

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 2012/Q2

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>2012/Q2</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)

QUARTERLY 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 08/29/2012

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	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Northern Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	End of <u>2012/Q2</u>

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	Important Changes During the Year	108		
2	Comparative Balance Sheet	110-113		
3	Statement of Income for the Year	114-116		
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5	Statement of Retained Earnings for the Year	118-119		
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	BALANCE SHEET SUPPORTING SCHEDULES			
8	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
9	Gas Plant in Service and Accumulated Provision for Depreciation by Function	210		
10	Other Regulatory Assets	232		
11	Other Regulatory Liabilities	278		
	INCOME ACCOUNT SUPPORTING SCHEDULES			
12	Monthly Quantity & Revenue Data	299		
13	Natural Gas Company- Gas Revenues and Dekatherms	309		
14	Gas Production and Other Gas Supply Expenses	310		
15	Natural Gas Storage, Terminating, Processing Services	311		
16	Gas Customer Accounts, Service, Sales, Administrative and General Expenses	312		
17	Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 403.1, 404.1, 404.2, 404.3, 405) (Except Amort of Acquisition Adjustments)	339		
	GAS PLANT STATISTICAL DATA			
18	Gas Account - Natural Gas	520		
19	Shipper Supplied Gas for the Current Quarter	521		

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Northern Natural Gas Company			2012/Q2
Important Changes During the Quarter/Year			

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.

- 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.
- 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.
- 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.
- 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.
- 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.

- 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.
- Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
- State the estimated annual effect and nature of any important wage scale changes during the year.
- 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.
- 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.
- 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.
- Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
- 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. None

4. None

5. No important extensions or reductions of the Respondent's transmission system pursuant to Section 7 of the Natural Gas Act and Part 157 of the regulations of the Federal Energy Regulatory Commission occurred from April 1 through June 30, 2012.

BLANKET CERTIFICATE ACTIVITIES

Pursuant to Respondent's blanket authority granted September 1, 1982, in Docket No. CP82-401-000, approximately 9.6 miles of 12-inch-diameter pipeline was constructed in Hemphill County, Texas, to connect a new receipt interconnect for Penn Virginia Resource Partners, L.P.'s Antelope Hills plant. The interconnect facilities, which were constructed to provide contracted volumes of 90,000 DTH/day, were placed in-service May 25, 2012.

§311 FACILITIES

No important extensions or reductions of the Respondent's transmission system pursuant to §311(a) of the Natural Gas Policy Act of 1978 occurred from April 1 through June 30, 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			2012/Q2
Important Changes During the Quarter/Year			

6. None

7. None

8. None.

9. Refer to Note 6 included in the Notes to 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>2012/Q2</u>
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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	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	3,353,256,088	3,337,995,599
3	Construction Work in Progress (107)	200-201	30,198,304	9,533,862
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	3,383,454,392	3,347,529,461
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,219,652,237	1,192,560,023
6	Net Utility Plant (Total of line 4 less 5)		2,163,802,155	2,154,969,438
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)		2,163,802,155	2,154,969,438
11	Utility Plant Adjustments (116)	122	0	0
12	Gas Stored-Base Gas (117.1)	220	28,429,396	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	(6,395,124)	(207,581)
16	OTHER PROPERTY AND INVESTMENTS			
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)		29,398,814	28,831,292
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)		29,398,814	28,831,292
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)		4,826,161	10,890,758
33	Special Deposits (132-134)		979,296	2,090,720
34	Working Funds (135)		24,400	24,534
35	Temporary Cash Investments (136)	222-223	40,001,520	50,000,240
36	Notes Receivable (141)		0	0
37	Customer Accounts Receivable (142)		35,123,384	60,017,312
38	Other Accounts Receivable (143)		513,857	3,313,926
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		0	0
40	Notes Receivable from Associated Companies (145)		230,000,000	230,000,000
41	Accounts Receivable from Associated Companies (146)		3,299,330	7,429,914
42	Fuel Stock (151)		0	0
43	Fuel Stock Expenses Undistributed (152)		0	0

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Comparative Balance Sheet (Liabilities and Other Credits)(continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
32	Long-Term Portion of Derivative Instrument Liabilities		0	0	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		50,494,426	49,600,617	
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		55,979,273	55,175,182	
36	CURRENT AND ACCRUED LIABILITIES				
37	Current Portion of Long-Term Debt		299,981,969	299,955,414	
38	Notes Payable (231)		0	0	
39	Accounts Payable (232)		10,971,384	15,661,528	
40	Notes Payable to Associated Companies (233)		0	0	
41	Accounts Payable to Associated Companies (234)		582,662	2,624,945	
42	Customer Deposits (235)		16,138,982	15,680,575	
43	Taxes Accrued (236)	262-263	40,871,137	43,958,617	
44	Interest Accrued (237)		12,783,333	12,665,749	
45	Dividends Declared (238)		0	0	
46	Matured Long-Term Debt (239)		0	0	
47	Matured Interest (240)		0	0	
48	Tax Collections Payable (241)		653,259	829,487	
49	Miscellaneous Current and Accrued Liabilities (242)	268	16,740,035	18,227,338	
50	Obligations Under Capital Leases-Current (243)		0	0	
51	Derivative Instrument Liabilities (244)		77,156,767	65,817,778	
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0	
53	Derivative Instrument Liabilities - Hedges (245)		5,256	2,810,378	
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		475,884,784	478,231,809	
56	DEFERRED CREDITS				
57	Customer Advances for Construction (252)		6,665,160	1,343,387	
58	Accumulated Deferred Investment Tax Credits (255)		0	0	
59	Deferred Gains from Disposition of Utility Plant (256)		0	0	
60	Other Deferred Credits (253)	269	1,204,407	1,226,389	
61	Other Regulatory Liabilities (254)	278	16,846,329	17,595,364	
62	Unamortized Gain on Reacquired Debt (257)	260	0	0	
63	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0	
64	Accumulated Deferred Income Taxes - Other Property (282)		538,462,597	529,362,108	
65	Accumulated Deferred Income Taxes - Other (283)		63,022,108	61,398,643	
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		626,200,601	610,925,891	
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		3,040,581,667	3,068,512,017	

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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	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	305,602,369	319,326,958	100,186,024	112,073,967
3	Operating Expenses					
4	Operation Expenses (401)	317-325	74,967,562	92,367,687	37,363,524	54,270,946
5	Maintenance Expenses (402)	317-325	19,449,039	19,442,198	11,477,524	11,463,201
6	Depreciation Expense (403)	336-338	28,412,672	28,275,090	14,155,907	14,411,608
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	3,534,200	3,474,650	1,765,896	1,746,104
9	Amortization of Utility Plant Acu. 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)		0	4,718,183	0	2,359,092
13	(Less) Regulatory Credits (407.4)		0	0	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	27,109,708	25,884,769	13,935,745	12,358,990
15	Income Taxes-Federal (409.1)	262-263	28,090,554	15,172,325	(7,276,932)	(7,256,010)
16	Income Taxes-Other (409.1)	262-263	5,541,831	3,447,479	(1,873,963)	(826,606)
17	Provision of Deferred Income Taxes (410.1)	234-235	20,554,332	34,792,505	12,965,771	13,603,101
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	3,579,403	7,586,744	205,004	5,403,656
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)		204,080,495	219,988,142	82,308,468	96,726,770
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		101,521,874	99,338,816	17,877,556	15,347,197

Year/Period of Report
End of 2012/Q2

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	0	0	305,602,369	319,326,958	0	0
3						
4	0	0	74,967,562	92,367,687	0	0
5	0	0	19,449,039	19,442,198	0	0
6	0	0	28,412,672	28,275,090	0	0
7	0	0	0	0	0	0
8	0	0	3,534,200	3,474,650	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	4,718,183	0	0
13	0	0	0	0	0	0
14	0	0	27,109,708	25,884,769	0	0
15	0	0	28,090,554	15,172,325	0	0
16	0	0	5,541,831	3,447,479	0	0
17	0	0	20,554,332	34,792,505	0	0
18	0	0	3,579,403	7,586,744	0	0
19	0	0	0	0	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	204,080,495	219,988,142	0	0
26	0	0	101,521,874	99,338,816	0	0

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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)		101,521,874	99,338,816	17,877,556	15,347,197
28	OTHER INCOME AND DEDUCTIONS					
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	0	0	0
33	Revenues from Nonutility Operations (417)		0	0	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		0	(1,475)	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)		881,030	947,359	430,974	439,404
38	Allowance for Other Funds Used During Construction (419.1)		418,877	466,785	296,775	297,134
39	Miscellaneous Nonoperating Income (421)		1,170,263	537,800	930,057	487,902
40	Gain on Disposition of Property (421.1)		500,558	1,217,092	500,045	0
41	TOTAL Other Income (Total of lines 31 thru 40)		2,970,728	3,170,511	2,157,851	1,224,440
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	2,180	0	850
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	210,047	273,120	135,604	67,753
46	Life Insurance (426.2)		0	0	0	0
47	Penalties (426.3)		210	0	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		24,078	106,071	12,744	45,059
49	Other Deductions (426.5)		213,786	513,119	86,201	393,603
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	448,121	894,490	234,549	507,265
51	Taxes Applicable 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	(10,493,519)	(11,344,611)	(5,121,864)	(5,619,752)
54	Income Taxes-Other (409.2)	262-263	(2,391,773)	(2,585,761)	(1,167,419)	(1,280,902)
55	Provision for Deferred Income Taxes (410.2)	234-235	13,892,884	14,842,587	7,057,687	7,200,893
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	394	0	197	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)		1,007,198	912,215	768,207	300,239
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		1,515,409	1,363,806	1,155,095	416,936
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		24,975,000	29,669,444	12,487,500	14,931,944
63	Amortization of Debt Disc. and Expense (428)	258-259	440,151	466,151	221,582	240,475
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	26,955	30,272	12,086	15,035
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		137,887	190,841	98,675	122,457
70	Net Interest Charges (Total of lines 62 thru 69)		25,304,219	29,975,026	12,622,493	15,064,997
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		77,733,064	70,727,596	6,410,158	699,136
72	EXTRAORDINARY ITEMS					
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)		77,733,064	70,727,596	6,410,158	699,136

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1. Report in columns (b) (c) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.

2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.

3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

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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		294,132,010	232,978,353
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)		77,733,064	70,727,596
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	121,000,000	
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)		250,865,074	303,705,949
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		250,865,074	303,705,949
21	UNAPPROPRIATED UNDISTRICTED 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			

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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 78(c) on page 116)	77,733,064	70,727,596
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	31,946,872	31,749,740
5	Amortization of (Specify) (footnote details)	6,538,889	11,630,057
6	Deferred Income Taxes (Net)	30,867,419	42,048,348
7	Investment Tax Credit Adjustments (Net)		
8	Net (Increase) Decrease in Receivables	30,930,867	36,298,276
9	Net (Increase) Decrease in Inventory	570,567	644,863
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	(35,587,378)	(31,199,175)
12	Net (Increase) Decrease in Other Regulatory Assets	(17,365,947)	889,431
13	Net Increase (Decrease) in Other Regulatory Liabilities	(1,161,961)	(1,219,216)
14	(Less) Allowance for Other Funds Used During Construction	418,877	466,785
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other (footnote details):	18,350,920	(33,934,817)
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	142,404,435	127,168,318
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	(45,213,825)	(25,532,408)
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	(418,877)	(466,785)
27	Other (footnote details):	7,254,862	(4,732,627)
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(37,540,086)	(29,798,250)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)	72,200	4,500,000
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)		

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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 Allowances Held for Speculation				
46	Net Increase (Decrease) in Payables and Accrued Expenses				
47	Other (footnote details):				
48	Net Cash Provided by (Used in) Investing Activities				
49	(Total of lines 28 thru 47)	(37,467,886)	(25,298,250)		
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 (footnote details): Contribution from Parent				
57	Net Increase in Short-term Debt (c)				
58	Other: Loan to MEHC		(80,000,000)		
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)		119,956,000		
60					
61	Payments for Retirement of:				
62	Long-Term Debt (b)		(250,000,000)		
63	Preferred Stock				
64	Common Stock				
65	Other (footnote details): Debt issuance costs		(2,051,749)		
66	Net Decrease in Short-Term Debt (c)				
67					
68	Dividends on Preferred Stock				
69	Dividends on Common Stock	(121,000,000)			
70	Net Cash Provided by (Used in) Financing Activities				
71	(Total of lines 59 thru 69)	(121,000,000)	(132,095,749)		
72					
73	Net Increase (Decrease) in Cash and Cash Equivalents				
74	(Total of line 18, 49 and 71)	(16,063,451)	(30,225,681)		
75					
76	Cash and Cash Equivalents at Beginning of Period	60,915,532	70,639,086		
77					
78	Cash and Cash Equivalents at End of Period	44,852,081	40,413,405		

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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) General

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 the largest interstate natural gas pipeline system in the United States, as measured by pipeline miles, 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 operationally integrated systems. 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

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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 facilities and two liquefied natural gas storage peaking units that have a total firm service and operational storage cycle capacity of over 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 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 over 0.9 trillion cubic feet of natural gas to its customers annually.

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: 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.

The unaudited Financial Statements do not include all of the information and disclosures required for the Respondent's annual financial statements in its 2011 FERC Form No. 2. Management believes the unaudited Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Financial Statements as of June 30, 2012 and for the six-month periods ended June 30, 2012 and 2011. The results of operations for the six-month period ended June 30, 2012 are not necessarily indicative of the results to be expected for the full year. The Respondent has evaluated subsequent events through August 29, 2012, which is the date the unaudited Financial Statements were available to be issued.

The preparation of the unaudited 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 revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Financial Statements. Note 2 of Notes to Financial Statements included in the Respondent's FERC Form No. 2 for the year ended December 31, 2011 describes the most significant accounting policies used in the preparation of the Financial Statements. There have been no significant changes in the Respondent's assumptions regarding significant accounting estimates and policies during the six-month period ended June 30, 2012.

(2) 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 beginning after December 15, 2011. 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 beginning after December

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15, 2011. The Respondent adopted this guidance on January 1, 2012 and elected the two separate but consecutive statements option.

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 adopted ASU No. 2011-04 on January 1, 2012. The adoption of this guidance did not have a material impact on the Respondent's disclosures included within Notes to Financial Statements.

(3) Fair Value Measurements

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):

	Input Levels for Fair Value Measurements				
	Level 1	Level 2	Level 3	Other ⁽¹⁾	Total
As of June 30, 2012					
Assets:					
Commodity derivatives	\$ -	\$ 1,992	\$ -	\$ (1,987)	\$ 5
Money market mutual funds ⁽²⁾	53,804	-	-	-	53,804
	<u>\$ 53,804</u>	<u>\$ 1,992</u>	<u>\$ -</u>	<u>\$ (1,987)</u>	<u>\$ 53,809</u>
Liabilities - commodity derivatives	<u>\$ -</u>	<u>\$ (79,149)</u>	<u>\$ -</u>	<u>\$ 1,987</u>	<u>\$ (77,162)</u>
As of December 31, 2011⁽³⁾					
Assets:					
Commodity derivatives	\$ -	\$ 4,331	\$ -	\$ (2,415)	\$ 1,916
Money market mutual funds ⁽²⁾	65,013	-	-	-	65,013
	<u>\$ 65,013</u>	<u>\$ 4,331</u>	<u>\$ -</u>	<u>\$ (2,415)</u>	<u>\$ 66,929</u>
Liabilities - commodity derivatives	<u>\$ -</u>	<u>\$ (71,043)</u>	<u>\$ -</u>	<u>\$ 2,415</u>	<u>\$ (68,628)</u>

(1) Represents netting under master netting arrangements.

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

(3) Prior year amounts have been reclassified to conform to current year presentation.

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 4 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.

(4) 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

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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 \$0.09 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 June 30, 2012, 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 Note 3 for additional information on derivative contracts.

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The following table, which reflects master netting arrangements and excludes contracts that have been designated as 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>		<u>Derivative Liabilities</u>		
	<u>Current</u> ⁽¹⁾	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
As of June 30, 2012					
Designated as hedging contracts:					
Commodity assets	\$ -	\$ -	\$ -	\$ 501	\$ 501
Commodity liabilities	-	-	-	(506)	(506)
Total	-	-	-	(5)	(5)
Not designated as hedging contracts ⁽²⁾ :					
Commodity assets	56	-	1,434	1	1,491
Commodity liabilities	(51)	-	(10,535)	(68,057)	(78,643)
Total	5	-	(9,101)	(68,056)	(77,152)
Total derivatives - net basis ⁽³⁾	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ (9,101)</u>	<u>\$ (68,061)</u>	<u>\$ (77,157)</u>
As of December 31, 2011 ⁽⁴⁾					
Designated as hedging contracts:					
Commodity assets	\$ 6	\$ -	\$ -	\$ 312	\$ 318
Commodity liabilities	-	-	(2,785)	(337)	(3,122)
Total	6	-	(2,785)	(25)	(2,804)
Not designated as hedging contracts ⁽²⁾ :					
Commodity assets	2,773	-	1,240	-	4,013
Commodity liabilities	(863)	-	(8,971)	(58,087)	(67,921)
Total	1,910	-	(7,731)	(58,087)	(63,908)
Total derivatives - net basis ⁽³⁾	<u>\$ 1,916</u>	<u>\$ -</u>	<u>\$ (10,516)</u>	<u>\$ (58,112)</u>	<u>\$ (66,712)</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 not designated as hedging contracts are generally included in regulated rates, and as of June 30, 2012 and December 31, 2011, a regulatory asset of \$77.2 million and \$63.9 million, respectively, was recorded related to the net derivative liability of \$77.2 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 of natural gas purchases as of June 30, 2012 and December 31, 2011.
- (4) Prior year amounts have been reclassified to conform to current year presentation.

Not Designated as Hedging Contracts

The following table reconciles the beginning and ending balances of the Respondent's net regulatory assets and summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets, as well as amounts reclassified to earnings for the six-month periods ended June 30 (in thousands):

	<u>2012</u>	<u>2011</u>
Beginning balance	\$ 63,907	\$ 50,124
Changes in fair value recognized in net regulatory assets	14,125	(5,528)
Net gains (losses) reclassified to gas operating revenues	3,546	(1,350)
Net losses reclassified to operating expenses	(4,426)	(2,908)
Ending balance	<u>\$ 77,152</u>	<u>\$ 40,338</u>

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The Respondent recognized pre-tax gains of \$0.2 million and pre-tax losses of \$0.2 million resulting from unrealized valuation changes on purchase contracts for the six-month periods ended June 30, 2012 and 2011, respectively, which are included in operating expenses and other income and deductions on the Statements 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 other comprehensive income ("OCI"), as well as amounts reclassified to earnings for the six-month periods ended June 30 (in thousands):

	<u>2012</u>	<u>2011</u>
Beginning balance⁽¹⁾	\$ 2,651	\$ 2,475
Changes in fair value recognized in OCI	(2,646)	(1,063)
Net gains reclassified to gas operating revenues	-	1,518
Net losses reclassified to operating expenses	-	(1,501)
Ending balance⁽¹⁾	<u>\$ 5</u>	<u>\$ 1,429</u>

- (1) 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.

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 each of the six-month periods ended June 30, 2012 and 2011, hedge ineffectiveness was insignificant. As of June 30, 2012, the Respondent had cash flow hedges with expiration dates extending through December 2013 and the pre-tax unrealized losses forecasted to be reclassified from accumulated other comprehensive loss into earnings over the next twelve months are insignificant.

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

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vary by contract and by counterparty. As of June 30, 2012, 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 \$79.1 million and \$71.0 million as of June 30, 2012 and December 31, 2011, 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 June 30, 2012 and December 31, 2011, the Respondent would have been required to post \$77.2 million and \$68.6 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.

(5) 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 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. The Respondent's contributions to the pension and other postretirement plans were \$0.6 million for each of the six month periods ended June 30, 2012 and 2011. As of June 30, 2012, the Respondent recorded an affiliate company payable included in accumulated provision for pensions and benefits relating to the pension plan and an affiliate company receivable included in other special funds relating to the other postretirement plan of \$5.1 million and \$16.0 million, respectively. As of December 31, 2011, the Respondent recorded an affiliate company payable included in accumulated provision for pensions and benefits relating to the pension plan and an affiliate company receivable included in other special funds relating to the other postretirement plan of \$5.1 million and \$15.4 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.

(6) 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 former 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 Energy") and Iuka-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. 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 has either acquired leases or purchased the property on 3,580 acres, or 29% of the extension area. In July 2010, the Respondent filed a complaint in federal district court to acquire the remaining necessary interests by eminent domain. 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. In March 2012, the federal district court judge issued an order granting the Respondent's motion for the preliminary injunction and required 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. In June 2012, the federal district court granted the Respondent's motion to establish a three-person compensation commission to determine the value of the interests to be taken. The court held a

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discovery status conference on August 24, 2012. The court ordered the defendants to respond to all discovery requests by September 28, 2012, and set October 15, 2012, as the deadline to identify fact witnesses and for the Respondent to designate experts. The court set another status conference for October 19, 2012.

- 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. 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 13th 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 half 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 cases were moved to federal district court in Wichita, Kansas on December 27, 2011, at the request of the Respondent. 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 from 2004 through 2011. The wells were shut-in in 2011. The replacement cost of storage gas losses is \$- million and \$4.0 million for the six-month periods ended June 30, 2012 and 2011, 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.

(7) Other Related Party Transactions

The Respondent provided gas transportation, storage and other services to MEC totaling \$30.3 million and \$31.0 million for the six-month periods ended June 30, 2012 and 2011, 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 \$3.1 million and \$3.3 million for the six-month periods ended June 30, 2012 and 2011, respectively. MEC also provided electricity and other services to the Respondent of \$0.2 million for each of the six-month periods ended June 30, 2012 and 2011. The Respondent reimbursed MEC \$26.6 million for each of the six-month periods ended June 30, 2012 and 2011 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 \$0.9 million for each of the six-month periods ended June 30, 2012 and 2011. Income tax transactions with MEHC resulted in net payments of \$53.2 million and \$26.6 million for the six-month periods ended June 30, 2012 and 2011, respectively.

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As of June 30, 2012 and December 31, 2011, the Respondent had net accounts payable to MEHC and certain subsidiaries for intercompany transactions totaling \$0.6 million and \$2.6 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 \$0.6 million and \$0.5 million for the six-month periods ended June 30, 2012 and 2011, 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 six-month periods ended June 30, 2012 and 2011, the Respondent entered into insignificant risk management transactions that settled on behalf of Kern River.

BNSF Railway Company, an affiliate of the Respondent, provided contributions in aid of construction totaling \$3.9 million and \$- million for the six-month periods ended June 30, 2012 and 2011, respectively.

For the six-month periods ended June 30, 2012 and 2011, 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 \$- million and \$80.0 million, respectively. The balance of the demand promissory notes as of both June 30, 2012 and December 31, 2011 was \$230.0 million. Interest income of \$0.8 million and \$0.7 million was recorded for the six-month periods ended June 30, 2012 and 2011, respectively.

(8) Subsequent Event

In August 2012, the Respondent issued \$250.0 million of 4.10% Senior Bonds due September 15, 2042. The net proceeds will be used to partially repay the Respondent's \$300.0 million of 5.375% Senior Notes due October 31, 2012.

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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)	3,300,616,163		
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	52,054,059		
7	Experimental Plant Unclassified			
8	TOTAL Utility Plant (Total of lines 3 thru 7)	3,352,670,222		
9	Leased to Others			
10	Held for Future Use	585,866		
11	Construction Work in Progress	30,198,304		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Total of lines 8 thru 12)	3,383,454,392		
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,219,652,237		
15	Net Utility Plant (Total of lines 13 and 14)	2,163,802,155		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	1,140,134,013		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights	6,710,149		
21	Amortization of Other Utility Plant	72,704,894		
22	TOTAL In Service (Total of lines 18 thru 21)	1,219,549,056		
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)	1,219,652,237		

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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		3,300,616,163		
4				
5				
6		52,054,059		
7				
8		3,352,670,222		
9				
10		585,866		
11		30,198,304		
12				
13		3,383,454,392		
14		1,219,652,237		
15		2,163,802,155		
16				
17				
18		1,140,134,013		
19				
20		6,710,149		
21		72,704,894		
22		1,219,549,056		
23				
24				
25				
26				
27				
28		103,181		
29				
30		103,181		
31				
32				
33		1,219,652,237		

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Gas Plant in Service and Accumulated Provision for Depreciation by Function

1. Report below the original cost of plant in service by function. In addition to Account 101, include Account 102, and Account 106. Report in column (b) the original cost of plant in service and in column(c) the accumulated provision for depreciation and amortization by function.

Line No.	Item	Plant in Service Balance at End of Quarter	Accumulated Depreciation And Amortization Balance at End of Quarter
	(a)	(b)	(c)
1	Intangible Plant	119,368,862	51,909,004
2	Productions-Manufactured Gas		
3	Production and Gathering-Natural Gas	21,094,575	(12,776,072)
4	Products Extraction-Natural Gas		
5	Underground Gas Storage	372,823,334	140,654,504
6	Other Storage Plant	79,944,383	45,624,596
7	Base Load LNG Terminaling and Processing Plant		
8	Transmission	2,650,558,755	937,986,005
9	Distribution		
10	General	108,880,313	56,151,019
11	TOTAL (total of lines 1 thru 10)	3,352,670,222	1,219,549,056

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Other Regulatory Assets (Account 182.3)

- 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).
- For regulatory assets being amortized, show period of amortization in column (a).
- 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.
- Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
- 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	Deferred regulatory commission expense	3,955,369	136,976	928	319,019		3,773,326
2							
3	FAS 106 implementation deferral	769,931		926	256,644		513,287
4							
5	Asset retirement obligation	16,901,225	2,833,436				19,734,661
6							
7	Deferred FERC annual charge	860,277		928	430,139		430,138
8							
9	Deferred income taxes for AFUDC equity	14,996,771	196,225	421	64,985		15,128,011
10							
11	Deferred migration costs	1,677,025		921	162,292		1,514,733
12							
13	Deferred system upgrade costs	1,396,009		921	135,097		1,260,912
14							
15	Smartpigging/hydrostatic testing	23,835,245	3,489,904	833,863	2,071,941		25,253,208
16							
17	Defined benefit pension plan	5,120,835	1,533				5,122,368
18							
19	Unrealized loss on derviatives, net	69,889,270	6,806,316	483,803	(456,061)		77,151,647
20							
21	Encroachment revaluation	3,394,877		813	3,384,784		10,093
22							
23	Fuel, unaccounted for, and other trackers	5,230,167	2,102,236				7,332,403
24							
25	Interest rate lock	389,342		428	8,684		380,658
26							
27							
28							
29							
30							
31							
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39							
40	Total	148,416,343	15,566,626		6,377,524	0	157,605,445

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Other Regulatory Liabilities (Account 254)							
<p>1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).</p> <p>2. For regulatory liabilities being amortized, show period of amortization in column (a).</p> <p>3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.</p> <p>4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).</p>							
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	Carlton Resolution credits	2,231,709	131	2,709,385		477,676	
2							
3	Penalty and deferred delivery variance charge revenue crediting mechanism	217,223				86,528	303,751
4							
5	Interest rate lock	637,094	428	48,215			588,879
6	(ref. \$100M Sr. Notes due 5-1-2015)						
7							
8	Employee benefits	15,667,558	128	171,129		457,270	15,953,699
9							
10							
11							
12							
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45	Total	18,753,584		2,928,729	0	1,021,474	16,846,329

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Monthly Quantity & Revenue Data by Rate Schedule

- Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
- Total Quantities and Revenues in whole numbers
- 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.
- 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.
- 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)	206,509			846,032	846,032
2	Transportation of Gas for Others (489.2 and 489..3)					
3	CS-1	1,745,745			26,347	26,347
4	TF	19,063,867		33,251	8,875,055	8,908,306
5	TFX	45,001,255		78,933	15,219,359	15,298,292
6	GS-T					
7	TI	2,457,764		3,687	211,038	214,725
8	SMS	3,022,503			939,297	939,297
9	Less: CS-1 units	-1,745,745				
10	Less: SMS units in other rate schedules	-3,022,503				
11						
12						
13						
14						
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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 2012/Q2
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Monthly Quantity & Revenue Data by Rate Schedule

- Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.
- Total Quantities and Revenues in whole numbers
- 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.
- 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.
- 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	313,380			776,672	776,672	1,100,493			5,011,314	5,011,314
2										
3	1,673,542			24,470	24,470	1,709,411			26,633	26,633
4	20,112,310		35,767	7,706,951	7,742,718	25,136,227		45,085	9,110,813	9,155,898
5	40,033,666		72,051	15,542,568	15,614,619	44,383,587		80,337	15,402,089	15,482,426
6										
7	2,624,668		5,395	487,343	492,738	2,763,678		4,792	129,148	133,940
8	2,655,472			932,121	932,121	2,092,744			920,474	920,474
9	-1,673,542					-1,709,411				
10	-2,655,472					-2,092,744				
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>2012/Q2</u>
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Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item	Month 1 Quantity	Month 1 Revenue Costs and Take-or-Pay	Month 1 Revenue (GRI & ACA)	Month 1 Revenue (Other)	Month 1 Revenue (Total)
	(a)	(b)	(c)	(d)	(e)	(f)
47						

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 2012/Q2
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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						
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59						
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61						
62						
63	Total Transportation (Other than Gathering)	66,522,886		115,871	25,271,096	25,386,967
64	Storage (489.4)					
65	FDD-1	6,479,244			2,128,427	2,128,427
66	IDD-1	1,155,960			156,104	156,104
67	PDD-1	163,500			1,379,665	1,379,665
68						
69						
70						
71						
72						
73						
74						
75						
76						
77						
78						
79						
80						
81						
82						
83						
84						
85						
86						
87						
88						
89						
90	Total Storage	7,798,704			3,664,196	3,664,196
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible	381,128			13,187	13,187
94	Total Gathering (489.1)	381,128			13,187	13,187
95	Additional Revenues					
96	Products Sales and Extraction (490-492)	6,359			125,906	125,906
97	Rents (493-494)				52,916	52,916
98	Other Gas Revenues (495)				116,861	116,861
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues	6,359			295,683	295,683

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 2012/Q2	
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)
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51										
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53										
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63	62,770,644		113,213	24,693,453	24,806,666	72,283,492		130,214	25,589,157	25,719,371
64										
65	5,886,339			2,390,821	2,390,821	55,902			6,713,809	6,713,809
66	1,718,040			301,338	301,338	2,900,249			415,248	415,248
67	542,264			1,203,451	1,203,451	1,790,972			1,224,150	1,224,150
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89										
90	8,146,643			3,895,610	3,895,610	4,747,123			8,353,207	8,353,207
91										
92										
93	314,877			10,895	10,895	312,389			10,809	10,809
94	314,877			10,895	10,895	312,389			10,809	10,809
95										
96	88			147	147	33			49	49
97				4,916	4,916				5,516	5,516
98				31,324	31,324				1,353,462	1,353,462
99										
100	88			36,387	36,387	33			1,359,027	1,359,027

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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)
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	74,915,586		115,871	30,090,194	30,206,065

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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)
101	71,545,632		113,213	29,413,017	29,526,230	78,443,530		130,214	40,323,514	40,453,728

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Natural Gas Company- Gas Revenues and Dekatherms					
1. Report below in columns (b), (d) and (f) natural gas operating revenues for each prescribed account year to date					
2. In column (f) report the quantity of Dekatherms sold of natural gas year to date.					
Line No.	Title of Account (a)	Total Operating Revenues Year to Date Current Qtr (b)	Dekatherms of Natural Gas Year to Date Current Qtr (c)		
1	(480) Residential Sales				
2	(481) Commercial and Industrial Sales	3,214,152	456,576		
3	(482) Other Sales to Public Authorities				
4	(483) Sales for Resale	8,796,452	2,175,739		
5	(484) Interdepartmental Sales				
6	Total Sales (Lines 1 to 5)	12,010,604	2,632,315		
7	485 Intracompany Transfers				
8	487 Forfeited Discounts				
9	488 Miscellaneous Service Revenues				
10	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities	81,471	2,354,632		
11	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	263,706,522	447,743,937		
12	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
13	489.4 Revenues from Storing Gas of Others	26,333,149	84,631,613		
14	490 Sales of Prod. Ext. from Natural Gas				
15	491 Revenues from Natural Gas Proc. by Others				
16	492 Incidental Gasoline and Oil Sales	233,752			
17	493 Rent from Gas Property	190,296			
18	494 Interdepartmental Rents				
19	495 Other Gas Revenues	3,046,575			
20	Subtotal:	305,602,369			
21	496 (Less) Provision for Rate Refunds				
22	TOTAL	305,602,369			

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Gas Production and Other Gas Supply Expenses					
Report the amount of gas production and other gas supply expenses year to date					
Line No.	Account (a)	Year to Date (b)			
1	Production Expenses				
2	Manufactured Gas Production				
3	Total Manufactured Gas Production (700-742)				
4	Natural Gas Production and Gathering				
5	(750-760) Operation	56,334			
6	(761-769) Maintenance	139			
7	Total Natural Gas Production and Gathering (lines 5 and 6)	56,473			
8	Production Extraction				
9	(770-783) Operation				
10	(784-791) Maintenance				
11	Total Production Extraction (lines 9 and 10)				
12	(795-798) Exploration and Development Expenses				
13	Other Gas Supply Expenses				
14	Operation				
15	(800) Natural Gas Well Head Purchases				
16	(800.1) Natural Gas Well Head Purchases, Intra company Transfers				
17	(801) Natural Gas Field Line Purchases				
18	(802) Natural Gasoline Plant Outlet Purchases				
19	(803) Natural Gas Transmission Line Purchases	5,134,516			
20	(804) Natural Gas City Gate Purchases				
21	(804.1) Liquefied Natural Gas Purchases				
22	(805) Other Gas Purchases	(1,240,592)			
23	(805.1) (Less) Purchase Gas Cost Adjustments				
24	Total Purchased Gas (lines 15 through 23)	3,893,924			
25	(806) Exchange Gas	1,947,109			
26	Purchased Gas Expenses				
27	(807.1) Well Expense - Purchased Gas				
28	(807.2) Operation of Purchased Gas Measuring Stations				
29	(807.3) Maintenance of Purchased Gas Measuring Stations				
30	(807.4) Purchased Gas Calculations Expenses				
31	(807.5) Other Purchased Gas Expenses				
32	Total Purchased Gas Expenses (lines 27 thru 31)				
33	(808.1) Gas Withdrawn from Storage-Debit	26,971,441			
34	(808.2) (Less) Gas Delivered to Storage - Credit	20,721,472			
35	(809.1) Withdrawals of Liquefied Natural Gas for Processing - Debit				
36	(809.2) (Less) Deliveries of Natural Gas Processing - Credit				
37	Gas Used in Utility Operation - Credit				
38	(810) Gas Used for Compressor Station Fuel - Credit	11,648,150			
39	(811) Gas Used for Products Extraction - Credit				
40	(812) Gas Used for Other Utility Operations - Credit	6,364,249			
41	Total Gas Used in Utility Operations - Credit (Lines 38 thru 40)	18,012,399			
42	(813) Other Gas Supply Expense	7,603,621			
43	Total Other Gas Supply Expenses (Lines 24, 25, 32, 33, thru 36, 42, less 41)	1,682,224			
44	Total Production Expenses (Lines 3,7,11,12, and 43)	1,738,697			

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Natural Gas Storage, Terminating, Processing Services

Report the amount of natural gas storage, terminating, processing, transmission and distribution expenses year to date.

Line No.	Account (a)	Year to Date Quarter (b)	
1	NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
2	UNDERGROUND STORAGE EXPENSES		
3	(814-826) Operations	3,918,003	
4	(830-837) Maintenance	3,845,974	
5	Total Underground Storage Expenses (Lines 3 and 4)	7,763,977	
6	OTHER STORAGE EXPENSES		
7	(840-842.3) Operations	1,424,761	
8	(843.1-843.9) Maintenance	1,056,120	
9	Total Other Storage Expenses (lines 7 and 8)	2,480,881	
10	LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING		
11	(844.1-846.2) Operations		
12	(847.1-847.8) Maintenance		
13	Total Liquefied Natural Gas Terminating and Processing (Lines 11 and 12)		
14	TRANSMISSION EXPENSES		
15	Transmission Operation Expenses		
16	(850) Operation Supervision and Engineering	2,763,112	
17	(851) System Control and Load Dispatching	1,800,200	
18	(852) Communication System Expenses	697,561	
19	(853) Compressor Station Labor and Expenses	4,772,888	
20	(854) Gas for Compressor Station Fuel	10,892,315	
21	(855) Other Fuel and Power for Compressor Stations	1,170,429	
22	(856) Mains Expenses	9,505,754	
23	(857) Measuring and Regulating Station Expenses	2,095,460	
24	(858) Transmission and Compression of Gas by Others		
25	(859) Other Expenses	660,185	
26	(860) Rents	101,130	
27	Total Transmission Operation Expenses (Lines 16 through 26)	34,459,034	
28	Transmission Maintenance Expenses		
29	(861) Maintenance Supervision and Engineering	1,065	
30	(862) Maintenance of Structures and Improvements	472,309	
31	(863) Maintenance of Mains	6,100,665	
32	(864) Maintenance of Compressor Station Equipment	6,349,981	
33	(865) Maintenance of Measuring and Regulating Equipment	1,177,313	
34	(866) Maintenance of Communication Equipment	57,862	
35	(867) Maintenance of Other Equipment	387,611	
36	Total Transmission Maintenance Expenses (Lines 29 through 35)	14,546,806	
37	Total Transmission Expenses (lines 27 and 36)	49,005,840	
38	DISTRIBUTION EXPENSES		
39	(870-881) Operation Expenses		
40	(885-894) Maintenance		
41	Total Distribution Expenses (Lines 39 and 40)		
42	Total (lines 5,9,13,37 and 41)	59,250,698	

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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)		366,456	166,456
4	Gas of Others Received for Gathering (Account 489.1)	303	2,354,632	1,008,394
5	Gas of Others Received for Transmission (Account 489.2)	305	447,743,937	201,577,022
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307	45,293,859	27,872,380
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	1,387,700	122,857
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)		49,256,458	8,073,112
13	Gas Received from Shippers as Compressor Station Fuel		5,433,920	2,068,288
14	Gas Received from Shippers as Lost and Unaccounted for		1,216,346	688,421
15	Other Receipts (Specify) (footnote details)		800,000	800,000
16	Total Receipts (Total of lines 3 thru 15)		553,853,308	242,376,930
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		2,632,315	1,620,382
19	Deliveries of Gas Gathered for Others (Account 489.1)	303	2,354,632	1,008,394
20	Deliveries of Gas Transported for Others (Account 489.2)	305	447,743,937	201,577,022
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307	75,088,487	26,644,589
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	617,160	617,160
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)		18,072,316	8,049,081
28	Gas Used for Compressor Station Fuel	509	4,674,569	1,816,371
29	Other Deliveries and Gas Used for Other Operations		1,525,477	752,232
30	Total Deliveries (Total of lines 18 thru 29)		552,708,893	242,085,231
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		1,144,415	291,699
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		553,853,308	242,376,930

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Shipper Supplied Gas for the Current Quarter

- 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.
- 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).
- 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).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- 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.
- 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).
- 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).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- 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	SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	534,325	51,033	423,336	1,008,694
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	534,325	51,033	423,336	1,008,694
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	324,235	30,967	256,887	612,089
12	Distribution				
13	Storage	1,043		50,356	51,399
14	Total gas used in compressors	325,278	30,967	307,243	663,488
15	LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	98,477	9,406	78,020	185,903
19	Distribution				
20	Storage	377		18,195	18,572
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	98,854	9,406	96,215	204,475
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	108,441	10,357	85,915	204,713
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	108,441	10,357	85,915	204,713

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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	1,076,921	102,856	853,228	2,033,005					805	805
5										
6										
7	1,076,921	102,856	853,228	2,033,005						
8										
9										
10										
11	653,723	62,437	517,934	1,234,094					854	810
12										
13	2,104		101,527	103,631					819	810
14	655,827	62,437	619,461	1,337,725						
15										
16										
17										
18	198,537	18,962	157,298	374,797					See footnote	812
19										
20	760		36,685	37,445					See footnote	812
21										
22	199,297	18,962	193,983	412,242						
23										
24										
25										
26	216,758	20,702	171,734	409,194					813	812
27										
28										
29										
30	216,758	20,702	171,734	409,194						

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 2012/Q2
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Shipper Supplied Gas for the Current Quarter (continued)

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)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	3,172	303	2,514	5,989
35	Distribution				
36	Storage	(1,420)		(68,551)	(69,971)
37	Total Net Excess Or (Deficiency)	1,752	303	(66,037)	(63,982)
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	(1,752)	(303)	66,037	63,982
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	(1,752)	(303)	66,037	63,982
SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT					
66	Forwardhaul Volume in Dths for the Quarter	201,577,022			
67	Backhaul Volume in Dths for the Quarter				
68	TOTAL (Lines 66 and 67)	201,577,022			

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 2012/Q2
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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)		
31										
32										
33										
34	7,903	755	6,262	14,920						
35										
36	(2,864)		(138,212)	(141,076)						
37	5,039	755	(131,950)	(126,156)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	(5,039)	(755)	131,950	126,156					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	(5,039)	(755)	131,950	126,156						

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>2012/Q2</u>
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Shipper Supplied Gas for the Current Quarter

- 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.
- 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).
- 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).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- 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.
- 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).
- 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).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- 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	SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	406,181	67,250	419,319	892,750
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	406,181	67,250	419,319	892,750
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	296,746	49,131	306,344	652,221
12	Distribution				
13	Storage	299		14,416	14,715
14	Total gas used in compressors	297,045	49,131	320,760	666,936
15	LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	62,685	10,378	64,712	137,775
19	Distribution				
20	Storage	321		15,508	15,829
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	63,006	10,378	80,220	153,604
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	62,753	10,390	64,783	137,926
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	62,753	10,390	64,783	137,926

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>2012/Q2</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	819,066	135,610	845,558	1,800,234					805	805
5										
6										
7	819,066	135,610	845,558	1,800,234						
8										
9										
10										
11	594,026	98,351	613,239	1,305,616					854	810
12										
13	598		28,859	29,457					819	810
14	594,624	98,351	642,098	1,335,073						
15										
16										
17										
18	125,482	20,776	129,540	275,798					See footnote	812
19										
20	643		31,043	31,686					See footnote	812
21										
22	126,125	20,776	160,583	307,484						
23										
24										
25										
26	125,618	20,798	129,681	276,097					813	812
27										
28										
29										
30	125,618	20,798	129,681	276,097						

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 2012/Q2
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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)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	(16,003)	(2,649)	(16,520)	(35,172)
35	Distribution				
36	Storage	(620)		(29,924)	(30,544)
37	Total Net Excess Or (Deficiency)	(16,623)	(2,649)	(46,444)	(65,716)
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	16,623	2,649	46,444	65,716
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	16,623	2,649	46,444	65,716

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>2012/Q2</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)		
31										
32										
33										
34	(26,060)	(4,315)	(26,902)	(57,277)						
35										
36	(1,241)		(59,902)	(61,143)						
37	(27,301)	(4,315)	(86,804)	(118,420)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	27,301	4,315	86,804	118,420					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	27,301	4,315	86,804	118,420						

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>2012/Q2</u>
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Shipper Supplied Gas for the Current Quarter

- 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.
- 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).
- 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).
- Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
- Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
- 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.
- 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).
- 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).
- On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
- 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	SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	360,804	69,273	425,188	855,265
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	360,804	69,273	425,188	855,265
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	201,965	38,777	238,005	478,747
12	Distribution				
13	Storage	146		7,054	7,200
14	Total gas used in compressors	202,111	38,777	245,059	485,947
15	LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	46,145	8,859	54,378	109,382
19	Distribution				
20	Storage	236		11,379	11,615
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	46,381	8,859	65,757	120,997
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	(21,490)	(4,126)	(25,324)	(50,940)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	(21,490)	(4,126)	(25,324)	(50,940)

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 2012/Q2
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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	850,738	163,338	1,002,548	2,016,624					805	805
5										
6										
7	850,738	163,338	1,002,548	2,016,624						
8										
9										
10										
11	474,639	91,129	559,335	1,125,103					854	810
12										
13	344		16,577	16,921					819	810
14	474,983	91,129	575,912	1,142,024						
15										
16										
17										
18	107,982	20,732	127,252	255,966					See footnote	812
19										
20	554		26,742	27,296					See footnote	812
21										
22	108,536	20,732	153,994	283,262						
23										
24										
25										
26	(50,593)	(9,714)	(59,621)	(119,928)					813	812
27										
28										
29										
30	(50,593)	(9,714)	(59,621)	(119,928)						

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 2012/Q2
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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)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	134,184	25,763	158,129	318,076
35	Distribution				
36	Storage	(382)		(18,433)	(18,815)
37	Total Net Excess Or (Deficiency)	133,802	25,763	139,696	299,261
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	132,691	25,538	141,032	299,261
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas	132,691	25,538	141,032	299,261
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				

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 2012/Q2
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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	318,710	61,191	375,582	755,483						
35										
36	(898)		(43,319)	(44,217)						
37	317,812	61,191	332,263	711,266						
38										
39										
40										
41										
42	315,199	60,664	335,403	711,266					805	182.3
43										
44										
45										
46										
47										
48										
49										
50										
51	315,199	60,664	335,403	711,266						
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
Northern Natural Gas Company			2012/Q2
FOOTNOTE DATA			

Schedule Page: 110 Line No.: 60 Column: d

Prior year amounts have been reclassified to conform to current year presentation. These reclassifications did not impact the income and cash flow statements.

Schedule Page: 110 Line No.: 62 Column: d

Prior year amounts have been reclassified to conform to current year presentation. These reclassifications did not impact the income and cash flow statements.

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			2012/Q2
FOOTNOTE DATA			

Schedule Page: 112 Line No.: 51 Column: d

Prior year amounts have been reclassified to conform to current year presentation. These reclassifications did not impact the income and cash flow statements.

Schedule Page: 112 Line No.: 53 Column: d

Prior year amounts have been reclassified to conform to current year presentation. These reclassifications did not impact the income and cash flow statements.

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			2012/Q2
FOOTNOTE DATA			

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

The (\$860,319) 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: hedge the change in fair value of firm fixed-price gas sale and purchase contracts required for operational storage balancing purposes.

As of June 30, 2011, the fair value of the hedged items was (\$3,681,018) reported in account 242. The fair value of the hedging instruments was (\$380,670) reported in account 245 and \$4,415,426 was reported in account 176. Ineffectiveness gains of \$353,738 were reported in account 182.3.

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

The (\$3,164) pertains to natural gas commodity swaps.

Fair Value Hedges

As of June 30, 2012, there were no fair value hedges.

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			2012/Q2
FOOTNOTE DATA			

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

2012

	Dividends
January 17, 2012	\$ 91,000,000
February 16, 2012	30,000,000
Total	\$ <u>121,000,000</u>

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			2012/Q2
FOOTNOTE DATA			

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

	2012	2011
Regulatory assets	\$ 6,098,738	\$ 11,163,906
Debt discount and expense	440,151	466,151
Total	\$ 6,538,889	\$ 11,630,057

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

	2012	2011
Gas balancing activities	\$ 6,154,814	\$ (26,755,975)
Price risk management activities	13,090,573	(7,014,941)
Gain on the sale of assets	(500,558)	(1,214,912)
Post retirement benefits other than pension obligation payments	-	(33,725)
Prepayments and other assets	(393,909)	1,084,736
Total	\$ 18,350,920	\$ (33,934,817)

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

	2012	2011
Removal costs, net	\$ (905,312)	\$ (788,265)
Net increase (decrease) in payables and accrued expenses	8,160,174	(3,944,362)
Total	\$ 7,254,862	\$ (4,732,627)

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

	2012	2011
Sale of Plymouth station site and associated assets	\$ 60,000	\$ -
Sale of Anoka 1 land and associated assets	1,800	-
Sale of Faribault regulator station land and associated assets	1,900	-
Sale of Savannah, IA lines and associated assets	8,500	-
Sale of Milbank and Ortonville, SD lines and associated assets	-	4,500,000
Total	\$ 72,200	\$ 4,500,000

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 2012/Q2
Northern Natural Gas Company			
FOOTNOTE DATA			

Schedule Page: 210 Line No.: 3 Column: c

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

Plant Reserve

Accumulated Depreciation	\$ 32,528,311
Cost of Plant Retired	(29,773,632)
Accumulated Plant Reserve	\$ 2,754,679

Negative Salvage

Accumulated Provision	\$ 1,475,394
Cost of Removal	(603,629)
Net Negative Salvage Provision	\$ 871,765

Asset Retirement Obligation

Accumulated Depreciation on ARO Capitalized	\$ 2,506,925
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Asset Retirement Obligation (ARO) Allowance

Accumulated Cost of ARO Retirements	(\$ 32,787,763)
Accumulated ARO Allowance	13,878,322
Unrecovered Net ARO Costs	(\$ 18,909,441)
Accumulated Provision for Depreciation Gas Gathering	(\$ 12,776,072)

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 2012/Q2
Northern Natural Gas Company			
FOOTNOTE DATA			

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

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

Schedule Page: 232 Line No.: 19 Column: e

Derivative settlements that resulted in a net increase to the regulatory asset.

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			2012/Q2
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	Interest rate lock (ref. \$100M Sr. Notes due 5-1-2015)	Not applicable	Through 04/2015
8	Employee benefits	A107-1-000 & Order 710	

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 2012/Q2
Northern Natural Gas Company			
FOOTNOTE DATA			

Schedule Page: 520 Line No.: 3 Column: c

The 366,456 Dth represents gas purchases recorded to FERC account 803.

Schedule Page: 520 Line No.: 12 Column: c

The 49,256,458 Dth represents gas withdrawn from storage (includes third party and company owned gas).

Schedule Page: 520 Line No.: 15 Column: c

The 800,000 Dth represents gas received for Redfield base gas injection.

Schedule Page: 520 Line No.: 27 Column: c

The 18,072,316 Dth represents gas injected into storage (includes third party and company owned gas).

Schedule Page: 520 Line No.: 29 Column: c

	<u>Amount (Dth)</u>
Drip Shrinkage	12,559
Work Order	266,676
Gas Used in other O&M Operations	1,246,242
Total	<u>1,525,477</u>

Schedule Page: 520 Line No.: 3 Column: d

The 166,456 Dth represents gas purchases recorded to FERC account 803.

Schedule Page: 520 Line No.: 12 Column: d

The 8,073,112 Dth represents gas withdrawn from storage (includes third party and company owned gas).

Schedule Page: 520 Line No.: 15 Column: d

The 800,000 Dth represents gas received for Redfield base gas injection.

Schedule Page: 520 Line No.: 27 Column: d

The 8,049,081 Dth represents gas injected into storage (includes third party and company owned gas).

Schedule Page: 520 Line No.: 29 Column: d

Quarter to Date

	<u>Amount (Dth)</u>
Drip Shrinkage	6,480
Work Order	266,676
Gas Used in other O&M Operations	479,076
Total	<u>752,232</u>

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 2012/Q2
Northern Natural Gas Company			
FOOTNOTE DATA			

Schedule Page: 521 Line No.: 22 Column: e

Gas used for other operation purposes:

		<u>Month 1</u> <u>Gas Used (Dth)</u>		<u>Month 1</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	54,811	\$	110,510
Line Operations	856	131,092		264,287
Purification Underground Storage	821	4,430		8,932
Other Underground Storage Operations	817	10,406		20,981
Other Compressor Station Fuel	819	3,736		7,532
		<u>204,475</u>	\$	<u>412,242</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:

		<u>Month 2</u> <u>Gas Used (Dth)</u>		<u>Month 2</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	35,151	\$	70,365
Line Operations	856	102,624		205,433
Purification Underground Storage	821	3,427		6,860
Other Underground Storage Operations	817	9,578		19,173
Other Compressor Station Fuel	819	2,824		5,653
		<u>153,604</u>	\$	<u>307,484</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:

		<u>Month 3</u> <u>Gas Used (Dth)</u>		<u>Month 3</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	2,073	\$	4,872
Line Operations	856	107,309		251,094
Purification Underground Storage	821	2,768		6,505
Other Underground Storage Operations	817	6,312		14,834
Other Compressor Station Fuel	819	2,535		5,957
		<u>120,997</u>	\$	<u>283,262</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 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 2012/Q2
FOOTNOTE DATA			

Schedule Page: 521 Line No.: 44 Column: a

All excess gas is to be returned to shippers and is recorded in a volumetric tracker.

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 11,18,and 26 based on the throughput amounts shown for transmission shipper supplied gas on line 4.

The Respondent allocated discounted and recourse amounts for lines 13 and 20 based on the prior year annual percent of storage shipper supplied gas on line 6.

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 volumes excluding deliveries to pooling point and deferred delivery points other than Ogden, Iowa.