

THIS FILING IS

Item 1: ☒ An Initial (Original)  
Submission

OR ☐ Resubmission No. \_\_\_\_\_

Form 2 Approved  
OMB No.1902-0028  
(Expires 09/30/2017)

Form 3-Q Approved  
OMB No.1902-0205  
(Expires 11/30/2016)



# 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 2016/Q3



# QUARTERLY/ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES

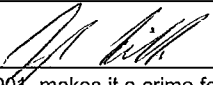
## IDENTIFICATION

01 Exact Legal Name of Respondent Northern Natural Gas Company		Year/Period of Report End of <u>2016/Q3</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 Joseph M. Lillo		06 Title of Contact Person Vice President - Finance	
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 402-398-7333		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 11/22/2016

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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2016/Q3
Northern Natural Gas Company			
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.

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

1. None

2. None

3. None

4. None

5. No important extensions or reductions of the Respondent's transmission system occurred pursuant to Section 7 of the Natural Gas Act and Part 157 of the regulations of the Federal Energy Regulatory Commission from July 1 through September 30, 2016.

#### BLANKET CERTIFICATE ACTIVITIES

No important extensions or reductions of the Respondent's transmission system occurred pursuant to its blanket certificate granted on September 1, 1982, in Docket No. CP82-401-000 from July 1 through September 30, 2016.

#### §311 FACILITIES

No important extensions or reductions of the Respondent's transmission system occurred pursuant to §311(a) of the Natural Gas Policy Act of 1978 from July 1 through September 30, 2016.

6. None

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			2016/Q3
Important Changes During the Quarter/Year			

7. None

8. None

9. Refer to Note 6 included in the Notes to Financial Statements on page 122.

10. None

11. None

12. Thomas G. Correll became Vice President, Pipeline Safety and Risk on July 6, 2016. Loyd D. Stephens became Vice President, Technical Services on July 6, 2016.

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 2016/Q3
Comparative Balance Sheet (Assets and Other Debits)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	3,923,725,839	3,838,473,638	
3	Construction Work in Progress (107)	200-201	72,324,135	52,872,790	
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	3,996,049,974	3,891,346,428	
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,309,928,528	1,284,588,325	
6	Net Utility Plant (Total of line 4 less 5)		2,686,121,446	2,606,758,103	
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)		2,686,121,446	2,606,758,103	
11	Utility Plant Adjustments (116)	122	0	0	
12	Gas Stored-Base Gas (117.1)	220	28,429,396	28,429,396	
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	6,032,960	7,410,082	
16	<b>OTHER PROPERTY AND INVESTMENTS</b>				
17	Nonutility Property (121)		0	0	
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0	
19	Investments in Associated Companies (123)	222-223	0	0	
20	Investments in Subsidiary Companies (123.1)	224-225	0	0	
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)				
22	Noncurrent Portion of Allowances		0	0	
23	Other Investments (124)	222-223	0	0	
24	Sinking Funds (125)		0	0	
25	Depreciation Fund (126)		0	0	
26	Amortization Fund - Federal (127)		0	0	
27	Other Special Funds (128)		37,619,293	37,639,147	
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)		37,619,293	37,639,147	
31	<b>CURRENT AND ACCRUED ASSETS</b>				
32	Cash (131)		( 6,467,521)	( 6,113,390)	
33	Special Deposits (132-134)		1,429,759	2,175,920	
34	Working Funds (135)		23,900	23,900	
35	Temporary Cash Investments (136)	222-223	110,261,460	33,612,440	
36	Notes Receivable (141)		0	0	
37	Customer Accounts Receivable (142)		33,375,462	65,149,717	
38	Other Accounts Receivable (143)		1,146,829	887,759	
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		0	0	
40	Notes Receivable from Associated Companies (145)		155,000,000	155,000,000	
41	Accounts Receivable from Associated Companies (146)		3,543,113	49,707,084	
42	Fuel Stock (151)		0	0	
43	Fuel Stock Expenses Undistributed (152)		0	0	

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Comparative Balance Sheet (Assets and Other Debits)(continued)					
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)	
44	Residuals (Elec) and Extracted Products (Gas) (153)		0	0	
45	Plant Materials and Operating Supplies (154)		26,607,786	26,839,547	
46	Merchandise (155)		0	0	
47	Other Materials and Supplies (156)		0	0	
48	Nuclear Materials Held for Sale (157)		0	0	
49	Allowances (158.1 and 158.2)		0	0	
50	(Less) Noncurrent Portion of Allowances		0	0	
51	Stores Expense Undistributed (163)		0	0	
52	Gas Stored Underground-Current (164.1)	220	0	0	
53	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	0	0	
54	Prepayments (165)	230	15,683,805	4,237,714	
55	Advances for Gas (166 thru 167)		0	0	
56	Interest and Dividends Receivable (171)		0	0	
57	Rents Receivable (172)		0	0	
58	Accrued Utility Revenues (173)		0	0	
59	Miscellaneous Current and Accrued Assets (174)		3,936,183	7,331,589	
60	Derivative Instrument Assets (175)		6,081	0	
61	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0	
62	Derivative Instrument Assets - Hedges (176)		0	0	
63	(Less) Long-Term Portion of Derivative Instrument Assests - Hedges (176)		0	0	
64	TOTAL Current and Accrued Assets (Total of lines 32 thru 63)		344,546,857	338,852,280	
65	DEFERRED DEBITS				
66	Unamortized Debt Expense (181)		4,113,493	4,436,986	
67	Extraordinary Property Losses (182.1)	230	0	0	
68	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0	
69	Other Regulatory Assets (182.3)	232	157,122,932	159,221,184	
70	Preliminary Survey and Investigation Charges (Electric)(183)		0	0	
71	Preliminary Survey and Investigation Charges (Gas)(183.1 and 183.2)		389,232	537,463	
72	Clearing Accounts (184)		0	0	
73	Temporary Facilities (185)		0	0	
74	Miscellaneous Deferred Debits (186)	233	2,226,211	3,733,586	
75	Deferred Losses from Disposition of Utility Plant (187)		0	0	
76	Research, Development, and Demonstration Expend. (188)		0	0	
77	Unamortized Loss on Reacquired Debt (189)		0	0	
78	Accumulated Deferred Income Taxes (190)	234-235	100,664,850	127,453,870	
79	Unrecovered Purchased Gas Costs (191)		0	0	
80	TOTAL Deferred Debits (Total of lines 66 thru 79)		264,516,718	295,383,089	
81	TOTAL Assets and Other Debits (Total of lines 10-15,30,64,and 80)		3,408,478,202	3,355,683,629	

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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 2016/Q3
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		55,106,857	62,660,132	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		32,425,535	30,994,470	
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		98,960,061	102,924,324	
36	CURRENT AND ACCRUED LIABILITIES				
37	Current Portion of Long-Term Debt		0	0	
38	Notes Payable (231)		0	0	
39	Accounts Payable (232)		40,478,412	31,236,127	
40	Notes Payable to Associated Companies (233)		0	0	
41	Accounts Payable to Associated Companies (234)		1,094,682	967,409	
42	Customer Deposits (235)		11,878,337	16,481,123	
43	Taxes Accrued (236)	262-263	49,669,009	49,464,756	
44	Interest Accrued (237)		6,772,222	12,259,722	
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)		823,587	1,019,322	
49	Miscellaneous Current and Accrued Liabilities (242)	268	20,033,176	16,746,193	
50	Obligations Under Capital Leases-Current (243)		0	0	
51	Derivative Instrument Liabilities (244)		68,767,713	74,482,899	
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		55,106,857	62,660,132	
53	Derivative Instrument Liabilities - Hedges (245)		0	0	
54	(Less) Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
55	TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54)		144,410,281	139,997,419	
56	DEFERRED CREDITS				
57	Customer Advances for Construction (252)		3,418,522	1,582,356	
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	0	0	
61	Other Regulatory Liabilities (254)	278	32,030,183	34,508,824	
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)		826,499,470	794,184,530	
65	Accumulated Deferred Income Taxes - Other (283)		71,768,324	72,986,424	
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		933,716,499	903,262,134	
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		3,408,478,202	3,355,683,629	

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 2016/Q3
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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	442,307,696	471,342,131	112,588,465	104,950,556
3	Operating Expenses					
4	Operation Expenses (401)	317-325	105,908,567	135,119,544	36,557,792	32,038,696
5	Maintenance Expenses (402)	317-325	36,408,087	45,899,194	14,636,092	19,089,084
6	Depreciation Expense (403)	336-338	49,260,902	46,066,572	16,478,311	15,490,177
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	6,078,727	5,846,537	2,055,356	1,975,808
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	0	0	0
13	(Less) Regulatory Credits (407.4)		0	0	0	0
14	Taxes Other than Income Taxes (408.1)	262-263	43,291,260	42,257,021	13,382,118	14,123,736
15	Income Taxes-Federal (409.1)	262-263	25,819,253	37,138,343	( 8,037,335)	( 2,083,700)
16	Income Taxes-Other (409.1)	262-263	5,292,826	5,992,744	( 1,371,197)	( 1,245,057)
17	Provision of Deferred Income Taxes (410.1)	234-235	81,635,561	86,475,782	30,896,719	22,140,551
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	44,375,009	63,711,023	13,520,698	13,781,953
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)		309,320,174	341,084,714	91,077,158	87,747,342
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		132,987,522	130,257,417	21,511,307	17,203,214

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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)		132,987,522	130,257,417	21,511,307	17,203,214
28	<b>OTHER INCOME AND DEDUCTIONS</b>					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		0	0	0	0
33	Revenues from Nonutility Operations (417)		0	0	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		205	54	205	54
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	0	0
37	Interest and Dividend Income (419)		1,048,259	951,117	442,319	272,085
38	Allowance for Other Funds Used During Construction (419.1)		2,391,984	2,336,098	1,087,082	986,173
39	Miscellaneous Nonoperating Income (421)		2,163,834	4,397,762	963,144	1,286,462
40	Gain on Disposition of Property (421.1)		0	( 200)	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		5,603,872	7,684,723	2,492,340	2,544,666
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	121,781	157,904	76,021	70,605
46	Life Insurance (426.2)		0	0	0	0
47	Penalties (426.3)		0	0	0	0
48	Expenditures for Certain Civic, Political and Related Activities (426.4)		8,463	113,043	3,165	6,571
49	Other Deductions (426.5)		336,434	186,001	101,482	112,537
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	466,678	456,948	180,668	189,713
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	( 15,063,201)	( 14,508,186)	( 4,879,087)	( 4,895,627)
54	Income Taxes-Other (409.2)	262-263	( 3,350,657)	( 3,227,200)	( 1,085,304)	( 1,088,983)
55	Provision for Deferred Income Taxes (410.2)	234-235	23,451,993	23,466,158	7,981,074	7,943,136
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	2,826,685	2,803,972	1,078,684	1,032,629
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)		2,211,450	2,926,800	937,999	925,897
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		2,925,744	4,300,975	1,373,673	1,429,056
61	<b>INTEREST CHARGES</b>					
62	Interest on Long-Term Debt (427)		29,212,500	30,920,834	9,737,500	9,737,500
63	Amortization of Debt Disc. and Expense (428)	258-259	369,888	320,894	125,049	118,942
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	16,099	47,263	4,690	6,022
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		561,495	654,604	255,908	276,354
70	Net Interest Charges (Total of lines 62 thru 69)		29,036,992	30,634,387	9,611,331	9,586,110
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		106,876,274	103,924,005	13,273,649	9,046,160
72	<b>EXTRAORDINARY ITEMS</b>					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		106,876,274	103,924,005	13,273,649	9,046,160

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### Statement of Accumulated Comprehensive Income and Hedging Activities

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.

Line No.	Item	Unrealized Gains and Losses on available-for-sale securities	Minimum Pension liability Adjustment (net amount)	Foreign Currency Hedges	Other Adjustments
	(a)	(b)	(c)	(d)	(e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Quarter/Year to Date Reclassifications from Account 219 to Net Income				
3	Preceding Quarter/Year to Date Changes in Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Quarter/Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Quarter/Year to Date Reclassifications from Account 219 to Net Income				
8	Current Quarter/Year to Date Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Quarter/Year				

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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		428,170,158	347,716,981
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)		106,876,274	103,924,005
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	85,000,000	
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)		450,046,432	451,640,986
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		450,046,432	451,640,986
21	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis no Quarterly			
22	Balance-Beginning of Year (Debit or Credit)			
23	Equity in Earnings for Year (Credit) (Account 418.1)			
24	(Less) Dividends Received (Debit)			
25	Other Changes (Explain)			
26	Balance-End of Year			

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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)	106,876,274	103,924,005
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	55,339,629	51,913,109
5	Amortization of (Specify) (footnote details)	8,228,021	8,143,101
6	Deferred Income Taxes (Net)	57,885,860	43,426,945
7	Investment Tax Credit Adjustments (Net)		
8	Net (Increase) Decrease in Receivables	78,259,950	71,478,500
9	Net (Increase) Decrease in Inventory	413,302	( 6,600)
10	Net (Increase) Decrease in Allowances Inventory		
11	Net Increase (Decrease) in Payables and Accrued Expenses	( 11,941,720)	( 5,898,919)
12	Net (Increase) Decrease in Other Regulatory Assets	( 3,886,198)	( 18,532,217)
13	Net Increase (Decrease) in Other Regulatory Liabilities	( 1,425,033)	( 1,122,249)
14	(Less) Allowance for Other Funds Used During Construction	2,391,984	2,336,098
15	(Less) Undistributed Earnings from Subsidiary Companies		
16	Other (footnote details):	( 4,509,382)	8,344,077
17	Net Cash Provided by (Used in) Operating Activities		
18	(Total of Lines 2 thru 16)	282,848,719	259,333,654
19			
20	Cash Flows from Investment Activities:		
21	Construction and Acquisition of Plant (including land):		
22	Gross Additions to Utility Plant (less nuclear fuel)	( 134,120,049)	( 126,399,331)
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	( 2,391,984)	( 2,336,098)
27	Other (footnote details):	12,119,560	( 23,354,283)
28	Cash Outflows for Plant (Total of lines 22 thru 27)	( 119,608,505)	( 147,417,516)
29			
30	Acquisition of Other Noncurrent Assets (d)		
31	Proceeds from Disposal of Noncurrent Assets (d)	500	
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)	( 4,496,029)	( 4,454,926)
39	Proceeds from Sales of Investment Securities (a)	2,550,204	2,213,012

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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)	( 121,553,830)	( 149,659,430)	
50				
51	Cash Flows from Financing Activities:			
52	Proceeds from Issuance of:			
53	Long-Term Debt (b)			
54	Preferred Stock			
55	Common Stock			
56	Other (footnote details): Debt issuance costs			
57	Net Increase in Short-term Debt (c)			
58	Other: Proceeds from redemption of promissory notes from BHE		70,000,000	
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)		70,000,000	
60				
61	Payments for Retirement of:			
62	Long-Term Debt (b)		( 100,000,000)	
63	Preferred Stock			
64	Common Stock			
65	Other (footnote details): Issuances of promissory notes to BHE		( 50,000,000)	
66	Net Decrease in Short-Term Debt (c)			
67				
68	Dividends on Preferred Stock			
69	Dividends on Common Stock	( 85,000,000)		
70	Net Cash Provided by (Used in) Financing Activities			
71	(Total of lines 59 thru 69)	( 85,000,000)	( 80,000,000)	
72				
73	Net Increase (Decrease) in Cash and Cash Equivalents			
74	(Total of line 18, 49 and 71)	76,294,889	29,674,224	
75				
76	Cash and Cash Equivalents at Beginning of Period	27,522,950	46,901,005	
77				
78	Cash and Cash Equivalents at End of Period	103,817,839	76,575,229	

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 2016/Q3
Northern Natural Gas Company			
Notes to Financial Statements			

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 Berkshire Hathaway Energy Company ("BHE"), a holding company that owns subsidiaries principally engaged in the energy business. BHE 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 in the northern part of its system, 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 in the southern part of its system, 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, gas marketing companies,

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industrial and commercial users and other end-users. The System consists of 14,700 miles of natural gas pipelines, including 6,300 miles of mainline transmission pipelines and 8,400 miles of branch and lateral pipelines, with a Market Area design capacity of 5.7 billion cubic feet ("Bcf") per day and a Field Area delivery capacity of 1.7 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 2.0 Bcf per day of peak delivery capability. The System is configured with approximately 2,300 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 Respondent has no subsidiaries and does not hold a controlling financial interest in any other entity. The unaudited 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 2015 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 unaudited Financial Statements as of September 30, 2016 and for the nine-month periods ended September 30, 2016 and 2015. The results of operations for the nine-month period ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year. The Respondent has evaluated subsequent events through November 22, 2016, 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 unaudited Financial Statements and the reported amounts of revenue 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, 2015 describes the most significant accounting policies used in the preparation of the unaudited Financial Statements. There have been no significant changes in the Respondent's assumptions regarding significant accounting estimates and policies during the nine-month period ended September 30, 2016.

## (2) New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-15, which amends FASB Accounting Standards Codification ("ASC") Topic 230, "Statement of Cash Flows." The amendments in this guidance address the classification of eight specific cash flow issues within the statement of cash flows with the objective of reducing the existing diversity in practice. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted, and is required to be adopted

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retrospectively. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, which creates FASB ASC Topic 842, "Leases" and supersedes Topic 840 "Leases." This guidance increases transparency and comparability among entities by recording lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous guidance. This guidance is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted, and is required to be adopted using a modified retrospective approach. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements and disclosures included within Notes to Financial Statements.

In May 2014, the FASB issued ASU No. 2014-09, which creates FASB ASC Topic 606, "Revenue from Contracts with Customers" and supersedes ASC Topic 605, "Revenue Recognition." The guidance replaces industry-specific guidance and establishes a single five-step model to identify and recognize revenue. The core principle of the guidance is that an entity should recognize revenue upon transfer of control of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Additionally, the guidance requires the entity to disclose further quantitative and qualitative information regarding the nature and amount of revenues arising from contracts with customers, as well as other information about the significant judgments and estimates used in recognizing revenues from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year to interim and annual reporting periods beginning after December 15, 2017. During 2016, the FASB issued several ASUs that clarify the implementation guidance for ASU No. 2014-09 but do not change the core principle of the guidance. This guidance may be adopted retrospectively or under a modified retrospective method where the cumulative effect is recognized at the date of initial application. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements and disclosures included within Notes to Financial Statements.

### (3) Employee Benefit Plans

The Respondent is a participant in benefit plans sponsored by MidAmerican Energy Company ("MEC"), an indirect wholly owned subsidiary of BHE. 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 plan and other postretirement plan totaled \$0.7 million and \$0.6 million for the nine-month periods ended September 30, 2016 and 2015, respectively. As of September 30, 2016, the Respondent recorded in other long-term liabilities its portion of the under funded status of the pension plan and in other assets its portion of the over funded status of the other postretirement plan of \$5.1 million and \$23.9 million, respectively. As of December 31, 2015, the Respondent recorded in other long-term liabilities its portion of the under funded status of the pension plan and in other assets its portion of the over funded status of the other postretirement plan of \$5.1 million and \$23.0 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement. Offsetting regulatory assets and liabilities have been recorded related to the amounts not yet recognized as a component of net periodic benefit costs that will be included in regulated rates.

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#### (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 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, 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 and to hedge the margin on anticipated future PDD storage contracts.

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 0.9 Bcf of natural gas through October 2022 to meet these requirements based on an average system requirements factor of 0.9% 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 September 30, 2016, the Respondent had entered into swap agreements covering 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 5 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):

	Derivative Assets		Derivative Liabilities		
	Current	Noncurrent	Current	Noncurrent	Total
<b>As of September 30, 2016</b>					
<b>Not designated as hedging contracts<sup>(1)</sup>:</b>					
Commodity assets	\$ 6	\$ —	\$ 136	\$ 1	\$ 143
Commodity liabilities	—	—	(13,797)	(55,108)	(68,905)
Total	6	—	(13,661)	(55,107)	(68,762)
<b>Total derivatives - net basis<sup>(2)</sup></b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ (13,661)</b>	<b>\$ (55,107)</b>	<b>\$ (68,762)</b>
<b>As of December 31, 2015</b>					
<b>Not designated as hedging contracts<sup>(1)</sup>:</b>					
Commodity liabilities	\$ —	\$ —	\$ (12,303)	\$ (62,660)	\$ (74,963)
Total	—	—	(12,303)	(62,660)	(74,963)
<b>Total derivatives</b>	<b>—</b>	<b>—</b>	<b>(12,303)</b>	<b>(62,660)</b>	<b>(74,963)</b>
Cash collateral receivable	—	—	480	—	480
<b>Total derivatives - net basis<sup>(2)</sup></b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (11,823)</b>	<b>\$ (62,660)</b>	<b>\$ (74,483)</b>

(1) The Respondent's commodity derivatives not designated as hedging contracts are generally included in regulated rates, and as of September 30, 2016 and December 31, 2015, a regulatory asset of \$68.8 million and \$75.0 million, respectively, was recorded related to the net derivative liability of \$68.8 million and \$74.5 million, respectively.

(2) The net notional amounts of outstanding commodity derivative contracts with fixed price terms that comprise the mark-to-market values included above are 11 million and 14 million dth of natural gas purchases as of September 30, 2016 and December 31, 2015, respectively.

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*Not Designated as Hedging Contracts*

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

	2016	2015
<b>Beginning balance</b>	\$ 74,963	\$ 68,753
Changes in fair value recognized in regulatory assets	3,723	15,120
Net (losses) gains reclassified to operating revenues	(152)	1,380
Net losses reclassified to operating expenses	(9,772)	(8,431)
<b>Ending balance</b>	\$ 68,762	\$ 76,822

*Designated as Hedging Contracts*

The following table reconciles the beginning and ending balances of the Respondent's accumulated other comprehensive (income) 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 nine-month periods ended September 30 (in thousands):

	2016	2015
<b>Beginning balance</b>	\$ —	\$ (822)
Changes in fair value recognized in OCI	(51)	(1,117)
Net gains reclassified to operating revenues	51	1,142
<b>Ending balance</b>	\$ —	\$ (797)

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 nine-month periods ended September 30, 2016 and 2015, hedge ineffectiveness was insignificant.

*Credit Risk*

The Respondent is exposed to counterparty credit risk associated with wholesale energy supply and marketing activities with other utilities, energy marketing companies, financial institutions and other market participants. Credit risk may be concentrated to the extent the Respondent's counterparties have similar economic, industry or other characteristics and due to direct or indirect relationships among the counterparties. Before entering into a transaction, the Respondent analyzes the financial condition of each significant wholesale counterparty, 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 further mitigate wholesale counterparty credit risk, the Respondent enters into netting and collateral arrangements that may include margining and cross-product netting agreements and obtain third-party guarantees, letters of credit and cash deposits. If required, the Respondent exercises rights under these arrangements, including calling on the counterparty's credit support arrangement.

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### *Collateral and Contingent Features*

In accordance with industry practice, certain derivative contracts contain credit support provisions that in part base certain collateral requirements on credit ratings for senior unsecured debt as reported by one or more of the three recognized credit rating agencies. 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") or provide the right for counterparties to demand "adequate assurance," or in some cases terminate the contract, in the event of a material adverse change in creditworthiness. These rights can vary by contract and by counterparty. As of September 30, 2016, 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 \$68.8 million and \$75.0 million as of September 30, 2016 and December 31, 2015, respectively, for which the Respondent had posted collateral of \$- million and \$0.5 million, respectively, in the form of cash deposits. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of September 30, 2016 and December 31, 2015, the Respondent would have been required to post \$68.8 million and \$74.5 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) Fair Value Measurements**

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

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

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

	Input Levels for Fair Value Measurements				
	Level 1	Level 2	Level 3	Other <sup>(1)</sup>	Total
<b>As of September 30, 2016</b>					
<b>Assets:</b>					
Commodity derivatives	\$ —	\$ 143	\$ —	\$ (137)	\$ 6
Money market mutual funds <sup>(2)</sup>	119,843	—	—	—	119,843
Investment funds	4,294	—	—	—	4,294
	<u>\$ 124,137</u>	<u>\$ 143</u>	<u>\$ —</u>	<u>\$ (137)</u>	<u>\$ 124,143</u>
<b>Liabilities - commodity derivatives</b>					
	<u>\$ —</u>	<u>\$ (68,905)</u>	<u>\$ —</u>	<u>\$ 137</u>	<u>\$ (68,768)</u>
<b>As of December 31, 2015</b>					
<b>Assets:</b>					
Money market mutual funds <sup>(2)</sup>	\$ 44,112	\$ —	\$ —	\$ —	\$ 44,112
Investment funds	2,124	—	—	—	2,124
	<u>\$ 46,236</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 46,236</u>
<b>Liabilities - commodity derivatives</b>					
	<u>\$ —</u>	<u>\$ (74,483)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (74,483)</u>

(1) Represents netting under master netting arrangements.

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

Derivative contracts are recorded on the Balance Sheets as either assets or liabilities and are stated at estimated fair value unless they are designated as normal purchases or normal sales and qualify for the exception afforded by GAAP. 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 and crude oil 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.

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The Respondent's investments in money market mutual funds are accounted for as available-for-sale securities and are stated at fair value. Investment funds are accounted for as trading securities and are stated at fair value. Trading securities are carried at fair value with realized and unrealized gains and losses recognized in earnings. 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.

## (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 migrated from its former certificated storage field boundaries near Cunningham, Kansas and was 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 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 either acquired leases or purchased the property on 3,696 acres, or 30% 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. The federal district court established a three-person compensation commission in September 2012, to determine the value of the interests to be taken. In March 2014, the federal district court found that the Respondent must compensate the defendants for all gas in the extension area, including storage gas. The condemnation panel issued a report in August 2014, recommending a total award of \$7.3 million. The federal district court issued a decision in February 2015, adopting the condemnation panel's recommendations. The Respondent filed its appeal of the final condemnation order to the Tenth Circuit Court of Appeals in November 2015. All of the defendants have cross-appealed. The Respondent and the defendants have filed briefs and oral argument is set for November 2016.
- 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 nuisance, conversion and unjust enrichment related to the storage gas losses from the June 2010 FERC order through February 2011 after which the third-party wells in the extension area were shut-in. The conversion and unjust enrichment claims have been dismissed, but the nuisance claim remains. Discovery has been stayed pending the conclusion of the condemnation action discussed above. In May 2016, the court issued an order lifting the stay that had been in place since August 2011. A scheduling conference with the magistrate was held in July 2016. The magistrate established dates for amending pleadings and discovery; however, a trial date was not set.
- In December 2009, the Respondent filed a lawsuit in the 13<sup>th</sup> Judicial District, District Court, Pratt County, Kansas ("Pratt County State District Court") against ONEOK Field Services Company ("ONEOK") and Lumen Energy Corporation ("Lumen") 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

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Respondent does not have title to storage gas that has migrated beyond adjoining property. The Respondent appealed the decision and in March 2013, the Kansas Supreme Court determined that the Respondent lost title to storage gas when it migrated and was produced beyond one mile of the storage field certificated boundaries. The case has been remanded for a determination of the Respondent's recovery of conversion damages from ONEOK and Lumen for storage gas produced after the June 2010 FERC order. In August 2014, the Pratt County State District Court granted the producers' motion for summary judgment, finding the Respondent did not have a viable conversion claim related to the gas produced after June 2, 2010. The Respondent filed a motion to modify the summary judgment ruling which was heard in October 2014. In June 2015, the court indicated an order would be entered denying the Respondent's motion, but no order has been issued. The proceeds from June 2010 through February 2011 when the wells were shut-in will continue to be held in suspense pending appeal with the Kansas Supreme Court. The Respondent has valued these amounts at approximately \$4.7 million.

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 in December 2011, at the request of the Respondent. The case will likely remain stayed.

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 \$44.4 million and \$41.6 million for the nine-month periods ended September 30, 2016 and 2015, 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 \$4.2 million and \$3.9 million for the nine-month periods ended September 30, 2016 and 2015, respectively. MEC also provided electricity and other services to the Respondent of \$0.5 million and \$0.6 million for the nine-month periods ended September 30, 2016 and 2015, respectively. The Respondent reimbursed MEC \$44.2 million and \$41.7 million for the nine-month periods ended September 30, 2016 and 2015, respectively, for payroll, healthcare benefits and other benefit payments that MEC processed on behalf of the Respondent.

BHE provides certain administrative and management services, including executive, financial, legal and tax, to the Respondent. Expenses incurred by BHE and billed to the Respondent are based on the individual services and expense items provided and were \$1.9 million and \$1.7 million for the nine-month periods ended September 30, 2016 and 2015, respectively. Income tax transactions with BHE resulted in net receipts of \$16.9 million and \$5.0 million for the nine-month periods ended September 30, 2016 and 2015, respectively.

As of September 30, 2016 and December 31, 2015, the Respondent had accounts payable to BHE and certain subsidiaries for intercompany transactions totaling \$1.1 million and \$1.0 million, respectively. The Respondent also had accounts receivable from affiliates of \$3.5 million and \$8.0 million as of September 30, 2016 and December 31, 2015, respectively.

The Respondent provides certain administrative and management services, including executive, financial, regulatory, legal, information technology, human resources and procurement, to Kern River Gas Transmission Company ("Kern

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River"), an indirect wholly owned subsidiary of BHE. The Respondent billed Kern River \$1.1 million and \$0.9 million for the nine-month periods ended September 30, 2016 and 2015, respectively, for these services.

The Respondent possesses demand promissory notes from BHE. The balance of the demand promissory notes as of September 30, 2016 and December 31, 2015 was \$155.0 million. The notes contain variable interest rates based on 30-day LIBOR plus a fixed spread per annum. Interest income of \$1.0 million and \$0.8 million was recorded for the nine-month periods ended September 30, 2016 and 2015, respectively.

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Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion				
Line No.	Item (a)	Total Company For the Current Quarter/Year		
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)	3,708,638,513		
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	214,984,145		
7	Experimental Plant Unclassified			
8	TOTAL Utility Plant (Total of lines 3 thru 7)	3,923,622,658		
9	Leased to Others			
10	Held for Future Use	103,181		
11	Construction Work in Progress	72,324,135		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Total of lines 8 thru 12)	3,996,049,974		
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,309,928,528		
15	Net Utility Plant (Total of lines 13 and 14)	2,686,121,446		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	1,202,903,551		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights	8,010,373		
21	Amortization of Other Utility Plant	98,911,423		
22	TOTAL In Service (Total of lines 18 thru 21)	1,309,825,347		
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)	1,309,928,528		

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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		3,708,638,513		
4				
5				
6		214,984,145		
7				
8		3,923,622,658		
9				
10		103,181		
11		72,324,135		
12				
13		3,996,049,974		
14		1,309,928,528		
15		2,686,121,446		
16				
17				
18		1,202,903,551		
19				
20		8,010,373		
21		98,911,423		
22		1,309,825,347		
23				
24				
25				
26				
27				
28		103,181		
29				
30		103,181		
31				
32				
33		1,309,928,528		

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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	145,225,616	70,442,158
2	Productions-Manufactured Gas		
3	Production and Gathering-Natural Gas	6,686,757	( 4,155,821)
4	Products Extraction-Natural Gas		
5	Underground Gas Storage	456,060,684	156,989,971
6	Other Storage Plant	101,768,187	45,836,179
7	Base Load LNG Terminaling and Processing Plant	7,456,379	923,620
8	Transmission	3,119,106,798	1,001,568,989
9	Distribution		
10	General	87,318,237	38,220,251
11	TOTAL (total of lines 1 thru 10)	3,923,622,658	1,309,825,347

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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	605,030	31,252	928	84,738		551,544
2							
3	Asset retirement obligation	28,436,655	410,812				28,847,467
4							
5	Deferred FERC annual charge	356,417	1,349,300	928	356,417		1,349,300
6							
7	Deferred income taxes for AFUDC equity	21,157,869	718,770	421	93,610		21,783,029
8							
9	Smartpigging/hydrostatic testing	29,836,632	2,715,844	833,863	2,100,800		30,451,676
10							
11	Unrealized loss on derivatives, net	69,861,367	2,009,078	483,803	3,108,810		68,761,635
12							
13	Interest rate lock	227,869		428	10,475		217,394
14							
15	Defined benefit pension plan	5,100,607	1,532				5,102,139
16							
17	Carlton resolution credits	549		131			549
18							
19	Encroachment revaluation		58,199	813			58,199
20							
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40	Total	155,582,995	7,294,787		5,754,850	0	157,122,932

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<b>Other Regulatory Liabilities (Account 254)</b>							
<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	Penalty and Deferred Delivery Variance Charge Revenue Crediting Mechanism	521,228	131			77,197	598,425
2							
3	Employee benefits	23,601,425	128	203,062		500,905	23,899,268
4							
5	Encroachment revaluation	1,444,708	182.3	1,444,708			
6							
7	Fuel, unaccounted for, and other trackers	7,876,177	182.3	3,868,431		3,524,744	7,532,490
8							
9							
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45	Total	33,443,538		5,516,201	0	4,102,846	32,030,183

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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)	1,039,850			2,434,727	2,434,727
2	Transportation of Gas for Others (489.2 and 489..3)					
3	CS-1					
4	TF	26,359,330		37,469	9,110,669	9,148,138
5	TFX	55,043,099		78,272	17,529,236	17,607,508
6	GS-T					
7	TI	4,435,661		5,886	293,376	299,262
8	LDS	7,114			36,594	36,594
9	SMS	1,381,260			845,813	845,813
10	Less: CS-1 units					
11	Less: SMS & LDS units in other rates schedules	-1,388,374				
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>2016/Q3</u>
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Monthly Quantity & Revenue Data by Rate Schedule

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

Line No.	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	373,260			820,245	820,245	53,754			159,889	159,889
2										
3										
4	26,021,786		36,657	9,133,760	9,170,417	26,975,189		37,585	9,112,766	9,150,351
5	53,203,191		75,677	17,707,045	17,782,722	47,280,420		64,208	17,830,798	17,895,006
6										
7	4,485,067		6,089	300,652	306,741	4,159,879		5,796	334,015	339,811
8	7,002			12,171	12,171	4,638			13,833	13,833
9	1,348,034			845,122	845,122	1,452,662			847,388	847,388
10										
11	-1,355,036					-1,457,300				
12										
13										
14										
15										
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Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item  (a)	Month 1 Quantity  (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA)  (d)	Month 1 Revenue (Other)  (e)	Month 1 Revenue (Total)  (f)
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60						
61						
62						
63	Total Transportation (Other than Gathering)	85,838,090		121,627	27,815,688	27,937,315
64	Storage (489.4)					
65	FDD-1	408,618			6,807,148	6,807,148
66	IDD-1	1,753,581			305,753	305,753
67	PDD-1	17,270,692			1,409,248	1,409,248
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	19,432,891			8,522,149	8,522,149
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues					
96	Products Sales and Extraction (490-492)	3,072			22,232	22,232
97	Rents (493-494)				5,332	5,332
98	Other Gas Revenues (495)				33,906	33,906
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues	3,072			61,470	61,470
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	106,313,903		121,627	38,834,034	38,955,661

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**Monthly Quantity & Revenue Data by Rate Schedule (continued)**

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
48										
49										
50										
51										
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63	83,710,044		118,423	27,998,750	28,117,173	78,415,488		107,589	28,138,800	28,246,389
64										
65	582,347			6,852,844	6,852,844	566,379			6,855,306	6,855,306
66	1,393,842			311,419	311,419	2,211,626			220,121	220,121
67	9,541,194			1,024,869	1,024,869	862,142			919,202	919,202
68										
69										
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84										
85										
86										
87										
88										
89										
90	11,517,383			8,189,132	8,189,132	3,640,147			7,994,629	7,994,629
91										
92										
93										
94										
95										
96	1,414			3,555	3,555	1,534			9,461	9,461
97				4,732	4,732				5,452	5,452
98				42,440	42,440				39,707	39,707
99										
100	1,414			50,727	50,727	1,534			54,620	54,620
101	95,602,101		118,423	37,058,854	37,177,277	82,110,923		107,589	36,347,938	36,455,527



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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		
6	(761-769) Maintenance		
7	Total Natural Gas Production and Gathering (lines 5 and 6)		
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	13,880,734	
20	(804) Natural Gas City Gate Purchases		
21	(804.1) Liquefied Natural Gas Purchases		
22	(805) Other Gas Purchases	( 1,942,904)	
23	(805.1) (Less) Purchase Gas Cost Adjustments		
24	Total Purchased Gas (lines 15 through 23)	11,937,830	
25	(806) Exchange Gas	139,475	
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	30,029,935	
34	(808.2) (Less) Gas Delivered to Storage - Credit	34,273,081	
35	(809.1) Withdrawals of Liquefield 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	13,590,555	
39	(811) Gas Used for Products Extraction - Credit		
40	(812) Gas Used for Other Utility Operations - Credit	5,921,701	
41	Total Gas Used in Utility Operations - Credit (Lines 38 thru 40)	19,512,256	
42	(813) Other Gas Supply Expense	6,579,704	
43	Total Other Gas Supply Expenses (Lines 24, 25, 32, 33, thru 36, 42, less 41)	( 5,098,393)	
44	Total Production Expenses (Lines 3,7,11,12, and 43)	( 5,098,393)	

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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	7,414,399	
4	(830-837) Maintenance	7,691,693	
5	Total Underground Storage Expenses (Lines 3 and 4)	15,106,092	
6	OTHER STORAGE EXPENSES		
7	(840-842.3) Operations	2,373,672	
8	(843.1-843.9) Maintenance	1,759,466	
9	Total Other Storage Expenses (lines 7 and 8)	4,133,138	
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	4,431,393	
17	(851) System Control and Load Dispatching	2,245,705	
18	(852) Communication System Expenses	987,382	
19	(853) Compressor Station Labor and Expenses	7,057,249	
20	(854) Gas for Compressor Station Fuel	12,607,899	
21	(855) Other Fuel and Power for Compressor Stations	2,320,222	
22	(856) Mains Expenses	13,765,228	
23	(857) Measuring and Regulating Station Expenses	3,217,948	
24	(858) Transmission and Compression of Gas by Others	3,406	
25	(859) Other Expenses	1,409,759	
26	(860) Rents	178,218	
27	Total Transmission Operation Expenses (Lines 16 through 26)	48,224,409	
28	Transmission Maintenance Expenses		
29	(861) Maintenance Supervision and Engineering		
30	(862) Maintenance of Structures and Improvements	748,053	
31	(863) Maintenance of Mains	13,539,093	
32	(864) Maintenance of Compressor Station Equipment	10,001,871	
33	(865) Maintenance of Measuring and Regulating Equipment	1,953,207	
34	(866) Maintenance of Communication Equipment	86,485	
35	(867) Maintenance of Other Equipment	628,219	
36	Total Transmission Maintenance Expenses (Lines 29 through 35)	26,956,928	
37	Total Transmission Expenses (lines 27 and 36)	75,181,337	
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)	94,420,567	



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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 403.1, 404.1, 404.2, 404.3, 405) (Except Amort of Acquisition Adjustments)**

1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Other Gas Plant (Accounts 404.1, 404.2 and 404.3) (d)
1	Intangible Plant	0	0	4,819,297
2	Production Plant, Manufacturing Plant	0	0	0
3	Production and Gathering Plant - Natural Gas	2,990,157	0	0
4	Products Extraction - Natural Gas	0	0	0
5	Underground Gas Storage Plant	4,369,921	0	213,829
6	Other Storage Plant	934,160	0	0
7	Base Load LNG Terminating and Processing Plant	177,063	0	0
8	Processing Plant	0	0	0
9	Transmission Plant	35,426,838	0	1,045,601
10	Distribution Plant	0	0	0
11	General Plant	5,362,763	0	0
12	Common Plant	0	0	0
13	TOTAL GAS (Lines 1 through 12)	49,260,902	0	6,078,727



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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)		2,029,400	310,000
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	798,906,667	247,963,622
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307	103,525,931	51,738,816
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	1,417,786	159,170
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)		53,939,994	4,560,424
13	Gas Received from Shippers as Compressor Station Fuel		9,735,931	2,567,885
14	Gas Received from Shippers as Lost and Unaccounted for		( 1,393,316)	( 622,022)
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		968,162,393	306,677,895
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		2,359,313	1,466,864
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	798,906,667	247,963,622
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307	95,989,967	16,571,826
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	1,068,465	578,374
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)		60,481,141	37,952,138
28	Gas Used for Compressor Station Fuel	509	6,544,470	1,277,157
29	Other Deliveries and Gas Used for Other Operations		1,963,081	383,477
30	Total Deliveries (Total of lines 18 thru 29)		967,313,104	306,193,458
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		849,289	484,437
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		968,162,393	306,677,895

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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	246,970	14,818	205,752	467,540
5	Distribution				
6	Storage	1,578		132,077	133,655
7	Total Shipper Supplied Gas	248,548	14,818	337,829	601,195
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	175,742	10,547	146,429	332,718
12	Distribution				
13	Storage	148		12,371	12,519
14	Total gas used in compressors	175,890	10,547	158,800	345,237
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	48,162	2,890	40,130	91,182
19	Distribution				
20	Storage	125		10,476	10,601
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	48,287	2,890	50,606	101,783
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	( 26,747)	( 1,605)	( 22,286)	( 50,638)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	( 26,747)	( 1,605)	( 22,286)	( 50,638)

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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	616,327	36,989	513,528	1,166,844					805	805
5										
6	3,937		329,759	333,696					805	805
7	620,264	36,989	843,287	1,500,540						
8										
9										
10										
11	438,774	26,333	365,590	830,697					854	810
12										
13	369		30,887	31,256					819	810
14	439,143	26,333	396,477	861,953						
15										
16										
17										
18	120,867	7,254	100,707	228,828					See footnote	812
19										
20	312		26,156	26,468					See footnote	812
21										
22	121,179	7,254	126,863	255,296						
23										
24										
25										
26	( 66,751)	( 4,006)	( 55,617)	( 126,374)					813	812
27										
28										
29										
30	( 66,751)	( 4,006)	( 55,617)	( 126,374)						

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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)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	49,813	2,986	41,479	94,278
35	Distribution				
36	Storage	1,305		109,230	110,535
37	<b>Total Net Excess Or (Deficiency)</b>	<b>51,118</b>	<b>2,986</b>	<b>150,709</b>	<b>204,813</b>
38	<b>DISPOSITION OF EXCESS GAS:</b>				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers	51,118	2,986	150,709	204,813
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	<b>51,118</b>	<b>2,986</b>	<b>150,709</b>	<b>204,813</b>
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
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	<b>Total Gas Acquired To Meet Deficiency</b>				

**SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT**

66	Forwardhaul Volume in Dths for the Quarter	247,963,622
67	Backhaul Volume in Dths for the Quarter	
68	<b>TOTAL (Lines 66 and 67)</b>	<b>247,963,622</b>

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3
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Shipper Supplied Gas for the Current Quarter (continued)										
Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1	Month 1
	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)	Account(s) Debited (n)	Account(s) Credited (o)
31										
32										
33										
34	123,437	7,408	102,848	233,693						
35										
36	3,256		272,716	275,972						
37	126,693	7,408	375,564	509,665						
38										
39										
40										
41										
42	126,693	7,408	375,564	509,665					805	182.3
43										
44										
45										
46										
47										
48										
49										
50										
51	126,693	7,408	375,564	509,665						
52										
53										
54										
55										
56										
57										
58										
59										
60										
61										
62										
63										
64										
65										

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q3
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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	277,190	18,985	207,990	504,165
5	Distribution				
6	Storage	711		138,837	139,548
7	Total Shipper Supplied Gas	277,901	18,985	346,827	643,713
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	213,237	14,622	159,985	387,844
12	Distribution				
13	Storage	245		47,839	48,084
14	Total gas used in compressors	213,482	14,622	207,824	435,928
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	53,963	3,700	40,486	98,149
19	Distribution				
20	Storage	50		9,726	9,776
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	54,013	3,700	50,212	107,925
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	99,886	6,849	74,942	181,677
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	99,886	6,849	74,942	181,677

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 2016/Q3
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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	736,703	50,517	552,729	1,339,949					805	805
5										
6	1,889		368,445	370,334					805	805
7	738,592	50,517	921,174	1,710,283						
8										
9										
10										
11	566,697	38,859	425,178	1,030,734					854	810
12										
13	652		127,136	127,788					819	810
14	567,349	38,859	552,314	1,158,522						
15										
16										
17										
18	143,410	9,834	107,597	260,841					See footnote	812
19										
20	133		25,848	25,981					See footnote	812
21										
22	143,543	9,834	133,445	286,822						
23										
24										
25										
26	266,120	18,248	199,663	484,031					813	812
27										
28										
29										
30	266,120	18,248	199,663	484,031						

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 2016/Q3
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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	( 89,896)	( 6,186)	( 67,423)	( 163,505)
35	Distribution				
36	Storage	416		81,272	81,688
37	Total Net Excess Or (Deficiency)	( 89,480)	( 6,186)	13,849	( 81,817)
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		( 89,480)	( 6,186)	13,849	( 81,817)
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	( 89,480)	( 6,186)	13,849	( 81,817)

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 2016/Q3	
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	( 239,524)	( 16,424)	( 179,709)	( 435,657)						
35										
36	1,104		215,461	216,565						
37	( 238,420)	( 16,424)	35,752	( 219,092)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	( 238,420)	( 16,424)	35,752	( 219,092)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	( 238,420)	( 16,424)	35,752	( 219,092)						

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 2016/Q3
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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	293,271	21,522	240,854	555,647
5	Distribution				
6	Storage	512		144,796	145,308
7	Total Shipper Supplied Gas	293,783	21,522	385,650	700,955
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	227,502	16,681	186,856	431,039
12	Distribution				
13	Storage	227		64,726	64,953
14	Total gas used in compressors	227,729	16,681	251,582	495,992
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	84,903	6,225	69,734	160,862
19	Distribution				
20	Storage	19		5,413	5,432
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	84,922	6,225	75,147	166,294
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	186,523	13,677	153,198	353,398
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	186,523	13,677	153,198	353,398

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 2016/Q3
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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	788,094	57,786	647,289	1,493,169					805	805
5										
6	1,366		388,949	390,315					805	805
7	789,460	57,786	1,036,238	1,883,484						
8										
9										
10										
11	611,322	44,824	502,099	1,158,245					854	810
12										
13	611		173,924	174,535					819	810
14	611,933	44,824	676,023	1,332,780						
15										
16										
17										
18	228,143	16,728	187,381	432,252					See footnote	812
19										
20	51		14,545	14,596					See footnote	812
21										
22	228,194	16,728	201,926	446,848						
23										
24										
25										
26	501,208	36,750	411,659	949,617					813	812
27										
28										
29										
30	501,208	36,750	411,659	949,617						

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 2016/Q3
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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)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	( 205,657)	( 15,061)	( 168,934)	( 389,652)
35	Distribution				
36	Storage	266		74,657	74,923
37	<b>Total Net Excess Or (Deficiency)</b>	( 205,391)	( 15,061)	( 94,277)	( 314,729)
38	<b>DISPOSITION OF EXCESS GAS:</b>				
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	<b>Total Disposition Of Excess Gas</b>				
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
53	System gas				
54	Purchased gas				
55	Other (list)				
56		( 205,391)	( 15,061)	( 94,277)	( 314,729)
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</b>	( 205,391)	( 15,061)	( 94,277)	( 314,729)

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 2016/Q3
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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	( 552,579)	( 40,516)	( 453,850)	( 1,046,945)						
35										
36	704		200,480	201,184						
37	( 551,875)	( 40,516)	( 253,370)	( 845,761)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	( 551,875)	( 40,516)	( 253,370)	( 845,761)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	( 551,875)	( 40,516)	( 253,370)	( 845,761)						

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  2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 110 Line No.: 32 Column: c**

The book overdraft position reflected in Cash (Account 131) is offset with investment amounts at the same financial institution, which are included in Temporary Cash Investments (Account 136). The financial institution holds the right to offset the amounts.

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 2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

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

The \$306,827 pertains to natural gas commodity swaps.

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 2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

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

**2016 Dividends**

January 25, 2016	\$	40,000,000
February 18, 2016		45,000,000
Total	\$	<u>85,000,000</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			2016/Q3
FOOTNOTE DATA			

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

	2016	2015
Regulatory assets	\$ 7,858,133	\$ 7,822,207
Debt discount and expense	369,888	320,894
Total	\$ 8,228,021	\$ 8,143,101

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

	2016	2015
Gas balancing activities	\$ (202,145)	\$ (1,393,644)
Price risk management activities	(6,201,267)	8,068,438
Prepayments and other assets	1,894,030	1,669,283
Total	\$ (4,509,382)	\$ 8,344,077

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

	2016	2015
Removal costs, net	\$ -	\$ (6,430,874)
Net increase (decrease) in payables and accrued expenses	12,119,560	(16,923,409)
Total	\$ 12,119,560	\$ (23,354,283)

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

	2016	2015
Elmwood #1 TBS (Parcel 2) land sale	\$ 500	\$ -

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			2016/Q3
FOOTNOTE DATA			

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

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

Plant Reserve

Accumulated Depreciation	\$ 32,676,000
Cost of Plant Retired	( 39,915,158)
Accumulated Plant Reserve	(\$ 7,239,158)

Negative Salvage

Accumulated Provision	\$ 1,509,891
Cost of Removal	( 603,629)
Negative Salvage Provision	\$ 906,262

Asset Retirement Obligation

Accumulated Depreciation on ARO Capitalized	\$ 4,520,977
---	--------------

Asset Retirement Obligation (ARO) Allowance

Accumulated ARO Allowance	\$ 30,705,261
Accumulated Cost of ARO Retirements	( 33,049,163)
Unrecovered Net ARO Costs	(\$ 2,343,902)

Accumulated Provision for Depreciation Gas Gathering	(\$ 4,155,821)
--	----------------

The ARO allowance is booked to the accumulated depreciation reserve for transmission and production and gathering plant based on cost incurred to settle asset retirement obligations for each classification.

**Schedule Page: 210 Line No.: 8 Column: c**

Total includes \$1,554,681 accumulated annual ARO allowance, \$2,837,296 of accumulated cost of transmission ARO retirements, and \$15,133,295 of accumulated depreciation on capitalized ARO. The ARO allowance is booked to the accumulated depreciation reserve for gas transmission and production and gathering based on the cost incurred to settle asset retirement obligations for each classification.

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 2016/Q3
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	Asset retirement obligation	RP04-155	
5	Deferred FERC annual charge	18 CFR Sec 154.402	12 months ending September
7	Deferred income taxes associated with AFUDC equity	RP04-155	Based on life of plant
9	Smartpigging/hydrostatic testing	RP04-155	Over 84 months
11	Unrealized loss on derivatives, net	Orders 552 & 627	
13	Interest rate lock (ref. \$200M Sr Notes due 6-1-2021)	Not applicable	Through 05/2021
15	Defined benefit pension plan	AI07-1-000 & Order 710	
17	Carlton resolution credits	RP01-382	
19	Encroachment revaluation	Orders 552 & 627	

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			2016/Q3
FOOTNOTE DATA			

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

Regulatory Authorization

Line No.	Description	Regulatory Citation	Amortization Period
1	Penalty and deferred delivery variance charge revenue crediting mechanism	Order 637 A	
3	Employee benefits	A107-1-000 & Order 710	
5	Encroachment revaluation	Orders 552 & 627	
7	Fuel and storage, unaccounted for gas, and electrical compression trackers	RP97-275	

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  2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

**Schedule Page: 339 Line No.: 3 Column: b**

The Respondent's annual FAS 143 allowance of \$4,325,087 is recorded as negative salvage with 1/12 of the annual allowance charged monthly to Account 403 Depreciation expense and related credits accumulated in a "negative salvage for ARO" subaccount of Account 108 Accumulated provision for depreciation. Actual costs of removal (asset removal costs) are charged against this accumulated allowance account as incurred.

**Schedule Page: 339 Line No.: 13 Column: c**

The Respondent's annual FAS 143 allowance of \$4,325,087 is charged to Account 403 depreciation expense, similar to Respondent's negative salvage depreciation allowance for its offshore assets. As a result of this recovery method, all accretion and depreciation expense related to asset retirement obligations are cleared from Account 411.10 accretion expense and Account 403.1 depreciation expense for Asset Retirement Obligations and deferred as a regulatory asset in Account 182.3. Therefore, Respondent does not reflect any net expense in Accounts 411.10 or 403.1 related to asset retirement obligations.

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 2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

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

The 2,029,400 Dth represents gas purchases recorded to FERC account 803.

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

The 53,939,994 Dth represents gas withdrawn from storage (includes third party and company owned gas).

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

The 60,481,141 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	15,334
Work Order Adjustment	13,541
Gas Used in other O&M Operations	1,934,206
Total	<u>1,963,081</u>

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

The 310,000 Dth represents gas purchases recorded to FERC account 803.

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

The 4,560,424 Dth represents gas withdrawn from storage (includes third party and company owned gas).

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

The 37,952,138 Dth represents gas injected into storage (includes third party and company owned gas).

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

	<u>Amount (Dth)</u>
Drip Shrinkage	6,020
Work Order Adjustment	1,455
Gas Used in other O&M Operations	376,002
Total	<u>383,477</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 2016/Q3
Northern Natural Gas Company			
FOOTNOTE DATA			

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

**Gas used for other operation purposes:**

		<b>Month 1</b> <b>Gas Used (Dth)</b>	<b>Month 1</b> <b>Amount (\$)</b>
LNG Compressor Station Fuel	842.1	3	7
Line Operations	856	91,179	228,821
Purification Underground Storage	821	1,972	4,924
Other Underground Storage Operations	817	5,584	13,942
Other Compressor Station Fuel	819	3,045	7,602
		<u>101,783</u>	<u>\$ 255,296</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: s**

**Gas used for other operation purposes:**

		<b>Month 2</b> <b>Gas Used (Dth)</b>	<b>Month 2</b> <b>Amount (\$)</b>
LNG Compressor Station Fuel	842.1	0	0
Line Operations	856	98,149	260,841
Purification Underground Storage	821	1,681	4,468
Other Underground Storage Operations	817	5,356	14,234
Other Compressor Station Fuel	819	2,739	7,279
		<u>107,925</u>	<u>\$ 286,822</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 which is not considered shipper supplied gas.

**Schedule Page: 521 Line No.: 22 Column: gg**

**Gas used for other operation purposes:**

		<b>Month 3</b> <b>Gas Used (Dth)</b>	<b>Month 3</b> <b>Amount (\$)</b>
LNG Compressor Station Fuel	842.1	3	8
Line Operations	856	160,859	432,244
Purification Underground Storage	821	373	1,002
Other Underground Storage Operations	817	3,210	8,626
Other Compressor Station Fuel	819	1,849	4,968
		<u>166,294</u>	<u>\$ 446,848</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 which is 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 2016/Q3
FOOTNOTE DATA			

**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 exclude deliveries to pooling and deferred delivery points other than Ogden, Iowa.

**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 14, 22 and 30 based on the corresponding functional category line for shipper supplied gas.