 Line No.: 20 Column: c**

Volumes transported for others equals invoiced volumes excluding deliveries to pooling points and deferred delivery points other than Ogden, Iowa. For the purpose of calculating the total volume eligible for the ACA surcharge, begin with the deliveries of gas transported for others on page 520, line 20 and adjust that volume by eliminating the December 2010 estimate reversal in January 2011 and the transportation estimate in and for December 2011.

	Amount in Dth
Line 20 Deliveries of gas transported for others	917,732,409
Plus December 2010 throughput estimate reversal	105,214,000
Less December 2011 throughput estimate	(93,796,000)
Total volume eligible for ACA surcharge	929,150,409

Gas sales volumes shown on line 18 and deliveries of contract storage gas volumes shown on line 22 are not additive to the calculation above because they are already included in the deliveries of gas transportation volumes shown on line 20.

**Schedule Page: 520 Line No.: 27 Column: c**

The 91,740,209 Dth represents gas injected into storage (includes third party and company owned gas).

**Schedule Page: 520 Line No.: 29 Column: c**

	Amount in Dth
Drip Shrinkage	16,059
Work Order	16,235
Gas Used in other O&M Operations	2,453,042
Total	2,485,336

**Schedule Page: 520 Line No.: 3 Column: d**

The 3,164,480 Dth represents gas purchases recorded to FERC account 803.

**Schedule Page: 520 Line No.: 12 Column: d**

The 30,659,825 Dth represents gas withdrawn from storage (includes third party and company owned gas).

**Schedule Page: 520 Line No.: 27 Column: d**

The 26,346,355 Dth represents gas injected into storage (includes third party and company owned gas).

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 520    Line No.: 29    Column: d**

	Amount in Dth
Drip Shrinkage	26
Work Order	7,830
Gas Used in other O&M Operations	535,666
Total	543,522

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Shipper Supplied Gas for the Current Quarter**

1. Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
2. On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
3. On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
4. Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
5. Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
6. On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
7. On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
8. On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
9. On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
10. Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	310,341	61,351	394,540	766,232
5	Distribution				
6	Storage	3,683		165,962	169,645
7	<b>Total Shipper Supplied Gas</b>	314,024	61,351	560,502	935,877
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	150,399	29,732	191,203	371,334
12	Distribution				
13	Storage	1,680		75,717	77,397
14	<b>Total gas used in compressors</b>	152,079	29,732	266,920	448,731
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	48,490	9,586	61,646	119,722
19	Distribution				
20	Storage	128		5,783	5,911
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>	48,618	9,586	67,429	125,633
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	53,538	10,584	68,064	132,186
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	53,538	10,584	68,064	132,186

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Shipper Supplied Gas for the Current Quarter (continued)					
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Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
31	NET EXCESS OR (DEFICIENCY)				
32	Gathering				
33	Production/Extraction				
34	Transmission	57,914	11,449	73,627	142,990
35	Distribution				
36	Storage	1,875		84,462	86,337
37	Total Net Excess Or (Deficiency)	59,789	11,449	158,089	229,327
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers	59,789	11,449	158,089	229,327
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas	59,789	11,449	158,089	229,327
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56	Gas to be recovered from shippers				
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency				

SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT	
66 Forwardhaul Volume in Dths for the Quarter	239,830,679
67 Backhaul Volume in Dths for the Quarter	
68 TOTAL (Lines 66 and 67)	239,830,679

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Shipper Supplied Gas for the Current Quarter**

1. Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
2. On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
3. On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
4. Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
5. Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
6. On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
7. On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
8. On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
9. On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
10. Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 2 Discounted rate Dth (p)	Month 2 Negotiated Rate Dth (q)	Month 2 Recourse Rate Dth (r)	Month 2 Total Dth (s)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	485,950	95,497	471,072	1,052,519
5	Distribution				
6	Storage	655		156,261	156,916
7	<b>Total Shipper Supplied Gas</b>	486,605	95,497	627,333	1,209,435
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	386,732	75,999	374,892	837,623
12	Distribution				
13	Storage	337		80,468	80,805
14	<b>Total gas used in compressors</b>	387,069	75,999	455,360	918,428
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	79,884	15,698	77,438	173,020
19	Distribution				
20	Storage	30		7,176	7,206
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>	79,914	15,698	84,614	180,226
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	86,106	16,921	83,469	186,496
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	86,106	16,921	83,469	186,496

Shipper Supplied Gas for the Current Quarter (continued)					
Line No.	Item (a)	Month 2 Discounted rate Dth (p)	Month 2 Negotiated Rate Dth (q)	Month 2 Recourse Rate Dth (r)	Month 2 Total Dth (s)
31	NET EXCESS OR (DEFICIENCY)				
32	Gathering				
33	Production/Extraction				
34	Transmission	( 66,771)	( 13,122)	( 64,727)	( 144,620)
35	Distribution				
36	Storage	288		68,617	68,905
37	Total Net Excess Or (Deficiency)	( 66,483)	( 13,122)	3,890	( 75,715)
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas				
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56	Gas to be recovered from shippers	66,483	13,122	( 3,890)	75,715
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	66,483	13,122	( 3,890)	75,715

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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**Shipper Supplied Gas for the Current Quarter**

1. Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
2. On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
3. On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
4. Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
5. Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
6. On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
7. On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
8. On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
9. On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
10. Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	626,045	125,689	439,962	1,191,696
5	Distribution				
6	Storage			886	886
7	<b>Total Shipper Supplied Gas</b>	626,045	125,689	440,848	1,192,582
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	367,036	73,689	257,940	698,665
12	Distribution				
13	Storage			34,461	34,461
14	<b>Total gas used in compressors</b>	367,036	73,689	292,401	733,126
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	111,244	22,334	78,178	211,756
19	Distribution				
20	Storage			18,051	18,051
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>	111,244	22,334	96,229	229,807
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	99,611	19,999	70,002	189,612
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	99,611	19,999	70,002	189,612



Shipper Supplied Gas for the Current Quarter (continued)					
Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
31	NET EXCESS OR (DEFICIENCY)				
32	Gathering				
33	Production/Extraction				
34	Transmission	48,154	9,667	33,842	91,663
35	Distribution				
36	Storage			( 51,626)	( 51,626)
37	Total Net Excess Or (Deficiency)	48,154	9,667	( 17,784)	40,037
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers	48,154	9,667	( 17,784)	40,037
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas	48,154	9,667	( 17,784)	40,037
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56					
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency				

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Shipper Supplied Gas for the Current Quarter (continued)										

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1 Account(s) Debited (n)	Month 1 Account(s) Credited (o)
	Month 1 Discounted Rate Amount (f)	Month 1 Negotiated Rate Amount (g)	Month 1 Recourse rate Amount (h)	Month 1 Total Amount (i)	Month 1 Waived Dth (j)	Month 1 Discounted Dth (k)	Month 1 Negotiated Dth (l)	Month 1 Total Dth (m)		
1										
2										
3										
4	1,162,935	229,900	1,478,453	2,871,288					805	805
5										
6	13,824		622,923	636,747					805	805
7	1,176,759	229,900	2,101,376	3,508,035						
8										
9										
10										
11	563,348	111,368	716,190	1,390,906					854	810
12										
13	6,294		283,612	289,906					819	810
14	569,642	111,368	999,802	1,680,812						
15										
16										
17										
18	181,629	35,906	230,908	448,443					See footnote	812
19										
20	481		21,660	22,141					See footnote	812
21										
22	182,110	35,906	252,568	470,584						
23										
24										
25										
26	200,532	39,643	254,938	495,113					813	812
27										
28										
29										
30	200,532	39,643	254,938	495,113						

Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1 Account(s) Debited (n)	Month 1 Account(s) Credited (o)
	Month 1 Discounted Rate Amount (f)	Month 1 Negotiated Rate Amount (g)	Month 1 Recourse rate Amount (h)	Month 1 Total Amount (i)	Month 1 Waived Dth (j)	Month 1 Discounted Dth (k)	Month 1 Negotiated Dth (l)	Month 1 Total Dth (m)		
31										
32										
33										
34	217,426	42,983	276,417	536,826						
35										
36	7,049		317,651	324,700						
37	224,475	42,983	594,068	861,526						
38										
39										
40										
41										
42	224,475	42,983	594,068	861,526					182.3	805
43										
44										
45										
46										
47										
48										
49										
50										
51	224,475	42,983	594,068	861,526						
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63										
64										
65										

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Shipper Supplied Gas for the Current Quarter (continued)										

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 2 Account(s) Debited (bb)	Month 2 Account(s) Credited (cc)
	Month 2 Discounted Rate Amount (t)	Month 2 Negotiated Rate Amount (u)	Month 2 Recourse rate Amount (v)	Month 2 Total Amount (w)	Month 2 Waived Dth (x)	Month 2 Discounted Dth (y)	Month 2 Negotiated Dth (z)	Month 2 Total Dth (aa)		
1										
2										
3										
4	1,725,665	339,121	1,672,832	3,737,618					805	805
5	2,328		555,473	557,801						
6									805	805
7	1,727,993	339,121	2,228,305	4,295,419						
8										
9										
10										
11	1,373,054	269,827	1,331,016	2,973,897					854	810
12										
13	1,198		285,692	286,890					819	810
14	1,374,252	269,827	1,616,708	3,260,787						
15										
16										
17										
18	283,501	55,713	274,821	614,035					See footnote	812
19										
20	107		25,477	25,584					See footnote	812
21										
22	283,608	55,713	300,298	639,619						
23										
24										
25										
26	305,293	59,995	295,945	661,233					813	812
27										
28										
29										
30	305,293	59,995	295,945	661,233						

Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 2 Account(s) Debited (bb)	Month 2 Account(s) Credited (cc)
	Month 2 Discounted Rate	Month 2 Negotiated Rate	Month 2 Recourse rate	Month 2 Total	Month 2 Waived	Month 2 Discounted	Month 2 Negotiated	Month 2 Total		
	Amount (t)	Amount (u)	Amount (v)	Amount (w)	Dth (x)	Dth (y)	Dth (z)	Dth (aa)		
31										
32										
33										
34	( 236,182)	( 46,414)	( 228,951)	( 511,547)						
35										
36	1,024		244,303	245,327						
37	( 235,158)	( 46,414)	15,352	( 266,220)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	235,158	46,414	( 15,352)	266,220					805	182.3
57										
58										
59										
60										
61										
62										
63										
64										
65	235,158	46,414	( 15,352)	266,220						

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Shipper Supplied Gas for the Current Quarter (continued)										

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
1										
2										
3										
4	2,062,451	414,071	1,449,416	3,925,938					805	805
5										
6			3,146	3,146					805	805
7	2,062,451	414,071	1,452,562	3,929,084						
8										
9										
10										
11	1,228,874	246,717	863,609	2,339,200					854	810
12										
13			115,379	115,379					819	810
14	1,228,874	246,717	978,988	2,454,579						
15										
16										
17										
18	372,285	74,743	261,628	708,656					See footnote	812
19										
20			60,437	60,437					See footnote	812
21										
22	372,285	74,743	322,065	769,093						
23										
24										
25										
26	333,555	66,966	234,410	634,931					813	812
27										
28										
29										
30	333,555	66,966	234,410	634,931						

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
31										
32										
33										
34	127,737	25,645	89,769	243,151						
35										
36			( 172,670)	( 172,670)						
37	127,737	25,645	( 82,901)	70,481						
38										
39										
40										
41										
42	127,737	25,645	( 82,901)	70,481					182.3	805
43										
44										
45										
46										
47										
48										
49										
50										
51	127,737	25,645	( 82,901)	70,481						
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63										
64										
65										

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 521 Line No.: 22 Column: e**

Gas used for other operation purposes:

		Month 1 Gas Used (Dth)	Month 1 Amount (\$)
LNG Compressor Station Fuel	842.1	26,883	\$100,696
Line Operations	856	92,383	346,039
Purification Underground Storage	821	456	1,708
Other Underground Storage Operations	817	3,651	13,676
Other Compressor Station Fuel	819	2,260	8,465
		<u>125,633</u>	<u>\$470,584</u>

Volume of gas used for other deliveries and gas used for other operations does not equal the volume reported on line 29 page 520. The variance is due to the exclusion of drip shrinkage and gas associated with work orders which are not considered shipper supplied gas.

**Schedule Page: 521 Line No.: 22 Column: e**

Gas used for other operation purposes:

		Month 2 Gas Used (Dth)	Month 2 Amount (\$)
LNG Compressor Station Fuel	842.1	49,873	\$177,069
Line Operations	856	120,732	428,392
Purification Underground Storage	821	2,415	8,574
Other Underground Storage Operations	817	5,144	18,263
Other Compressor Station Fuel	819	2,062	7,321
		<u>180,226</u>	<u>\$639,619</u>

Volume of gas used for other deliveries and gas used for other operations does not equal the volume reported on line 29 page 520. The variance is due to the exclusion of drip shrinkage and gas associated with work orders which are not considered shipper supplied gas.

**Schedule Page: 521 Line No.: 22 Column: e**

Gas used for other operation purposes:

		Month 3 Gas Used (Dth)	Month 3 Amount (\$)
LNG Compressor Station Fuel	842.1	38,951	\$130,412
Line Operations	856	166,338	556,592
Purification Underground Storage	821	6,467	21,652
Other Underground Storage Operations	817	14,384	48,159
Other Compressor Station Fuel	819	3,667	12,277
		<u>229,807</u>	<u>\$769,092</u>

Volume of gas used for other deliveries and gas used for other operations does not equal the volume reported on line 29 page 520. The variance is due to the exclusion of drip shrinkage and gas associated with work orders which are not considered shipper supplied gas.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 521 Line No.: 44 Column: a**

All excess gas is held in a volumetric tracker and returned to shippers.

**Schedule Page: 521 Line No.: 56 Column: a**

All deficiency gas is to be recovered from shippers and is recorded in a volumetric tracker.

**Schedule Page: 521 Line No.: 64 Column: a**

For Balance Sheet accounts carried and resolved volumetrically, the Respondent carries the balance priced at the end of the month Northern Natural Gas Demarcation index as published in Gas Daily.

The Respondent allocated discounted, negotiated and recourse amounts for lines 14, 22 and 30 based on the corresponding functional category line for shipper supplied gas.

**Schedule Page: 521 Line No.: 1 Column:**

The Respondent is a reticulated pipeline and backhaul volume service is not offered under the tariff, all volumes are reported as forwardhaul volume.

Forwardhaul volumes represent invoiced volumes excluding deliveries to pooling point and deferred delivery points other than Ogden, Iowa.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2011/Q4
<b>System Maps</b>			

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:

- (a) Transmission lines.
- (b) Incremental facilities.
- (c) Location of gathering areas.
- (d) Location of zones and rate areas.
- (e) Location of storage fields.
- (f) Location of natural gas fields.
- (g) Location of compressor stations.
- (h) Normal direction of gas flow (indicated by arrows).
- (i) Size of pipe.
- (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
- (k) Principal communities receiving service through the respondent's pipeline.

3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

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