

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/Q4



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholder of  
Northern Natural Gas Company  
Omaha, Nebraska

We have audited the accompanying financial statements of Northern Natural Gas Company (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2016, and the related statements of income — regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 122 of the accompanying Federal Energy Regulatory Commission Form 2, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities and proprietary capital of Northern Natural Gas Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

**Basis of Accounting**

As discussed in Note 2 to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Restricted Use**

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

Omaha, Nebraska  
April 17, 2017

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

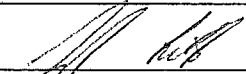
**IDENTIFICATION**

01 Exact Legal Name of Respondent Northern Natural Gas Company		Year/Period of Report End of <u>2016/Q4</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1111 South 103rd Street, Omaha, NE 68124			
05 Name of Contact Person 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)	

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

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

11 Name Joseph M. Lillo		12 Title Vice President - Finance	
13 Signature  /s/ Joseph M. Lillo		14 Date Signed 04/18/2017	

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

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**List of Schedules (Natural Gas Company)**

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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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/Q4</u>
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**List of Schedules (Natural Gas Company) (continued)**

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

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
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76	Stockholder's Reports (check appropriate box)			
	<input type="checkbox"/> Four copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2016/Q4</u>
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**General Information**

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

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

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

Delaware, 7/14/1986

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

NA

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

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

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

(1) ☐ Yes... Enter the date when such independent accountant was initially engaged:

(2) ☒ No



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### Control Over Respondent

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

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

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

Line No.	Company Name (a)	Type of Control (b)	State of Incorporation (c)	Percent Voting Stock Owned (d)
1	Berkshire Hathaway Inc.	M	DE	89.85
2	Berkshire Hathaway Energy Company	I	IA	100.00
3	NNGC Acquisition, LLC	D	DE	100.00
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2016/Q4</u>
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## Security Holders and Voting Powers

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants,

1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:

08/09/2016

2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.

Total: 1002

By Proxy:

3. Give the date and place of such meeting:

08/09/2016 by written consent

Line No.	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		4. Number of votes as of (date): 08/09/2016			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
5	TOTAL votes of all voting securities	1,002	1,002		
6	TOTAL number of security holders	1	1		
7	TOTAL votes of security holders listed below	1,002	1,002		
8					
9	NNGC Acquisition, LLC	1,002	1,002		
10	666 Grand Avenue, Suite 500, Des Moines, IA 50309-2580				
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

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/Q4
<b>Important Changes During the Quarter/Year</b>			

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

- Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
- Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
- Purchase or sale of an operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
- Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
- Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service.

Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.

- Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
- Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
- State the estimated annual effect and nature of any important wage scale changes during the year.
- State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
- Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
- Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
- Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
- In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

1. None

2. None

3. On November 23, 2016, Respondent Sold to WTG (alias West Texas Gas) Hugoton LP Sublette, Kansas compressor station plant that is summarized below. This sale was made under Respondent's blanket certificate CP82-401. Proposed accounting entries were filed on April 17, 2017.

**Plant Sold as Operating Unit:**

One 16,400 gallon condensate storage tank (Tank No. 4) along with a drip and 1,145 feet of 4-inch diameter and 925 feet of 2-inch diameter drain lines which deliver condensate and water to the above described tank. Also, approximately 760 feet of the 20-inch diameter discharge pipeline to Mullinville and approximately 337 feet of the 16-inch diameter Dehydration System Discharge line.

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 January 1 through December 31, 2016.

**BLANKET CERTIFICATE ACTIVITIES**

CP15-162-000

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2016/Q4
Important Changes During the Quarter/Year			

Pursuant to Northern's blanket authority granted September 1, 1982, in Docket No. CP82-401-000 and the prior notice provisions in section 157.208 of the Commission's regulations, Northern received authorization to construct and operate a new compressor station with a 15,900-horsepower unit located in Winkler County, Texas. The compressor station was ready for service March 1, 2016. In addition to the new compressor station, Respondent modified its existing Oasis Waha interconnect located in Pecos County, Texas, and the Seminole compressor station located in Gaines County, Texas, pursuant to Respondent's blanket certificate and Section 157.208(a) of the Commission's regulations. The modified interconnect and compressor station were ready for service February 9, 2016, and March 30, 2016, respectively.

#### §311 FACILITIES

No important extensions or reductions of the Respondent's transmission system occurred pursuant to §311(a) of the Natural Gas Policy Act of 1978 from January 1 through December 31, 2016.

6. None

7. None

8. None

9. Refer to Note 12 included in the Notes to the Financial Statements on page 122.

10. None

11. None

12. None

13. Not applicable

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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/Q4
<b>Comparative Balance Sheet (Assets and Other Debits)</b>					
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	3,995,661,549	3,838,473,638	
3	Construction Work in Progress (107)	200-201	58,819,542	52,872,790	
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	4,054,481,091	3,891,346,428	
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,320,392,762	1,284,588,325	
6	Net Utility Plant (Total of line 4 less 5)		2,734,088,329	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)		2,734,088,329	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	7,624,545	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)		38,336,262	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)		38,336,262	37,639,147	
31	<b>CURRENT AND ACCRUED ASSETS</b>				
32	Cash (131)		( 7,952,848)	( 6,113,390)	
33	Special Deposits (132-134)		3,022,540	2,175,920	
34	Working Funds (135)		23,900	23,900	
35	Temporary Cash Investments (136)	222-223	56,326,887	33,612,440	
36	Notes Receivable (141)		0	0	
37	Customer Accounts Receivable (142)		73,208,556	65,149,717	
38	Other Accounts Receivable (143)		1,938,832	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)		8,707,580	49,707,084	
42	Fuel Stock (151)		0	0	
43	Fuel Stock Expenses Undistributed (152)		0	0	



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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/Q4</u>
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		50,507,167	62,660,132	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		32,676,417	30,994,470	
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		96,744,198	102,924,324	
36	<b>CURRENT AND ACCRUED LIABILITIES</b>				
37	Current Portion of Long-Term Debt		0	0	
38	Notes Payable (231)		0	0	
39	Accounts Payable (232)		44,811,741	31,236,127	
40	Notes Payable to Associated Companies (233)		0	0	
41	Accounts Payable to Associated Companies (234)		1,252,921	967,409	
42	Customer Deposits (235)		13,159,359	16,481,123	
43	Taxes Accrued (236)	262-263	54,399,983	49,464,756	
44	Interest Accrued (237)		12,259,722	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)		1,100,982	1,019,322	
49	Miscellaneous Current and Accrued Liabilities (242)	268	23,682,723	16,746,193	
50	Obligations Under Capital Leases-Current (243)		0	0	
51	Derivative Instrument Liabilities (244)		64,532,387	74,482,899	
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		50,507,167	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)		164,692,651	139,997,419	
56	<b>DEFERRED CREDITS</b>				
57	Customer Advances for Construction (252)		6,095,852	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	36,683,605	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)		857,430,863	794,184,530	
65	Accumulated Deferred Income Taxes - Other (283)		71,299,756	72,986,424	
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		971,510,076	903,262,134	
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		3,441,846,179	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 <u>2016/Q4</u>
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**Statement of Income**

**Quarterly**

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

**Annual or Quarterly, if applicable**

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

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
1	UTILITY OPERATING INCOME					
2	Gas Operating Revenues (400)	300-301	636,449,699	659,878,377	0	0
3	Operating Expenses					
4	Operation Expenses (401)	317-325	149,376,885	174,321,445	0	0
5	Maintenance Expenses (402)	317-325	58,228,858	61,621,032	0	0
6	Depreciation Expense (403)	336-338	66,207,179	62,321,312	0	0
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338	0	0	0	0
8	Amortization and Depletion of Utility Plant (404-405)	336-338	8,153,175	7,880,019	0	0
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	57,118,801	55,433,507	0	0
15	Income Taxes-Federal (409.1)	262-263	26,124,411	( 15,723,536)	0	0
16	Income Taxes-Other (409.1)	262-263	12,147,931	( 5,325,900)	0	0
17	Provision of Deferred Income Taxes (410.1)	234-235	156,479,829	219,896,201	0	0
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	91,198,272	96,332,219	0	0
19	Investment Tax Credit Adjustment-Net (411.4)		0	0	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	7,421	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)		442,638,797	464,099,282	0	0
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		193,810,902	195,779,095	0	0

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2016/Q4</u>
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**Statement of Income**

Line No.	Elec. Utility Current Year to Date (in dollars) (g)	Elec. Utility Previous Year to Date (in dollars) (h)	Gas Utility Current Year to Date (in dollars) (i)	Gas Utility Previous Year to Date (in dollars) (j)	Other Utility Current Year to Date (in dollars) (k)	Other Utility Previous Year to Date (in dollars) (l)
1						
2	0	0	636,449,699	659,878,377	0	0
3						
4	0	0	149,376,885	174,321,445	0	0
5	0	0	58,228,858	61,621,032	0	0
6	0	0	66,207,179	62,321,312	0	0
7	0	0	0	0	0	0
8	0	0	8,153,175	7,880,019	0	0
9	0	0	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
12	0	0	0	0	0	0
13	0	0	0	0	0	0
14	0	0	57,118,801	55,433,507	0	0
15	0	0	26,124,411	( 15,723,536)	0	0
16	0	0	12,147,931	( 5,325,900)	0	0
17	0	0	156,479,829	219,896,201	0	0
18	0	0	91,198,272	96,332,219	0	0
19	0	0	0	0	0	0
20	0	0	0	0	0	0
21	0	0	0	7,421	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	442,638,797	464,099,282	0	0
26	0	0	193,810,902	195,779,095	0	0

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**Statement of Income(continued)**

Line No.	Title of Account  (a)	Reference Page Number  (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current Three Months Ended Quarterly Only No Fourth Quarter (e)	Prior Three Months Ended Quarterly Only No Fourth Quarter (f)
27	Net Utility Operating Income (Carried forward from page 114)		193,810,902	195,779,095	0	0
28	<b>OTHER INCOME AND DEDUCTIONS</b>					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		429	0	0	0
33	Revenues from Nonutility Operations (417)		0	0	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		330	54	0	0
35	Nonoperating Rental Income (418)		0	0	0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	0	0
37	Interest and Dividend Income (419)		1,550,757	1,234,282	0	0
38	Allowance for Other Funds Used During Construction (419.1)		3,282,009	3,150,380	0	0
39	Miscellaneous Nonoperating Income (421)		3,140,284	4,724,540	0	0
40	Gain on Disposition of Property (421.1)		1,782	( 200)	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		7,974,073	9,108,948	0	0
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		3,504	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	257,538	360,402	0	0
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)		6,384	120,345	0	0
49	Other Deductions (426.5)		457,418	349,403	0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	724,844	830,150	0	0
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	( 20,270,118)	( 20,114,753)	0	0
54	Income Taxes-Other (409.2)	262-263	( 4,507,809)	( 4,467,471)	0	0
55	Provision for Deferred Income Taxes (410.2)	234-235	31,596,701	31,711,386	0	0
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	3,837,441	3,796,001	0	0
57	Investment Tax Credit Adjustments-Net (411.5)		0	0	0	0
58	(Less) Investment Tax Credits (420)		0	0	0	0
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		2,981,333	3,333,161	0	0
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		4,267,896	4,945,637	0	0
61	<b>INTEREST CHARGES</b>					
62	Interest on Long-Term Debt (427)		38,950,000	40,658,334	0	0
63	Amortization of Debt Disc. and Expense (428)	258-259	495,885	440,740	0	0
64	Amortization of Loss on Reacquired Debt (428.1)		0	0	0	0
65	(Less) Amortization of Premium on Debt-Credit (429)	258-259	0	0	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	0	0
67	Interest on Debt to Associated Companies (430)	340	0	0	0	0
68	Other Interest Expense (431)	340	24,135	55,202	0	0
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		770,153	882,721	0	0
70	Net Interest Charges (Total of lines 62 thru 69)		38,699,867	40,271,555	0	0
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		159,378,931	160,453,177	0	0
72	<b>EXTRAORDINARY ITEMS</b>					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		159,378,931	160,453,177	0	0

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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  (a)	Unrealized Gains and Losses on available-for-sale securities (b)	Minimum Pension liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (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)		159,378,931	160,453,177
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	160,000,000	80,000,000
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)		427,549,089	428,170,158
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		427,549,089	428,170,158
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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<b>Statement of Cash Flows</b>				
<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>				
Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year	
1	Net Cash Flow from Operating Activities			
2	Net Income (Line 72(c) on page 116)	159,378,931	160,453,177	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	74,360,354	70,201,331	
5	Amortization of (Specify)	10,930,868	10,858,484	
6	Deferred Income Taxes (Net)	93,040,817	151,479,367	
7	Investment Tax Credit Adjustments (Net)			
8	Net (Increase) Decrease in Receivables	33,534,518	( 6,549,359)	
9	Net (Increase) Decrease in Inventory	( 950,670)	( 514,774)	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	11,990,383	( 5,246,193)	
12	Net (Increase) Decrease in Other Regulatory Assets	( 667,620)	( 17,077,098)	
13	Net Increase (Decrease) in Other Regulatory Liabilities	167,918	( 1,675,203)	
14	(Less) Allowance for Other Funds Used During Construction	3,282,009	3,150,380	
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other:	( 11,455,291)	3,491,469	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of Lines 2 thru 16.)	367,048,199	362,270,821	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)	( 201,275,337)	( 192,782,223)	
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	( 3,282,009)	( 3,150,380)	
27	Other:	13,589,993	( 29,762,987)	
28	Cash Outflows for Plant (Total of lines 22 thru 27.)	( 184,403,335)	( 219,394,830)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)	224,719		
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)	( 4,524,169)	( 4,467,058)	
39	Proceeds from Sales of Investment Securities (a)	2,550,204	2,213,012	

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<b>Statement of Cash Flows (continued)</b>				
Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year	
40	Loans Made or Purchased			
41	Collections on Loans			
42				
43	Net (Increase) Decrease in Receivables			
44	Net (Increase) Decrease in Inventory			
45	Net (Increase) Decrease in Allowance Held for Speculation			
46	Net Increase (Decrease) in Payables and Accrued Expenses			
47	Other: Cost from disposal of asset	( 20,629)		
48	Net Cash Provided by (Used in) Investing Activities			
49	(Total of lines 28 thru 47.?)	( 186,173,210)	( 221,648,876)	
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: Debt issuance costs			
57	Net Increase in Short-Term Debt (c)			
58	Other: Loans to 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: Issuance 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	( 160,000,000)	( 80,000,000)	
70	Net Cash Provided by (Used in) Financing Activities			
71	(Total of lines 59 thru 69)	( 160,000,000)	( 160,000,000)	
72				
73	Net Increase (Decrease) in Cash and Cash Equivalents			
74	(Total of Line 18, 49 and 71)	20,874,989	( 19,378,055)	
75				
76	Cash and Cash Equivalents at Beginning of Year	27,522,950	46,901,005	
77				
78	Cash and Cash Equivalents at End of Year	48,397,939	27,522,950	

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/Q4
<b>Notes to Financial Statements</b>			

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 items. See General Instruction 17 of the Uniform System of Accounts.
8. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
9. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e., production, gathering), major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
10. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers or that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
11. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
12. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
13. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
14. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
15. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

## (1) Organization and Operations

Northern Natural Gas Company (the "Respondent") is an indirect wholly owned subsidiary of Berkshire Hathaway Energy Company ("BHE"), a holding company that owns subsidiaries principally engaged in energy businesses. 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 west Texas to Michigan's Upper Peninsula (the "System"). The Respondent primarily transports and stores natural gas for utilities, municipalities, gas marketing companies and industrial and commercial users. The System consists of two commercial segments. 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 System consists of 14,700 miles of natural gas pipelines, including 6,300 miles of

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mainline transmission pipelines and 8,400 miles of branch and lateral pipelines, with a Market Area design capacity of 5.8 billion cubic feet ("Bcf") per day, a Field Area delivery capacity of 1.7 Bcf per day to the Market Area and 1.1 Bcf per day to the West Texas area and over 73 Bcf of firm service and operational storage cycle capacity in five storage facilities. 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 1.0 trillion cubic feet of natural gas to its customers annually.

## (2) Summary of Significant Accounting Policies

### *Basis of Presentation*

The Respondent has no subsidiaries and does not hold a controlling financial interest in any other entity. The financial statements and supporting schedules were prepared in accordance with the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC"). The FERC-approved tariff establishes rates, terms and conditions under which the Respondent provides services to its customers. The Uniform System of Accounts is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). Financial accounting and reporting differences between FERC and GAAP for the Respondent are principally related to account classifications such as but not limited to: Costs incurred and revenues collected for future plant retirement costs are classified as a regulatory liability for GAAP and as accumulated provision for depreciation for FERC; and deferred tax assets and liabilities are presented as gross assets and liabilities for FERC purposes, but are netted for GAAP.

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

The preparation of the Financial Statements in conformity with FERC guidelines requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates include, but are not limited to, the effects of regulation; unbilled revenue; income taxes; valuation of certain financial assets and liabilities, including derivative contracts; long-lived asset recovery; asset retirement obligations ("AROs"); and accounting for contingencies. Actual results may differ from the estimates used in preparing the Financial Statements. The Respondent has evaluated subsequent events through April 18, 2017, which is the date the audited Financial Statements were available to be issued.

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

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

The Respondent continually evaluates the applicability of the guidance for regulated operations and whether its regulatory assets and liabilities are probable of inclusion in future regulated rates by considering factors such as a change in the regulator's approach to setting regulated rates from cost-based ratemaking to another form of regulation, other regulatory actions or the impact of competition that could limit the Respondent's ability to recover its costs. The Respondent believes the application of the guidance for regulated operations is appropriate and its existing regulatory assets and liabilities are

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probable of inclusion in future regulated rates. The evaluation reflects the current political and regulatory climate at the federal level. If it becomes no longer probable that the deferred costs or income will be included in future regulated rates, the related regulatory assets and liabilities will be written-off to net income, returned to customers or re-established as accumulated other comprehensive income ("AOCI").

#### *Fair Value Measurements*

As defined under GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Adjustments to transaction prices or quoted market prices may be required in illiquid or disorderly markets in order to estimate fair value. Different valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not under duress. Nonperformance or credit risk is considered in determining fair value. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

#### *Cash Equivalents and Restricted Cash*

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

#### *Allowance for Doubtful Accounts*

Accounts receivable are stated at the outstanding principal amount, net of an estimated allowance for doubtful accounts. The allowance for doubtful accounts is based on the Respondent's assessment of the collectibility of amounts owed to the Respondent by its customers. This assessment requires judgment regarding the ability of customers to pay or the outcome of any pending disputes. As of December 31, 2016 and 2015, the allowance for doubtful accounts totaled \$0.4 million and \$0.1 million, respectively, and is included in customer accounts receivable and other accounts receivable on the Balance Sheets.

#### *Transportation Imbalances*

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

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### *Inventories*

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

### *Derivatives*

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

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

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

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

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

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### *Utility Plant, Net*

#### *General*

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

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

The Respondent capitalizes debt and equity AFUDC, which represents the cost of debt and equity funds necessary to finance the construction of regulated facilities, as a component of utility plant, with offsetting credits to the Statements of Income. AFUDC is computed based on guidelines set forth by the FERC.

AFUDC on borrowed funds totaled \$0.8 million and \$0.9 million for the years ended December 31, 2016 and 2015, respectively, and is included in interest expense on the Statements of Income. AFUDC on equity funds totaled \$3.3 million and \$3.2 million for the years ended December 31, 2016 and 2015, respectively, and is included in other income on the Statements of Income.

#### *System Gas*

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

#### *Asset Retirement Obligations*

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



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the related ARO asset net of accumulated depreciation and the ARO regulatory asset are cleared against the ARO liability. ARO settlement costs are charged to the accumulated depreciation reserve and are collected from the Respondent's customers through a provision in the Respondent's rates.

### *Impairment*

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

### *Revenue Recognition*

Revenue from customers is recognized as natural gas is delivered or services are provided. Revenue recognized includes billed and unbilled amounts. As of December 31, 2016 and 2015, unbilled revenue was \$7.7 million and \$6.0 million, respectively, and is included in customer accounts receivable on the Balance Sheets. The Respondent's transportation and storage revenue is primarily derived from fixed reservation charges based on contractual quantities and regulated rates. The remaining revenue, consisting primarily of commodity charges, is based on contractual rates and estimated usage based on scheduled quantities. Differences between scheduled quantities and actual measured quantities are reflected in revenue during the following month and historically have been immaterial.

The Respondent is subject to FERC regulations and, accordingly, certain revenue collected may be subject to possible refunds upon final FERC orders in pending regulated rate proceedings. The Respondent may record revenue that is subject to refund based on its best estimates of the final outcomes of such proceedings and other third party regulatory proceedings, advice of counsel and estimated total exposure, as well as collection and other risks. The Respondent had no earned revenue subject to refund for the years ended December 31, 2016 and 2015.

### *Income Taxes*

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

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

In determining the Respondent's income taxes, management is required to interpret complex income tax laws and

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regulations, which includes consideration of regulatory implications imposed by the FERC. The Respondent's income tax returns are subject to continuous examinations by federal, state and local income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. The Respondent recognizes the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Financial Statements from such a position are measured based on the largest benefit that is more-likely-than-not of being realized upon ultimate settlement. Although the ultimate resolution of the Respondent's federal, state and local income tax examinations is uncertain, the Respondent believes it has made adequate provisions for these income tax positions. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material adverse impact on the Respondent's financial results.

#### *New Accounting Pronouncements*

In November 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-18, which amends FASB Accounting Standards Codification ("ASC") Subtopic 230-10, "Statement of Cash Flows - Overall." The amendments in this guidance require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017 for public entities. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. This guidance is required to be adopted retrospectively, with early adoption permitted. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements and disclosures included within Notes to Financial Statements. The Respondent plans to adopt ASU No. 2016-18 effective January 1, 2018.

In August 2016, the FASB issued ASU No. 2016-15, which amends FASB 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 for public entities. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. This guidance is required to be adopted retrospectively, with early adoption permitted. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements. The Respondent plans to adopt ASU No. 2016-15 effective January 1, 2018.

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 for public entities. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2019 and interim reporting periods within annual reporting periods beginning after December 15, 2020. This guidance is required to be adopted using

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a modified retrospective approach, with early adoption permitted. The Respondent is currently evaluating the impact of adopting this guidance on its Financial Statements and disclosures included within Notes to Financial Statements. The Respondent plans to adopt ASU No. 2016-02 effective January 1, 2019.

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. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017 for public entities. For nonpublic entities, this guidance is effective for annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019, with early adoption permitted. 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. The Respondent currently does not expect the timing and amount of revenue currently recognized to be materially different after adoption of the new guidance as a majority of revenue is recognized when the Respondent has the right to invoice as it corresponds directly with the value to the customer of the Respondent's performance to date. The Respondent plans to adopt ASU No. 2014-09 effective January 1, 2018.

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### (3) Utility Plant

Utility plant consists of the following as of December 31 (in thousands):

	Depreciation Rates	2016	2015
Transmission and other plant	1.5% to 10.0%	\$ 3,185,138	\$ 3,056,804
Storage plant <sup>(1)</sup>	1.25% to 2.34%	572,324	550,162
Intangible plant <sup>(2)</sup>	4.4% to 20.0%	147,023	140,419
General plant and buildings	2.75% to 10.0%	91,177	91,089
Utility plant		3,995,662	3,838,474
Construction work-in-progress		58,820	52,873
Total utility plant		4,054,482	3,891,347
Accumulated depreciation and amortization		(1,320,393)	(1,284,588)
Net utility plant		2,734,089	2,606,759
System gas		77,265	77,051
Total utility plant, net		\$ 2,811,354	\$ 2,683,810

- (1) Includes system-gas and market-based underground storage facilities. Recoverable system gas is not depreciated.
- (2) Includes costs for capitalized software development, contributions in aid of construction, organization and leasehold improvements.

The Respondent had gross costs for capitalized software development of \$126.7 million and \$119.9 million and accumulated amortization of \$55.1 million and \$50.6 million as of December 31, 2016 and 2015, respectively, which is included in intangible plant and reflected in utility plant on the Balance Sheets. Capitalized software development costs are amortized at a rate of 4.4%.

The Respondent had gross costs for capitalized right of use or right of way of \$109.6 million and \$102.0 million and accumulated amortization of \$36.9 million and \$35.2 million as of December 31, 2016 and 2015, respectively, which is included in transmission and other plant and storage plant and reflected in utility plant on the Balance Sheets. Capitalized right of use or right of way costs are amortized at rates ranging from 1.25% to 10.0%.

For the years ended December 31, 2016 and 2015, depreciation expense of \$66.2 million and \$62.3 million, respectively, and amortization expense of \$8.2 million and \$7.9 million, respectively, were included in depreciation and amortization on the Statements of Income. The Respondent expects amortization expense to be \$8.2 million for 2017, \$8.0 million for 2018, \$8.0 million for 2019, \$7.6 million for 2020 and \$7.2 million for 2021.

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#### (4) Regulatory Matters

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

	Weighted Average Remaining Life	2016	2015
Unrealized loss on regulated derivative contracts	6 years	\$ 64,532	\$ 74,963
AROs	6 years	29,261	27,398
Smart pigging and hydrostatic testing costs	7 years	28,386	29,192
Deferred income taxes associated with equity AFUDC <sup>(1)</sup>	67 years	22,276	20,477
Employee benefit plan <sup>(2)</sup>	12 years	6,439	5,098
Other	Various	1,723	2,093
Total regulatory assets		\$ 152,617	\$ 159,221

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

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

The Respondent had regulatory assets not earning a return on investment of \$118.4 million and \$124.4 million as of December 31, 2016 and 2015, respectively.

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

	2016	2015
Electric compression tracker:		
Balance, January 1	\$ 46	\$ 324
Gas operating revenue	(633)	(740)
Operating expenses	297	462
Balance, December 31	(290)	46
Fuel and storage volumetric tracker:		
Balance, January 1	(2,439)	1,413
Gas used <sup>(1)</sup>	20,556	39,652
Gas retained <sup>(1)</sup>	(27,912)	(43,504)
Balance, December 31	(9,795)	(2,439)
Unaccounted for gas volumetric tracker:		
Balance, January 1	(6,040)	(6,984)
Unaccounted for activity <sup>(1)</sup>	1,648	688
Gas retained <sup>(1)</sup>	4,892	256
Balance, December 31	500	(6,040)
Total	\$ (9,585)	\$ (8,433)

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

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

	Weighted Average Remaining Life	2016	2015
Employee benefit plan <sup>(1)</sup>	12 years	\$ 24,911	\$ 23,006
Fuel trackers periodic rate adjustments	1 to 2 years	9,585	8,479
Encroachment revaluation	1 year	483	1,196
Other	Various	1,705	1,828
Total regulatory liabilities		\$ 36,684	\$ 34,509

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

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

	2016	2015
DDVC and penalty revenue tracker:		
Balance, January 1	\$ 925	\$ 2,554
Revenue collected (1)	678	803
Interest expense	19	29
Customer reimbursements	(806)	(2,461)
Balance, December 31	816	925

Carlton surcharge revenue tracker:		
Balance, January 1	903	949
Revenue collected (2)	2,593	2,678
Interest expense	24	24
Customer reimbursements	(2,631)	(2,748)
Balance, December 31	\$ 889	\$ 903

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



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**(5) Long-Term Debt**

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

	Par Value	2016	2015
Long-term debt:			
5.75% Senior Notes, due 2018	\$ 200,000	\$ 199,991	\$ 199,986
4.25% Senior Notes, due 2021	200,000	199,978	199,974
5.8% Senior Bonds, due 2037	150,000	149,911	149,909
4.1% Senior Bonds, due 2042	250,000	249,601	249,592
Total long-term debt	\$ 800,000	\$ 799,481	\$ 799,461

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

The Respondent is prohibited from making distributions in respect of the shares of its capital stock unless, on the date of any such distribution, none of certain specified events of default exist under its senior unsecured debt and either (1) at the time and as a result of such distribution, the ratio of its debt to its total capital does not exceed 0.65 to 1.0 and the ratio of its earnings before interest, taxes, depreciation and amortization, to its interest expense is not less than 2.5 to 1.0, or (2) if the Respondent is not in compliance with such ratios, its senior unsecured long-term debt rating is at least BBB (or its then equivalent) from Standard and Poor's and Baa2 (or its then equivalent) from Moody's Investors Service, Inc.

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## (6) Income Taxes

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

	2016	2015
<b>Current:</b>		
Federal	\$ 5,854	\$ (35,838)
State	7,640	(9,793)
	<u>13,494</u>	<u>(45,631)</u>
<b>Deferred:</b>		
Federal	80,043	122,612
State	12,998	28,867
	<u>93,041</u>	<u>151,479</u>
Total	<u>\$ 106,535</u>	<u>\$ 105,848</u>

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

	2016	2015
Federal statutory income tax rate	35.0 %	35.0 %
State income tax, net of federal income tax benefit	5.1	4.7
Effective income tax rate	<u>40.1 %</u>	<u>39.7 %</u>

The Respondent's income tax benefit for the year ended December 31, 2015, reflects \$65.8 million of federal and state income tax benefits recognized in connection with an income tax method change for income tax years 2015 and prior, related to repair costs for its regulated gas transportation assets based on guidance published by the Internal Revenue Service.

The income tax method change results in current deductibility for applicable repair costs, which are capitalized for book purposes. The Respondent retroactively applied the method changes and deducted amounts related to prior years' costs on the tax return that includes the year of change.

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

	2016	2015
<b>Deferred income tax assets:</b>		
Acquired goodwill	\$ 2,262	\$ 29,408
Regulatory liabilities	10,553	14,248
Unrealized losses on derivative contracts	25,616	29,757
AROs	12,971	12,303
Utility plant, net	17,281	18,084
State carryforwards	6,101	10,010
Other	21,856	20,847
Total deferred income tax assets	96,640	134,657
Valuation allowance	(667)	(7,203)
Total deferred income tax assets, net	95,973	127,454
<b>Deferred income tax liabilities:</b>		
Utility plant, net	(857,431)	(793,194)
Regulatory assets	(60,472)	(62,748)
Employee benefits	(9,888)	(9,132)
Other	(940)	(2,097)
Total deferred income tax liabilities	(928,731)	(867,171)
Net deferred income tax liability	\$ (832,758)	\$ (739,717)

The Respondent did not have federal net operating loss or credit carryforwards as of December 31, 2016. The following table provides the Respondent's state net operating loss and credit carryforwards and expiration dates as of December 31, 2016 (in thousands):

Net operating loss carryforwards	\$ 114,233
Deferred income taxes on net operating loss carryforwards	\$ 6,092
Expiration dates	2017-2035
Other tax credits	\$ 9
Expiration dates	2017-2027

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

The valuation allowance primarily relates to Nebraska state credit carryforwards that are not expected to be realized. The Nebraska tax credits expired in 2016 eliminating the valuation allowance against them.

The United States Internal Revenue Service has effectively settled examination of BHE's income tax returns through December 31, 2009, including components related to the Respondent. In addition, most state jurisdictions have closed

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examination of BHE's income tax returns through February 9, 2006.

## (7) Employee Benefit Plans

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

### *Net Periodic Benefit Cost*

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

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
Service cost	\$ 10	\$ 12	\$ 5	\$ 7
Interest cost	34	32	10	9
Expected return on plan assets	(44)	(46)	(13)	(15)
Net amortization	2	2	(4)	(3)
Net periodic benefit cost (credit)	\$ 2	\$ —	\$ (2)	\$ (2)

The Respondent's share of pension cost totaled \$0.9 million and \$0.8 million for the years ended December 31, 2016 and 2015, respectively. The Respondent's share of other postretirement cost totaled \$(2.0) million and \$(2.3) million for the years ended December 31, 2016 and 2015, respectively.

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### Funded Status

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
<b>Plan assets at fair value, beginning of year</b>	\$ 678	\$ 730	\$ 249	\$ 259
Employer contributions	7	7	1	1
Participant contributions	—	—	1	1
Actual return on plan assets	57	4	14	—
Benefits paid	(58)	(63)	(13)	(12)
<b>Plan assets at fair value, end of year</b>	<u>\$ 684</u>	<u>\$ 678</u>	<u>\$ 252</u>	<u>\$ 249</u>

The Respondent's contributions to the pension plan and the other postretirement plan totaled \$0.9 million and \$0.8 million for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, the fair value of plan assets attributable to the Respondent in the pension plan was \$26.4 million and \$26.9 million, respectively, and the other postretirement plan was \$43.9 million and \$43.6 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement.

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
<b>Benefit obligation, beginning of year</b>	\$ 785	\$ 840	\$ 234	\$ 249
Service cost	10	12	5	7
Interest cost	34	32	10	9
Participant contributions	—	—	1	1
Actuarial loss (gain)	2	(36)	(4)	(20)
Benefits paid	(58)	(63)	(13)	(12)
<b>Benefit obligation, end of year</b>	<u>\$ 773</u>	<u>\$ 785</u>	<u>\$ 233</u>	<u>\$ 234</u>
<b>Accumulated benefit obligation, end of year</b>	<u>\$ 764</u>	<u>\$ 773</u>		

MEC paid benefits from the plans to the Respondent's participants totaling \$6.2 million and \$8.0 million for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, the benefit obligation attributable to the Respondent for the pension plan was \$32.8 million and \$32.0 million, respectively, and for the other postretirement plan was \$19.0 million and \$20.6 million, respectively.

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
Plan assets at fair value, end of year	\$ 684	\$ 678	\$ 252	\$ 249
Less - benefit obligation, end of year	773	785	233	234
Funded status	\$ (89)	\$ (107)	\$ 19	\$ 15

As of December 31, 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 \$6.4 million and \$24.9 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.

#### Unrecognized Amounts

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
Net loss	\$ 15	\$ 26	\$ 36	\$ 42
Prior service cost (credit)	1	2	(31)	(36)
Total	\$ 16	\$ 28	\$ 5	\$ 6

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The net loss and prior service cost amounts expected to be recognized by the Respondent for the year ended December 31, 2017 for the pension plan and the other postretirement plan are an insignificant loss and a credit of \$0.7 million, respectively.

#### Plan Assumptions

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

	Pension		Other Postretirement	
	2016	2015	2016	2015
Benefit obligations as of December 31:				
Discount rate	4.10%	4.50%	3.90%	4.25%
Rate of compensation increase	2.75%	2.75%	N/A	N/A
Net periodic benefit cost for the years ended December 31:				
Discount rate	4.50%	4.00%	4.25%	3.75%
Expected return on plans assets <sup>(1)</sup>	7.00%	7.25%	6.75%	7.00%
Rate of compensation increase	2.75%	2.75%	N/A	N/A

- (1) Amounts reflected are pre-tax values. Assumed after-tax returns for a taxable, non-union other postretirement plan were 5.00% for 2016 and 5.18% for 2015.

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

	2016	2015
Assumed healthcare cost trend rates as of December 31:		
Healthcare cost trend rate assumed for next year	7.40%	7.70%
Rate that the cost trend rate gradually declines to	5.00%	5.00%
Year that the rate reaches the rate it is assumed to remain at	2025	2025

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

	One Percentage-Point	
	Increase	Decrease
Increase (decrease) in:		
Total service and interest cost for the year ended December 31, 2016	\$ —	\$ —
Other postretirement benefit obligation as of December 31, 2016	3	(2)

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### Contributions and Benefit Payments

MEC's contributions to its pension and other postretirement benefit plans are expected to be \$8 million and \$1 million, respectively, during 2017. Funding to MEC's pension benefit plan trust is based upon the actuarially determined costs of the plan and the requirements of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 and the Pension Protection Act of 2006, as amended. MEC considers contributing additional amounts from time to time in order to achieve certain funding levels specified under the Pension Protection Act of 2006, as amended. MEC's funding policy for its other postretirement benefit plan is to generally contribute amounts consistent with its rate regulatory arrangements.

The Respondent's contributions to the pension plan and the other postretirement plan are expected to be \$0.8 million and \$- million, respectively, during 2017.

Net periodic benefit costs assigned to MEC affiliates are reimbursed currently in accordance with the intercompany administrative services agreement. The expected benefit payments to participants in MEC's pension and other postretirement benefit plans for 2017 through 2021 and for the five years thereafter are summarized below (in millions):

	Projected Benefit Payments	
	Pension	Other Postretirement
2017	\$ 60	\$ 18
2018	60	19
2019	62	20
2020	62	21
2021	60	21
2022-2026	278	97

### Plan Assets

#### Investment Policy and Asset Allocations

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



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The target allocations (percentage of plan assets) for MEC's pension and other postretirement benefit plan assets are as follows as of December 31, 2016:

	Pension	Other Postretirement
Debt securities <sup>(1)</sup>	20-40%	25-45%
Equity securities <sup>(1)</sup>	60-80%	50-80%
Real estate funds	2-8%	—
Other	0-5%	0-5%

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

#### *Fair Value Measurements*

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

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

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

	Input Levels for the Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2016</b>				
Cash equivalents	\$ —	\$ 17	\$ —	\$ 17
Debt securities:				
United States government obligations	9	—	—	9
Corporate obligations	—	53	—	53
Municipal obligations	—	6	—	6
Agency, asset and mortgage-backed obligations	—	22	—	22
Equity securities:				
United States companies	130	—	—	130
International equity securities	39	—	—	39
Investment funds <sup>(1)</sup>	63	—	—	63
Total assets in the hierarchy	\$ 241	\$ 98	\$ —	339
Investment funds measured at net asset value				345
Total				\$ 684
<b>As of December 31, 2015</b>				
Cash equivalents	\$ —	\$ 16	\$ —	\$ 16
Debt securities:				
United States government obligations	5	—	—	5
Corporate obligations	—	57	—	57
Municipal obligations	—	6	—	6
Agency, asset and mortgage-backed obligations	—	27	—	27
Equity securities:				
United States companies	130	—	—	130
International equity securities	40	—	—	40
Investment funds <sup>(1)</sup>	61	—	—	61
Total assets in the hierarchy	\$ 236	\$ 106	\$ —	342
Investment funds measured at net asset value				336
Total				\$ 678

- (1) Investment funds are comprised of mutual funds and collective trust funds. These funds consist of equity and debt securities of approximately 74% and 26%, respectively, for 2016 and 72% and 28%, respectively, for 2015. Additionally, these funds are invested in United States and international securities of approximately 71% and 29%, respectively, for 2016 and 73% and 27%, respectively, for 2015.

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

	Input Levels for the Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
<b>As of December 31, 2016</b>				
Cash equivalents	\$ 10	\$ —	\$ —	\$ 10
Debt securities:				
United States government obligations	5	—	—	5
Corporate obligations	—	11	—	11
Municipal obligations	—	37	—	37
Agency, asset and mortgage-backed obligations	—	11	—	11
Equity securities:				
United States companies	122	—	—	122
Investment funds <sup>(1)</sup>	56	—	—	56
Total	\$ 193	\$ 59	\$ —	\$ 252
<b>As of December 31, 2015</b>				
Cash equivalents	\$ 5	\$ —	\$ —	\$ 5
Debt securities:				
United States government obligations	5	—	—	5
Corporate obligations	—	12	—	12
Municipal obligations	—	39	—	39
Agency, asset and mortgage-backed obligations	—	12	—	12
Equity securities:				
United States companies	120	—	—	120
Investment funds <sup>(1)</sup>	56	—	—	56
Total	\$ 186	\$ 63	\$ —	\$ 249

- (1) Investment funds are comprised of mutual funds and collective trust funds. These funds consist of equity and debt securities of approximately 70% and 30%, respectively, for 2016 and 68% and 32%, respectively, for 2015. Additionally, these funds are invested in United States and international securities of approximately 30% and 70%, respectively, for 2016 and 32% and 68%, respectively, for 2015.

When available, a readily observable quoted market price or net asset value of an identical security in an active market is used to record the fair value. In the absence of a quoted market price or net asset value of an identical security, the fair value is determined using pricing models or net asset values based on observable market inputs and quoted market prices of securities with similar characteristics. When observable market data is not available, the fair value is determined using unobservable inputs, such as estimated future cash flows, purchase multiples paid in other comparable third-party transactions or other information.

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The Respondent participates in the MEC sponsored defined contribution plan and contributed \$4.8 million and \$4.5 million for the years ended December 31, 2016 and 2015, respectively.

#### (8) Asset Retirement Obligations

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

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

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

	2016	2015
<b>Beginning balance</b>	\$ 30,994	\$ 31,284
Change in estimated costs	556	(246)
Retirements	—	(1,218)
Accretion	1,126	1,174
<b>Ending balance</b>	\$ 32,676	\$ 30,994

The Respondent's ARO liability relates to the abandonment of pipeline assets located in offshore waters. The change in estimated costs did not impact earnings in 2016 or 2015.

#### (9) 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

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purchase an annual average of 0.7 Bcf of natural gas through October 2022 to meet these requirements based on an average system requirements factor of 1.0% of volumes delivered. The Respondent's contracts with these customers provide service through October 2019, with annual renewal options for one customer to continue service through October 2022. As of December 31, 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 Notes 2 and 10 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 Liabilities		
	Current	Noncurrent	Total
<b>As of December 31, 2016</b>			
<b>Not designated as hedging contracts<sup>(1)</sup>:</b>			
Commodity assets	\$ 502	\$ 59	\$ 561
Commodity liabilities	(14,527)	(50,566)	(65,093)
Total	(14,025)	(50,507)	(64,532)
<b>Total derivatives - net basis<sup>(2)</sup></b>	<b>\$ (14,025)</b>	<b>\$ (50,507)</b>	<b>\$ (64,532)</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>	(12,303)	(62,660)	(74,963)
Cash collateral receivable	480	—	480
<b>Total derivatives - net basis<sup>(2)</sup></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 December 31, 2016 and 2015, a regulatory asset of \$64.5 million and \$75.0 million, respectively, was recorded related to the net derivative liability of \$64.5 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 is 9 million and 14 million dth of natural gas purchases, net, as of December 31, 2016 and 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 years ended December 31 (in thousands):

	2016	2015
<b>Beginning balance</b>	\$ 74,963	\$ 68,753
Changes in fair value recognized in regulatory assets	2,349	15,323
Net (losses) gains reclassified to gas operating revenues	(152)	3,021
Net losses reclassified to operating expenses	(12,628)	(12,134)
<b>Ending balance</b>	\$ 64,532	\$ 74,963

*Designated as Hedging Contracts*

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

	2016	2015
<b>Beginning balance</b>	\$ —	\$ (822)
Changes in fair value recognized in OCI	(51)	(4,607)
Net gains reclassified to gas operating revenues	51	5,429
<b>Ending balance</b>	\$ —	\$ —

Realized gains and losses on hedges and hedge ineffectiveness are recognized on the Statements of Income as gas operating revenues or operating expenses depending upon the nature of the item being hedged. For the years ended December 31, 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 December 31, 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 \$64.5 million and \$75.0 million as of December 31, 2016 and 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 December 31, 2016 and 2015, the Respondent would have been required to post \$64.5 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.

### **(10) 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(1)	Total
<b>As of December 31, 2016</b>					
<b>Assets:</b>					
Commodity derivatives	\$ —	\$ 561	\$ —	\$ (561)	\$ —
Money market mutual funds(2)	67,046	—	—	—	67,046
Investment funds	4,433	—	—	—	4,433
	<u>\$ 71,479</u>	<u>\$ 561</u>	<u>\$ —</u>	<u>\$ (561)</u>	<u>\$ 71,479</u>
<b>Liabilities - commodity derivatives</b>					
	<u>\$ —</u>	<u>\$ (65,093)</u>	<u>\$ —</u>	<u>\$ 561</u>	<u>\$ (64,532)</u>
<b>As of December 31, 2015</b>					
<b>Assets:</b>					
Money market mutual funds(2)	\$ 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 these 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

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Note 9 for further discussion regarding the Respondent's risk management and hedging activities.

The Respondent's investments in money market mutual funds are accounted for as available-for-sale securities and are stated at fair value. 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.

The Respondent's long-term debt is carried at cost on the Financial Statements. The fair value of the Respondent's long-term debt is a Level 2 fair value measurement and has been estimated based upon quoted market prices, where available, or at the present value of future cash flows discounted at rates consistent with comparable maturities with similar credit risks. The following table presents the carrying value and estimated fair value of the Respondent's long-term debt as of December 31 (in thousands):

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$ 799,481	\$ 817,625	\$ 799,461	\$ 825,990

#### (11) Credit Risk

The Respondent has a concentration of customers in the electric and gas utility industries, principally in the upper Midwestern states. This concentration of customers may impact the Respondent's overall exposure to credit risk in that the customer base may be similarly affected by changes in economic, industry, weather or other conditions. The Respondent's ten largest customers accounted for 67% of its system-wide transportation and storage revenue in 2016.

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

	Revenue		Accounts Receivable	
	2016	2015	2016	2015
Xcel Energy, Inc.(1)	14 %	14 %	13 %	13 %
CenterPoint Energy Resources Corporation(2)	11	11	15	16
MEC	11	10	9	12

- (1) The Respondent's agreements are with Northern States Power-Minnesota, Northern States Power-Wisconsin, Northern States Power-Generation and Southwestern Public Service Company, subsidiaries of Xcel Energy, Inc.
- (2) The Respondent's agreements are with CenterPoint Energy Minnesota Gas, CenterPoint Energy Services and CenterPoint Energy Gas Transmission, subsidiaries of CenterPoint Energy Resources Corporation.

For shippers that have withdrawn gas prior to injection under the Respondent's deferred delivery services, the Respondent is exposed to credit risk with respect to those counterparties based upon the value of the gas withdrawn. The balances in miscellaneous current and accrued assets were \$12.0 million and \$4.8 million as of December 31, 2016 and 2015,

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respectively. Included in these amounts were balances owed of \$9.6 million and \$2.4 million as of December 31, 2016 and 2015, respectively, which were related to the Respondent's deferred delivery services.

As a general policy, collateral is not required for receivables from creditworthy customers. Customers' financial condition and creditworthiness are regularly evaluated, and historical losses have been minimal. In order to provide protection against credit risk, and as permitted by the terms of the Respondent's tariff, the Respondent has, among other alternatives, required customers that lack creditworthiness as defined by the tariff to provide letters of credit, cash security deposits or to establish separate legally restricted escrow funds to be held until these customers' creditworthiness can be demonstrated. As of December 31, 2016 and 2015, the Respondent has reflected on the Balance Sheets escrow funds of \$3.0 million and \$2.1 million, respectively, in special deposits and \$8.8 million and \$12.4 million, respectively, in other special funds with offsetting amounts in customer deposits.

## (12) 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. Oral argument was held in November 2016. A decision is expected in the second quarter of 2017.
- 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 had been stayed pending the conclusion of the condemnation action discussed

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above. In May 2016, the court issued an order lifting the stay that had been in place since August 2011. The magistrate established dates for amending pleadings, discovery and expert reports. The trial is set for June 2018.

- 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 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.

#### *Purchase Obligations*

The Respondent expects to incur significant future capital expenditures to meet increased customer growth and system reliability objectives. As of December 31, 2016, the Respondent had firm construction commitments of \$30.1 million, primarily related to branch line and compressor replacements. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of such reviews. Estimates may change significantly at any time as a result of, among other factors, changes in rules and regulations, including environmental; changes in income tax laws; general business conditions; load projections; system reliability standards; the cost and efficiency of construction labor, equipment, and materials; and the cost and availability of capital. Additionally, the Respondent has commitments to two of its largest customers to meet minimum levels of incremental capacity requests through 2022 and 2027.

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

The Respondent has non-cancelable operating leases primarily for office space and rights-of-way. The minimum payments under these leases as of December 31, 2016 were \$1.4 million, \$1.3 million, \$1.1 million, \$1.0 million and \$1.0 million for the years 2017 through 2021, respectively, and \$4.9 million for the total of the years thereafter. These amounts are not reflected on the Balance Sheets. Rent expense on non-cancelable operating leases totaled \$4.0 million and \$3.8

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million for the years ended December 31, 2016 and 2015, respectively, and was included in operating expenses on the Statements of Income.

### (13) Other Related Party Transactions

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

The Respondent provided gas transportation, storage and other services to MEC totaling \$64.5 million and \$60.7 million for the years ended December 31, 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 \$5.8 million and \$5.3 million for the years ended December 31, 2016 and 2015, respectively. MEC also provided electricity and other services to the Respondent of \$0.6 million and \$0.7 million for the years ended December 31, 2016 and 2015, respectively. The Respondent reimbursed MEC \$64.1 million and \$61.3 million for the years ended December 31, 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 \$2.7 million and \$2.4 million for the years ended December 31, 2016 and 2015, respectively. Income tax transactions with BHE resulted in net receipts of \$32.7 million and \$31.0 million for the years ended December 31, 2016 and 2015, respectively.

As of December 31, 2016 and 2015, the Respondent had accounts payable to affiliates of \$1.3 million and \$1.0 million, respectively. The Respondent also had accounts receivable from affiliates of \$8.7 million and \$49.7 million as of December 31, 2016 and 2015, respectively.

The Respondent provides certain administrative and management services, including executive, financial, commercial, regulatory and legal, to Kern River Gas Transmission Company ("Kern River"), an indirect wholly owned subsidiary of BHE. The Respondent billed Kern River \$1.8 million and \$1.4 million for the years ended December 31, 2016 and 2015, respectively, for these services.

The Respondent possesses demand promissory notes from BHE. The balance of the demand promissory notes as of December 31, 2016 and 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 \$1.4 million and \$1.1 million was recorded for the years ended December 31, 2016 and 2015, respectively.

### (14) Subsequent Events

In January and February 2017, BHE issued promissory notes to the Respondent totaling \$115.0 million.

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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)	3,765,289,292
4	Property Under Capital Leases	
5	Plant Purchased or Sold	
6	Completed Construction not Classified	217,745,548
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	3,983,034,840
9	Leased to Others	
10	Held for Future Use	103,181
11	Construction Work in Progress	58,819,542
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	4,041,957,563
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,307,869,234
15	Net Utility Plant (Total of lines 13 and 14)	2,734,088,329
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION	
17	In Service:	
18	Depreciation	1,198,761,853
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	8,081,650
21	Amortization of Other Utility Plant	100,922,550
22	TOTAL In Service (Total of lines 18 thru 21)	1,307,766,053
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)	1,307,869,234

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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		3,765,289,292		
4				
5				
6		217,745,548		
7				
8		3,983,034,840		
9				
10		103,181		
11		58,819,542		
12				
13		4,041,957,563		
14		1,307,869,234		
15		2,734,088,329		
16				
17				
18		1,198,761,853		
19				
20		8,081,650		
21		100,922,550		
22		1,307,766,053		
23				
24				
25				
26				
27				
28		103,181		
29				
30		103,181		
31				
32				
33		1,307,869,234		



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

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

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	INTANGIBLE PLANT		
2	301 Organization	4,841,691	
3	302 Franchises and Consents		
4	303 Miscellaneous Intangible Plant	135,577,259	7,479,645
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	140,418,950	7,479,645
6	PRODUCTION PLANT		
7	Natural Gas Production and Gathering Plant		
8	325.1 Producing Lands		
9	325.2 Producing Leaseholds		
10	325.3 Gas Rights		
11	325.4 Rights-of-Way		
12	325.5 Other Land and Land Rights		
13	326 Gas Well Structures		
14	327 Field Compressor Station Structures		
15	328 Field Measuring and Regulating Station Equipment		
16	329 Other Structures		
17	330 Producing Gas Wells-Well Construction		
18	331 Producing Gas Wells-Well Equipment		
19	332 Field Lines	1,528,820	
20	333 Field Compressor Station Equipment		
21	334 Field Measuring and Regulating Station Equipment	16,922	
22	335 Drilling and Cleaning Equipment		
23	336 Purification Equipment		
24	337 Other Equipment		
25	338 Unsuccessful Exploration and Development Costs		
26	339 Asset Retirement Costs for Natural Gas Production and	5,084,291	56,724
27	TOTAL Production and Gathering Plant (Enter Total of lines 8	6,630,033	56,724
28	PRODUCTS EXTRACTION PLANT		
29	340 Land and Land Rights		
30	341 Structures and Improvements		
31	342 Extraction and Refining Equipment		
32	343 Pipe Lines		
33	344 Extracted Products Storage Equipment		

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

including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

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

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

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

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1				
2				4,841,691
3				
4	875,753			142,181,151
5	875,753			147,022,842
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				1,528,820
20				
21				16,922
22				
23				
24				
25				
26				5,141,015
27				6,686,757
28				
29				
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33				

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/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
34	345 Compressor Equipment		
35	346 Gas Measuring and Regulating Equipment		
36	347 Other Equipment		
37	348 Asset Retirement Costs for Products Extraction Plant		
38	TOTAL Products Extraction Plant (Enter Total of lines 29 thru 37)		
39	TOTAL Natural Gas Production Plant (Enter Total of lines 27 and	6,630,033	56,724
40	Manufactured Gas Production Plant (Submit Supplementary		
41	TOTAL Production Plant (Enter Total of lines 39 and 40)	6,630,033	56,724
42	NATURAL GAS STORAGE AND PROCESSING PLANT		
43	Underground Storage Plant		
44	350.1 Land	2,010,941	
45	350.2 Rights-of-Way	2,362,236	
46	351 Structures and Improvements	28,291,849	257,461
47	352 Wells	113,612,515	7,398,141
48	352.1 Storage Leaseholds and Rights	20,473,558	
49	352.2 Reservoirs	21,343,607	( 2,766,186)
50	352.3 Non-recoverable Natural Gas	25,907,473	
51	353 Lines	69,637,427	8,813,442
52	354 Compressor Station Equipment	86,152,210	2,477,908
53	355 Other Equipment	15,537,142	15,584
54	356 Purification Equipment	56,986,016	2,350,734
55	357 Other Equipment	4,020,397	38,111
56	358 Asset Retirement Costs for Underground Storage Plant		
57	TOTAL Underground Storage Plant (Enter Total of lines 44 thru	446,335,371	18,585,195
58	Other Storage Plant		
59	360 Land and Land Rights	639,698	
60	361 Structures and Improvements	5,897,693	3,680,799
61	362 Gas Holders	20,121,837	
62	363 Purification Equipment	9,358,786	1,118,511
63	363.1 Liquefaction Equipment	7,244,431	334,546
64	363.2 Vaporizing Equipment	13,542,898	310,531
65	363.3 Compressor Equipment	37,035,657	2,334,255
66	363.4 Measuring and Regulating Equipment	2,346,181	64,498
67	363.5 Other Equipment	189,531	( 189,531)
68	363.6 Asset Retirement Costs for Other Storage Plant		
69	TOTAL Other Storage Plant (Enter Total of lines 58 thru 68)	96,376,712	7,653,609
70	Base Load Liquefied Natural Gas Terminaling and Processing Plant		
71	364.1 Land and Land Rights		
72	364.2 Structures and Improvements		
73	364.3 LNG Processing Terminal Equipment	5,762,777	6,781
74	364.4 LNG Transportation Equipment	1,619,443	
75	364.5 Measuring and Regulating Equipment	67,378	
76	364.6 Compressor Station Equipment		
77	364.7 Communications Equipment		
78	364.8 Other Equipment		
79	364.9 Asset Retirement Costs for Base Load Liquefied Natural Gas		
80	TOTAL Base Load Liquefied Nat'l Gas, Terminaling and	7,449,598	6,781

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/Q4
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**Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)**

Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
34				
35				
36				
37				
38				
39				6,686,757
40				
41				6,686,757
42				
43				
44				2,010,941
45				2,362,236
46	159,884			28,389,426
47	52,115			120,958,541
48				20,473,558
49				18,577,421
50				25,907,473
51	413,174		14,953	78,052,648
52	3,560,334		29,975	85,099,759
53	116,152			15,436,574
54	490,468			58,846,282
55	17,803			4,040,705
56				
57	4,809,930		44,928	460,155,564
58				
59				639,698
60	4,170			9,574,322
61				20,121,837
62	659,686			9,817,611
63				7,578,977
64				13,853,429
65	979,111		115,763	38,506,564
66	3,057		162,442	2,570,064
67				
68				
69	1,646,024		278,205	102,662,502
70				
71				
72				
73				5,769,558
74				1,619,443
75				67,378
76				
77				
78				
79				
80				7,456,379

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/Q4
Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)					
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)		
81	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 57,	550,161,681	26,245,585		
82	TRANSMISSION PLAN				
83	365.1 Land and Land Rights	2,679,345	67,232		
84	365.2 Rights-of-Way	79,181,279	7,534,537		
85	366 Structures and Improvements	92,121,490	12,240,665		
86	367 Mains	1,881,397,242	56,820,760		
87	368 Compressor Station Equipment	694,255,083	62,958,189		
88	369 Measuring and Regulating Station Equipment	279,612,815	12,498,978		
89	370 Communication Equipment	959,424	267,853		
90	371 Other Equipment	2,271,595			
91	372 Asset Retirement Costs for Transmission Plant	17,592,374	498,950		
92	TOTAL Transmission Plant (Enter Totals of lines 83 thru 91)	3,050,070,647	152,887,164		
93	DISTRIBUTION PLANT				
94	374 Land and Land Rights				
95	375 Structures and Improvements				
96	376 Mains				
97	377 Compressor Station Equipment				
98	378 Measuring and Regulating Station Equipment-General				
99	379 Measuring and Regulating Station Equipment-City Gate				
100	380 Services				
101	381 Meters				
102	382 Meter Installations				
103	383 House Regulators				
104	384 House Regulator Installations				
105	385 Industrial Measuring and Regulating Station Equipment				
106	386 Other Property on Customers' Premises				
107	387 Other Equipment				
108	388 Asset Retirement Costs for Distribution Plant				
109	TOTAL Distribution Plant (Enter Total of lines 94 thru 108)				
110	GENERAL PLANT				
111	389 Land and Land Rights	1,948,874			
112	390 Structures and Improvements	21,136,450	239,422		
113	391 Office Furniture and Equipment	15,030,649	1,106,629		
114	392 Transportation Equipment	16,876,053	1,792,252		
115	393 Stores Equipment				
116	394 Tools, Shop, and Garage Equipment	23,949,637	2,208,098		
117	395 Laboratory Equipment	619,019	( 21,775)		
118	396 Power Operated Equipment	7,386,501	1,097,230		
119	397 Communication Equipment	4,084,793	213,097		
120	398 Miscellaneous Equipment	57,170	( 574)		
121	Subtotal (Enter Total of lines 111 thru 120)	91,089,146	6,634,379		
122	399 Other Tangible Property				
123	399.1 Asset Retirement Costs for General Plant				
124	TOTAL General Plant (Enter Total of lines 121, 122 and 123)	91,089,146	6,634,379		
125	TOTAL (Accounts 101 and 106)	3,838,370,457	193,303,497		
126	Gas Plant Purchased (See Instruction 8)				
127	(Less) Gas Plant Sold (See Instruction 8)				
128	Experimental Gas Plant Unclassified				
129	TOTAL Gas Plant In Service (Enter Total of lines 125 thru 128)	3,838,370,457	193,303,497		

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Gas Plant in Service (Accounts 101, 102, 103, and 106) (continued)					
Line No.	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	
81	6,455,954		323,133	570,274,445	
82					
83	40		9,277	2,755,814	
84			408	86,716,224	
85	405,122		862,133	104,819,166	
86	2,874,485		391,138	1,935,734,655	
87	27,889,018		( 435,256)	728,888,998	
88	3,168,465		( 333,186)	288,610,142	
89	5,956		( 948,515)	272,806	
90			( 40,661)	2,230,934	
91				18,091,324	
92	34,343,086		( 494,662)	3,168,120,063	
93					
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100					
101					
102					
103					
104					
105					
106					
107					
108					
109					
110				1,948,874	
111				21,208,780	
112	167,092			14,652,797	
113	1,493,694		9,213	17,969,540	
114	698,765				
115				23,457,491	
116	2,507,886		( 192,358)	702,195	
117	734		105,685	7,724,436	
118	759,295			3,221,536	
119	1,061,166		( 15,188)	45,084	
120	11,512			90,930,733	
121	6,700,144		( 92,648)		
122					
123				90,930,733	
124	6,700,144		( 92,648)	3,983,034,840	
125	48,374,937		( 264,177)		
126					
127					
128				3,983,034,840	
129	48,374,937		( 264,177)		

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/Q4
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**Gas Property and Capacity Leased to Others**

1. For all leases in which the average lease income over the initial term of the lease exceeds \$500,000 provide in column (c), a description of each facility or leased capacity that is classified as gas plant in service, and is leased to others for gas operations.
2. In column (d) provide the lease payments received from others.
3. Designate associated companies with an asterisk in column (b).

Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments for Current Year (d)
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45	Total			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2016/Q4</u>
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**Gas Plant Held for Future Use (Account 105)**

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

Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Respondent has property held for future use			103,181
2	less than \$1,000,000			
3				
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45	Total			103,181



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/Q4</u>
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**Construction Work in Progress-Gas (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (Account 107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$1,000,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Cedar Station Upgrade	2,891,993	39,948,499
2	Gaines County Crossover Compressor	25,006,147	9,880,861
3	Lake Mills Compressor Station	534,374	29,754,227
4	Des Moines B Line Branch	253,779	29,982,413
5	Northern Lights 2017 Ventura North Expansion	13,228,381	42,743,119
6	TMS Nominations Seg 2	4,032,039	8,416,475
7	Wrenshall 4160 Power Distribution-P	260,278	8,735,902
8	Faribault Farmington D-Line	83,693	5,062,925
9	Ventura North E Line Extension	87,008	5,016,921
10	Wrenshall, Minnesota Liquefied Natural Gas Plant Flare	437,917	3,535,566
11	Cunningham CS Controls Upgrade	56,110	3,803,515
12	Redfield Storage Gas Management	155,528	3,701,458
13	M860B-M840B Spraberry to Gaines Co.	514	3,784,952
14	Farmington Emissions Reduction	422,066	2,965,388
15	Wrenshall Cold Box Separator	2,672,054	531,911
16	WIB18601 Black River Falls Branch Line	1,408,426	1,600,131
17	Rochester Branch Line	140,163	2,609,511
18	Farmington Unit No. 6 B Discharge	936	2,385,120
19	M820B Hobbs to Plains Mainline Mods	153,141	1,924,299
20	Faribault CS Controls Upgrade	389,328	1,666,289
21	Bad River Tribe Easement Renewal	1,382	1,955,176
22	Ogden Compressor Station Replace Cooling Tower & Lines	37,283	1,547,570
23	Redfield Separator Replacement	5,252	1,302,110
24	L'Anse Tribe Easement Renewal	15,144	1,243,809
25	Faribault D to E Bypass	4,862	1,153,972
26	Lyons Separator Replacement	7,438	1,094,404
27	GeoFields Upgrade 16	561,477	480,914
28	Various Projects Under \$1,000,000	5,972,829	13,308,251
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44			
45	<b>Total</b>	<b>58,819,542</b>	<b>230,135,688</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 <u>2016/Q4</u>
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**Non-Traditional Rate Treatment Afforded New Projects**

1. The Commission's Certificate Policy Statement provides a threshold requirement for existing pipelines proposing new projects is that the pipeline must be prepared to financially support the project without relying on subsidization from its existing customers. See Certification of New Interstate Natural Gas Pipeline Facilities, 88 FERC P61,227 (1999); order clarifying policy, 90 FERC P61,128 (2000); order clarifying policy, 92 FERC P61,094 (2000) (Policy Statement). In column a, list the name of the facility granted non-traditional rate treatment.
2. In column b, list the CP Docket Number where the Commission authorized the facility.
3. In column c, indicate the type of rate treatment approved by the Commission (e.g. incremental, at risk)
4. In column d, list the amount in Account 101, Gas Plant in Service, associated with the facility.
5. In column e, list the amount in Account 108, Accumulated Provision for Depreciation of Gas Utility Plant, associated with the facility.

Line No.	Name of Facility  (a)	CP Docket No.  (b)	Type of Rate Treatment  (c)	Gas Plant in Service  (d)
1	Redfield, IA Storage Expansion	CP07-108-000	Market-Based	51,587,912
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34				
35				
36	<b>Total</b>			<b>51,587,912</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/Q4
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**Non-Traditional Rate Treatment Afforded New Projects (continued)**

6. In column f, list the amount in Account 190, Accumulated Deferred Income Tax; Account 281, Accumulated Deferred Income Taxes – Accelerated Amortization Property; Account 282, Accumulated Deferred Income Taxes – Other Property; Account 283, Accumulated Deferred Income Taxes – Other, associated with the facility.
7. In column g, report the total amount included in the gas operations expense accounts during the year related to the facility (Account 401, Operation Expense).
8. In column h, report the total amount included in the gas maintenance expense accounts during the year related to the facility.
9. In column i, report the amount of depreciation expense accrued on the facility during the year.
10. In column j, list any other expenses(including taxes) allocated to the facility.
11. In column k, report the incremental revenues associated with the facility.
12. Identify the volumes received and used for any incremental project that has a separate fuel rate for that project.
13. Provide the total amounts for each column.

Line No.	Accumulated Depreciation (e)	Accumulated Deferred Income Taxes (f)	Operating Expense (g)	Maintenance Expense (h)	Depreciation Expense (i)	Other Expenses (including taxes) (j)	Incremental Revenues (k)
1	9,805,825	11,203,301	387,452	267,907	1,299,827	769,523	11,530,072
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	9,805,825	11,203,301	387,452	267,907	1,299,827	769,523	11,530,072

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General Description of Construction Overhead Procedure			

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

### Administrative and General Overhead

- (a) Engineering, supervision, general office salaries and expenses, including the cost of construction engineering and supervision services provided by others, related to the general oversight of capital construction or software development projects are charged to an overhead work order. In addition, costs to certify Respondent's and third party welding personnel that will construct Respondent's capital projects are directly charged to an overhead work order.
- (b) Engineering and operations payroll that support construction are direct charged to the overhead work order for allocation to capital construction projects. Property accounting payroll incurred in support of capital construction and software development projects is also charged directly to the overhead work order for allocation to both construction and software development projects. A study was conducted to determine which other employees devote a portion of their time in support of construction or software development activities. Based on this study a fixed amount of payroll and a proportionate share of Respondent's Omaha office cost are charged each month to the overhead work order to be allocated to both construction and software development projects.
- (c) The overhead costs are allocated to individual projects based on direct charges to each capital construction or internally developed software project. Allocation rates are periodically adjusted throughout the year based on the forecast of overhead costs to direct capital charges to ensure that the balance of the overhead work order at the end of the year is cleared.
- (d) Separate overhead allocation rates are developed for construction and software development projects.
- (e) Overhead rates are based on the ratio of charges forecast to be charged as capital overhead to the total forecast of capital construction and software development expenditures to be charged directly to projects. Engineering and operations related overheads are allocated to capital construction projects and information technology related overhead charges are allocated to software development projects. General office salaries and expenses are allocated to both construction and software development projects.
- (f) Overhead is directly assigned to each work order based on current month charges to the project excluding overheads.

### Engineering As-Built Overhead

- (a) Engineering, supervision, general office salaries and expenses, including the cost of engineering and supervision services provided by others, related to the creation of construction as-built drawings are charged to an overhead work order set up solely to capture as-built construction costs. The costs charged to this work order are separate from and are not included in the administrative and general overhead.
- (b) Engineering payroll and charges for engineering services provided by others incurred for the creation of capital construction as-built drawings and records are charged directly to the as-built overhead work order. A study was conducted to determine the ratio of engineering payroll capitalized for creation of as-built records for capital construction and based on this study a pro-rata share of Respondent's office building space and related costs is charged to the as-built overhead work order each month.
- (c) The overhead costs are allocated to individual projects based on direct charges to each capital construction. The allocation rate is periodically adjusted throughout the year based on the forecast of overhead costs to direct capital charges to ensure that the balance in the overhead work order at the end of the year is cleared.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2016/Q4
General Description of Construction Overhead Procedure			

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

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**General Description of Construction Overhead Procedure (continued)**

**COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES**

1. For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.
2. Identify, in a footnote, the specific entity used as the source for the capital structure figures.
3. Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

**1. Components of Formula (Derived from actual book balances and actual cost rates):**

Line No.	Title (a)	Amount (b)	Capitalization Ratio (percent) (c)	Cost Rate Percentage (d)
(1)	Average Short-Term Debt	S		
(2)	Short-Term Interest			s
(3)	Long-Term Debt	D 800,000,000	36.21	d 4.96
(4)	Preferred Stock	P		p
(5)	Common Equity	C 1,409,418,063	63.79	c 12.00
(6)	Total Capitalization		100.00	
(7)	Average Construction Work In Progress Balance	W 51,509,093		

2. Gross Rate for Borrowed Funds  $s(S/W) + d[(D/(D+P+C)) (1-(S/W))]$  1.80

3. Rate for Other Funds  $[1-(S/W)] [p(P/(D+P+C)) + c(C/(D+P+C))]$  7.65

**4. Weighted Average Rate Actually Used for the Year:**

- |                              |      |
|------------------------------|------|
| a. Rate for Borrowed Funds - | 1.80 |
| b. Rate for Other Funds -    | 7.66 |

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/Q4</u>
Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)					
<p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.</p> <p>3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> <p>5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g., 7.01, 7.02, etc.</p>					
Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
	Section A. BALANCES AND CHANGES DURING YEAR				
1	Balance Beginning of Year	1,182,869,834	1,182,766,653	103,181	
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	66,207,179	66,207,179		
4	(403.1) Depreciation Expense for Asset Retirement Costs	736,888	736,888		
5	(413) Expense of Gas Plant Leased to Others				
6	Transportation Expenses - Clearing				
7	Other Clearing Accounts				
8	Other Clearing (Specify) (footnote details):	33,824	33,824		
9					
10	TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8)	66,977,891	66,977,891		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	( 47,499,144)	( 47,499,144)		
13	Cost of Removal	( 5,847,281)	( 5,847,281)		
14	Salvage (Credit)	( 2,677,887)	( 2,677,887)		
15	TOTAL Net Chrgs for Plant Ret. (Total of lines 12 thru 14)	( 50,668,538)	( 50,668,538)		
16	Other Debit or Credit Items (Describe) (footnote details):	( 314,154)	( 314,154)		
17					
18	Book Cost of Asset Retirement Costs				
19	Balance End of Year (Total of lines 1,10,15,16 and 18)	1,198,865,033	1,198,761,852	103,181	
	Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS				
21	Productions-Manufactured Gas				
22	Production and Gathering-Natural Gas	( 3,120,955)	( 3,120,955)		
23	Products Extraction-Natural Gas				
24	Underground Gas Storage	148,621,424	148,621,424		
25	Other Storage Plant	44,479,259	44,479,259		
26	Base Load LNG Terminaling and Processing Plant	982,650	982,650		
27	Transmission	968,391,616	968,288,435	103,181	
28	Distribution				
29	General	39,511,040	39,511,040		
30	TOTAL (Total of lines 21 thru 29)	1,198,865,034	1,198,761,853	103,181	



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<b>Gas Stored (Accounts 117.1, 117.2, 117.3, 117.4, 164.1, 164.2, and 164.3)</b>									
<p>1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.</p> <p>2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts.</p> <p>3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e., fixed asset method or inventory method).</p>									
Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of	28,429,396	41,211,532		7,410,082				77,051,010
2	Gas Delivered to Storage				45,601,856				45,601,856
3	Gas Withdrawn from				39,952,364				39,952,364
4	Other Debits and Credits				( 5,435,029)				( 5,435,029)
5	Balance at End of Year	28,429,396	41,211,532		7,624,545				77,265,473
6	Dth	37,219,100	14,000,000		2,126,785				53,345,885
7	Amount Per Dth	0.7638	2.9437		3.5850				1.4484

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/Q4</u>
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**Investments (Account 123, 124, and 136)**

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

Line No.	Description of Investment  (a)	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (c)	Purchases or Additions During the Year (d)
1	Account 136 - Temporary Cash Investments			
2				
3	Short-term Money Market Investments		33,612,440	449,714,447
4				
5	Total Account 136		33,612,440	449,714,447
6				
7				
8				
9				
10	Account 145 - Notes Receivable - Associated Companies			
11	Promissory notes issued by Berkshire Hathaway Energy Company payable on demand		155,000,000	
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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/Q4
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**Investments (Account 123, 124, and 136) (continued)**

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

3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.
4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.
5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).

Line No.	Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)
1					
2					
3	427,000,000		56,326,887	214,826	
4					
5	427,000,000		56,326,887		
6					
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11			155,000,000	1,393,051	
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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/Q4
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Prepayments (Acct 165), Extraordinary Property Losses (Acct 182.1), Unrecovered Plant and Regulatory Study Costs (Acct 182.2)

### PREPAYMENTS (ACCOUNT 165)

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

Line No.	Nature of Payment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	1,473,979
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Miscellaneous Prepayments	2,880,830
6	TOTAL	4,354,809

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**Other Regulatory Assets (Account 182.3)**

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

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning Current Quarter/Year (b)	Debits (c)	Written off During Quarter/Year Account Charged (d)	Written off During Period Amount Recovered (e)	Written off During Period Amount Deemed Unrecoverable (f)	Balance at End of Current Quarter/Year (g)
1	Deferred regulatory commission expense	730,882	124,942	928	351,780		504,044
2							
3	Asset retirement obligation	27,397,634	1,863,160				29,260,794
4							
5	Deferred FERC annual charge	1,069,251	1,349,300	928	1,406,576		1,011,975
6							
7	Deferred income taxes for AFUDC equity	20,476,801	2,170,039	421	370,859		22,275,981
8							
9	Smartpigging/hydrostatic testing	29,191,581	7,500,000	833,863	8,305,768		28,385,813
10							
11	Unrealized loss on derivatives, net	74,962,900	2,349,217	483,803	12,779,730		64,532,387
12							
13	Interest rate lock	248,444		428	41,601		206,843
14							
15	Defined benefit pension plan	5,097,543	6,438,979		5,097,543		6,438,979
16							
17	Fuel, unaccounted for, and other trackers	46,148		813,855	46,148		
18							
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40	Total	159,221,184	21,795,637		28,400,005	0	152,616,816

Miscellaneous Deferred Debits (Account 186)	
<p>1. Report below the details called for concerning miscellaneous deferred debits.</p> <p>2. For any deferred debit being amortized, show period of amortization in column (a).</p> <p>3. Minor items (less than \$250,000) may be grouped by classes.</p>	

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### Accumulated Deferred Income Taxes (Account 190)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 190			
2	Electric			
3	Gas	98,045,935	33,532,906	29,255,119
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	98,045,935	33,532,906	29,255,119
6	Other (Specify) (footnote details)	29,407,935		
7	TOTAL Account 190 (Total of lines 5 thru 6)	127,453,870	33,532,906	29,255,119
8	Classification of TOTAL			
9	Federal Income Tax	100,635,550	18,392,427	11,154,123
10	State Income Tax	26,818,320	15,140,479	18,100,996
11	Local Income Tax			



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**Accumulated Deferred Income Taxes (Account 190) (continued)**

Line No.	Changes During Year	Changes During Year	Adjustments	Adjustments	Adjustments	Adjustments	Balance at End of Year
	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits	Debits	Credits	Credits	
	(e)	(f)	Account No. (g)	Amount (h)	Account No. (i)	Amount (j)	(k)
1							
2							
3	64,768	7,206	219	12,209	219	12,209	93,710,586
4							
5	64,768	7,206		12,209		12,209	93,710,586
6	29,407,322	2,261,519					2,262,132
7	29,472,090	2,268,725		12,209		12,209	95,972,718
8							
9	23,987,088	1,732,875		9,894		9,894	71,143,033
10	5,485,002	535,850		2,315		2,315	24,829,685
11							

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

- Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
- Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange  (a)	Number of Shares Authorized by Charter  (b)	Par or Stated Value per Share  (c)	Call Price at End of Year  (d)
1	Account 201			
2	Common stock - not listed on any stock exchange	10,000	1.00	
3	Total common stock	10,000		
4				
5	Account 204			
6	Preferred stock - not listed on any stock exchange	1,000	1.00	
7	(Series A, 6%, cumulative)			
8	Total preferred stock	1,000		
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**Capital Stock (Accounts 201 and 204)**

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.  
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.  
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Outstanding per Bal. Sheet (total amt outstanding without reduction for amts held by respondent) Shares (e)	Outstanding per Bal. Sheet Amount (f)	Held by Respondent As Reacquired Stock (Acct 217) Shares (g)	Held by Respondent As Reacquired Stock (Acct 217) Cost (h)	Held by Respondent In Sinking and Other Funds Shares (i)	Held by Respondent In Sinking and Other Funds Amount (j)
1						
2	1,002	1,002				
3	1,002	1,002				
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**Other Paid-In Capital (Accounts 208-211)**

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

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

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

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

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

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2016/Q4
Securities Issued or Assumed and Securities Refunded or Retired During the Year			

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

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**Long-Term Debt (Accounts 221, 222, 223, and 224)**

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for amts held by respondent)  (d)
1	Account 221			
2	5.80% Senior Bonds due 02/15/2037	02/12/2007	02/15/2037	150,000,000
3	4.10% Senior Bonds due 09/15/2042	08/27/2012	09/15/2042	250,000,000
4	Subtotal			400,000,000
5				
6	Account 224			
7	5.75% Senior Notes due 07/15/2018	07/15/2008	07/15/2018	200,000,000
8	4.25% Senior Notes due 06/01/2021	04/20/2011	06/01/2021	200,000,000
9	Subtotal			400,000,000
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40	TOTAL			800,000,000

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Long-Term Debt (Accounts 221, 222, 223, and 224)**

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

Line No.	Interest for Year  Rate (in %) (e)	Interest for Year  Amount  (f)	Held by Respondent  Reacquired Bonds (Acct 222) (g)	Held by Respondent  Sinking and Other Funds (h)	Redemption Price per \$100 at End of Year  (i)
1					
2	5.800	8,700,000			
3	4.100	10,250,000			
4		18,950,000			
5					
6					
7	5.750	11,500,000			
8	4.250	8,500,000			
9		20,000,000			
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39					
40		38,950,000			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)
1	Account 181 Unamortized Debt Expense				
2	5.75% Senior Notes due 07/15/2018	200,000,000	1,794,586	07/15/2008	07/15/2018
3	4.25% Senior Notes due 06/01/2021	200,000,000	1,604,642	04/20/2011	06/01/2021
4	5.80% Senior Bonds due 02/15/2037	150,000,000	1,012,926	02/12/2007	02/15/2037
5	4.10% Senior Bonds due 09/15/2042	250,000,000	2,202,472	08/27/2012	09/15/2042
6	Total 181	800,000,000	6,614,626		
7					
8	Account 226 Unamortized Debt Discount				
9	5.75% Senior Notes Due 2018	200,000,000	46,000	07/15/2008	07/15/2018
10	4.25% Senior Notes Due 2021	200,000,000	44,000	04/20/2011	06/01/2021
11	5.80% Senior Bonds Due 2037	150,000,000	106,500	02/12/2007	02/15/2037
12	4.10% Senior Bonds Due 2042	250,000,000	435,000	08/27/2012	09/15/2042
13	Total 226	800,000,000	631,500		
14					
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Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Unamortized Debt Expense, Premium and Discount on Long-Term Debt (Accounts 181, 225, 226)**

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

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

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

Line No.	Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)
1				
2	558,583		210,068	348,515
3	945,286		158,606	786,680
4	866,993		21,611	845,382
5	2,066,124		43,418	2,022,706
6	4,436,986		433,703	4,003,283
7				
8				
9	14,318		5,385	8,933
10	25,920		4,349	21,571
11	91,157		2,272	88,885
12	407,995		8,575	399,420
13	539,390		20,581	518,809
14				
15				
16				
17				
18				
19				
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21				
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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/Q4</u>
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**Reconciliation of Reported Net Income with Taxable Income for Feder Income Taxes**

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

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

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 116)	159,378,931
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Contributions in aid of construction	5,009,428
6	Section 263A - Capitalized Interest	3,282,010
7	Other	841,892
8	TOTAL	9,133,330
9	Deductions Recorded on Books Not Deducted for Return	
10	Deferred income tax expense	93,040,817
11	Book depreciation	66,207,179
12	Other	26,481,959
13	TOTAL	185,729,955
14	Income Recorded on Books Not Included in Return	
15	Equity AFUDC	3,282,009
16	Debt AFUDC	770,153
17	LTIP mark to market gain	398,099
18	TOTAL	4,450,261
19	Deductions on Return Not Charged Against Book Income	
20	Federal tax depreciation	191,875,055
21	Tax goodwill	68,385,978
22	Repairs deduction	36,772,884
23	Regulatory assets/liabilities	13,533,923
24	Federal tax fixed asset gain	4,464,060
25	Other	5,776,625
26	TOTAL	320,808,525
27	Federal Tax Net Income	28,983,430
28	Show Computation of Tax:	
29	Federal taxable income	28,983,430
30	Federal statutory rate	35
31	Federal income tax	10,144,201
32	Prior year adjustments	( 4,289,908)
33	Federal income tax accrual	5,854,293
34		
35		

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

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

Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	Real and Personal Property Tax		
2			
3	Illinois 2016		
4	Illinois 2015	5,351	
5	Iowa 2016		
6	Iowa 2015	13,784,983	
7	Iowa 2014	6,510,655	
8	Kansas 2016		
9	Kansas 2015	7,048,188	
10	Louisiana 2016		
11	Louisiana 2015	1	
12	Michigan 2016		
13	Michigan 2015	301,147	
14	Minnesota 2016		
15	Minnesota 2015	17,516,421	
16	Minnesota 2014	3,682	
17	Nebraska 2016		
18	Nebraska 2015	2,109,001	
19	New Mexico 2016		
20	New Mexico 2015	18,303	
21	North Dakota 2016		
22	North Dakota 2015	477	
23	Oklahoma 2016		
24	Oklahoma 2015	271,171	
25	South Dakota 2016		
26	South Dakota 2015	394,999	
27	Texas 2016		
28	Texas 2015	742,010	
29	Wisconsin 2016		
30	Wisconsin 2015		
31			
32			
33			
34	Subtotal Real and Personal Property Tax	48,706,389	
35			
36			
37	Federal Income Tax		
38	Other		
39	FICA	270,174	

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

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

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3	5,256			5,256	
4	123	5,474			
5	14,050,001			14,050,001	
6	( 298,357)	6,747,134		6,739,492	
7	35	6,510,690			
8	14,040,000	7,017,944		7,022,056	
9	( 703)	7,047,485			
10	1,043	1,039		4	
11	( 1)				
12	1,465,000	795,099		669,901	
13	( 612)	300,535			
14	18,329,999			18,329,999	
15	( 678,636)	16,837,785			
16	( 3,682)				
17	1,891,997			1,891,997	
18	( 21,307)	2,087,694			
19	42,127	21,065		21,062	
20		18,303			
21	504			504	
22		477			
23	585,000	291,903		293,097	
24		271,171			
25	522,485			522,485	
26	( 21,748)	373,251			
27	1,445,000	460,824		984,176	
28	( 10,781)	731,229			
29	1,361,142	1,361,144		( 2)	
30	11,430	11,430			
31					
32					
33					
34	52,715,315	50,891,676		50,530,028	
35					
36					
37	4,936,941	( 26,835,790)	( 30,335,532)	1,437,199	
38	917,352		( 917,352)		
39	5,909,177	5,897,372		281,979	

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**

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

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1)  (l)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2				
3		5,256		
4		123		
5		14,050,001		
6		( 298,357)		
7		35		
8		14,040,000		
9		( 703)		
10		1,043		
11		( 1)		
12		1,465,000		
13		( 612)		
14		18,329,999		
15		( 678,636)		
16		( 3,682)		
17		1,891,997		
18		( 21,307)		
19		42,127		
20				
21		504		
22				
23		585,000		
24				
25		522,485		
26		( 21,748)		
27		1,445,000		
28		( 10,781)		
29		1,361,142		
30		11,430		
31				
32				
33				
34		52,715,315		
35				
36				
37		25,207,059		( 20,270,118)
38		917,352		
39		4,914,056		

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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

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

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	State/Local Income Tax Rate (q)
1					
2					
3					
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7					
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9					
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38					
39				995,121	

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1	Federal Unemployment	740	
2			
3	Subtotal Federal Tax	270,914	
4			
5	State Income Tax		
6			
7	Illinois		
8	Iowa		
9	Kansas		
10	Michigan		
11	Minnesota		
12	Nebraska		
13	New Mexico		
14	North Dakota		
15	Oklahoma		
16	Texas		
17	Wisconsin		
18	Other		
19			
20	Subtotal State Income Tax		
21			
22	State Unemployment Tax (SUTA)		
23			
24	Illinois		
25	Iowa		
26	Kansas	20	
27	Michigan		
28	Minnesota	152	
29	Nebraska	360	
30	New Mexico		
31	Oklahoma	15	
32	South Dakota	91	
33	Texas		
34	Wisconsin		
35			
36	Subtotal State Unemployment Tax	638	
37			
38			
39			



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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1	2,027	1,823		944	
2					
3	11,765,497	( 20,936,595)	( 31,252,884)	1,720,122	
4					
5					
6					
7	53,208		( 58,012)	( 4,804)	
8	869,110	( 3,721,887)	( 4,233,419)	357,578	
9	2,653,652	( 457,804)	( 2,763,127)	348,329	
10	( 2,657)	( 39,333)	( 39,018)	( 2,342)	
11	1,635,441	( 387,456)	( 1,782,207)	240,690	
12	1,391,880	( 1,163,631)	( 2,276,577)	278,934	
13	50,569		( 47,359)	3,210	
14	4,615		( 6,408)	( 1,793)	
15	422,206	( 204,780)	( 545,621)	81,365	
16	30,424	72,615	97,767	55,576	
17	524,046	46,025	( 385,518)	92,503	
18	7,628		( 7,628)		
19					
20	7,640,122	( 5,856,251)	( 12,047,127)	1,449,246	
21					
22					
23					
24					
25				57	
26	3,202	3,165		27	
27	897	870		262	
28	5,581	5,471		554	
29	21,643	21,449			
30					
31	413	428			
32	675	766		63	
33	3,627	3,564			
34	2,548	2,548			
35				963	
36	38,586	38,261			
37					
38					
39					

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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1)  (l)	Gas (Account 408.1, 409.1)  (j)	Other Utility Dept. (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1		1,519		
2				( 20,270,118)
3		31,039,986		
4				
5				
6		84,633		( 31,425)
7		1,382,413		( 513,303)
8		4,220,919		( 1,567,267)
9		( 4,226)		1,569
10		2,601,345		( 965,904)
11		2,213,935		( 822,055)
12		80,436		( 29,867)
13		7,340		( 2,725)
14		671,564		( 249,358)
15		48,393		( 17,969)
16		833,551		( 309,505)
17		7,628		
18				
19		12,147,931		( 4,507,809)
20				
21				
22				
23				
24				
25		2,638		
26		725		
27		4,559		
28		17,872		
29				
30		356		
31		638		
32		2,970		
33		2,123		
34				
35		31,881		
36				
37				
38				
39				

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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439)  (o)	Other  (p)	State/Local Income Tax Rate  (q)
1				508	
2					
3				995,629	
4					
5					
6					
7					7.75
8					12.00
9					7.00
10					6.00
11					9.80
12					7.81
13					6.60
14					4.31
15					6.00
16					
17					7.90
18					
19					
20					
21					
22					
23					
24					
25					
26				564	
27				172	
28				1,022	
29				3,771	
30					
31				57	
32				37	
33				657	
34				425	
35					
36				6,705	
37					
38					
39					

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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

Line No.	Kind of Tax (See Instruction 5)  (a)	Balance at Beg. of Year  Taxes Accrued (b)	Balance at Beg. of Year  Prepaid Taxes (c)
1			
2			
3			
4			
5	Use Tax		
6			
7	Illinois		
8	Iowa	237,161	
9	Kansas	39,274	
10	Louisiana		
11	Michigan	272	
12	Minnesota	98,924	
13	Nebraska	39,303	
14	New Mexico	49	
15	North Dakota		
16	Oklahoma	6,010	
17	South Dakota	4,184	
18	Texas	51,228	
19	Wisconsin	10,410	
20			
21	Subtotal Use Tax	486,815	
22			
23	Franchise Tax		
24	Nebraska		
25	Kansas		
26	Oklahoma		
27			
28	Subtotal Franchise Tax		
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
<b>TOTAL</b>		49,464,756	

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

Line No.	Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year Taxes Accrued (Account 236) (g)	Balance at End of Year Prepaid Taxes (Included in Acct 165) (h)
1					
2					
3					
4					
5					
6					
7	1,113			1,113	
8	426,889	436,307		227,743	
9	545,774	405,258		179,790	
10					
11	6,473	6,572		173	
12	1,358,256	1,318,916		138,264	
13	315,856	264,198		90,961	
14	1,529	1,578			
15					
16	31,445	24,221		13,234	
17	26,293	26,743		3,734	
18	251,175	270,205		32,198	
19	25,494	23,490		12,414	
20					
21	2,990,297	2,777,488		699,624	
22					
23					
24	30,000	30,000			
25					
26	20,100	20,100			
27					
28	50,100	50,100			
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
<b>TOTAL</b>	75,199,917	26,964,679	( 43,300,011)	54,399,983	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Dept. (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12		268,380		
13				
14				
15				
16				
17				
18				
19				
20				
21		268,380		
22				
23				
24		30,000		
25				
26		20,100		
27				
28		50,100		
29				
30				
31				
32				
33				
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39				
<b>TOTAL</b>		96,253,593		( 24,777,927)

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/Q4
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**Taxes Accrued, Prepaid and Charged During Year, Distribution of Taxes Charged (Show utility dept where applicable and acct charged)**  
(continued)

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)**

Line No.	Extraordinary Items (Account 409.3)  (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other  (p)	State/Local Income Tax Rate (q)
1					
2					
3					
4					
5					
6					
7				1,113	
8				426,889	
9				545,774	
10					
11				6,473	
12				1,089,876	
13				315,856	
14				1,529	
15					
16				31,445	
17				26,293	
18				251,175	
19				25,494	
20					
21				2,721,917	
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
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35					
36					
37					
38					
39					
<b>TOTAL</b>				3,724,251	

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/Q4
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**Miscellaneous Current and Accrued Liabilities (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than \$250,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Transportation and exchange gas payable	10,630,382
2	Accrued vacation and other employee benefits	9,077,450
3	Contract retainage	2,494,632
4	Accrued Department of Transportation safety user fees	1,259,077
5	Minor items	221,182
6		
7		
8		
9		
10		
11		
12		
13		
14		
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16		
17		
18		
19		
20		
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44		
45	Total	23,682,723



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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/Q4
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**Accumulated Deferred Income Taxes-Other Property (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.  
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	793,194,196	112,611,174	48,931,188
4	Other (Define) (footnote details)			
5	Total (Enter Total of lines 2 thru 4)	793,194,196	112,611,174	48,931,188
6	Other (Specify) (footnote details)	990,334	( 6,012)	984,322
7	TOTAL Account 282 (Enter Total of lines 5 thr	794,184,530	112,605,162	49,915,510
8	Classification of TOTAL			
9	Federal Income Tax	663,601,150	91,594,664	40,120,048
10	State Income Tax	130,583,380	21,010,498	9,795,462
11	Local Income Tax			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Accumulated Deferred Income Taxes-Other Property (Account 282) (continued)**

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

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							857,430,863
3	2,124,546	1,567,865					
4							857,430,863
5	2,124,546	1,567,865					
6							857,430,863
7	2,124,546	1,567,865					
8							715,531,151
9	1,723,829	1,268,444					141,899,712
10	400,717	299,421					
11							

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/Q4
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**Accumulated Deferred Income Taxes-Other (Account 283)**

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Changes During Year Amounts Debited to Account 410.1 (c)	Changes During Year Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas	72,986,424	10,341,761	12,027,643
4	Other (Define) (footnote details)			
5	Total (Total of lines 2 thru 4)	72,986,424	10,341,761	12,027,643
6	Other (Specify) (footnote details)			
7	TOTAL Account 283 (Total of lines 5 thru	72,986,424	10,341,761	12,027,643
8	Classification of TOTAL			
9	Federal Income Tax	59,705,530	8,374,352	9,753,464
10	State Income Tax	13,280,894	1,967,409	2,274,179
11	Local Income Tax			

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Accumulated Deferred Income Taxes-Other (Account 283) (continued)**

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

Line No.	Changes during Year Amounts Debited to Account 410.2 (e)	Changes during Year Amounts Credited to Account 411.2 (f)	Adjustments Debits Acct. No. (g)	Adjustments Debits Amount (h)	Adjustments Credits Account No. (i)	Adjustments Credits Amount (j)	Balance at End of Year (k)
1							
2							
3	65	851					71,299,756
4							
5	65	851					71,299,756
6							
7	65	851					71,299,756
8							
9	50	693					58,325,775
10	15	158					12,973,981
11							

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/Q4
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**Other Regulatory Liabilities (Account 254)**

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).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
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.
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).

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	924,502	131	1,614,393		1,505,135	815,244
2							
3	Employee benefits	23,005,741	128	23,005,741		24,910,661	24,910,661
4							
5	Encroachment revaluation	1,196,455	182.3	2,641,163		1,927,205	482,497
6							
7	Fuel, unaccounted for, and other trackers	8,479,222	182.3	13,490,671		14,596,857	9,585,408
8							
9	Carlton resolution credits	902,904	131	2,546,838		2,533,729	889,795
10							
11							
12							
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17							
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44							
45	Total	34,508,824		43,298,806	0	45,473,587	36,683,605

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Name of Respondent Northern Natural Gas Company	This Report Is:		Date of Report (Mo, Da, Yr)	Year/Period of Report
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	/ /	End of 2016/Q4

### Monthly Quantity & Revenue Data by Rate Schedule

1. Reference to account numbers in the USofA is provided in parentheses beside applicable data. Quantities must not be adjusted for discounts.

2. Total Quantities and Revenues in whole numbers

3. Report revenues and quantities of gas by rate schedule. Where transportation services are bundled with storage services, reflect only transportation Dth. When reporting storage, report Dth of gas withdrawn from storage and revenues by rate schedule.

4. Revenues in Column (c) include transition costs from upstream pipelines. Revenue (Other) in Column (e) includes reservation charges received by the pipeline plus usage charges, less revenues reflected in Columns (c) and (d). Include in Column (e), revenue for Accounts 490-495.

5. Enter footnotes as appropriate.

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)	12,363			246,141	246,141
2	Transportation of Gas for Others (489.2 and 489.3)					
3	CS-1			36,036	9,135,924	9,171,960
4	TF	27,373,222		69,546	18,861,224	18,930,770
5	TFX	51,792,135				
6	GS-T			4,046	192,139	196,185
7	TI	3,332,793			41,312	41,312
8	ILD	13,963			855,317	855,317
9	SMS	1,771,012				
10	Less: CS-1 units	-1,771,012				
11	Less: SMS units in other rate schedules	-13,963				
12	Less: ILD units in other rate schedules					
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
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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/Q4
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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	122,560			633,952	633,952	73,857			1,271,659	1,271,659
2										
3										
4	27,152,127		35,545	25,611,544	25,647,089	37,764,381		49,310	25,939,029	25,988,339
5	55,573,625		71,048	44,422,798	44,493,846	78,924,203		102,604	46,909,501	47,012,105
6						13,000			9,000	9,000
7	3,420,855		4,998	320,266	325,264	3,566,990		4,704	587,849	592,553
8	7,517			13,292	13,292	4,460			4,488	4,488
9	2,032,882			864,392	864,392	2,417,977			872,891	872,891
10										
11	-2,032,882					-2,417,977				
12	-7,517					-4,460				
13										
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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/Q4	
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)	82,498,150		109,628	29,085,916	29,195,544
64	Storage (489.4)					
65	FDD-1	347,242			6,850,356	6,850,356
66	IDD-1	1,067,054			188,318	188,318
67	PDD-1				1,343,982	1,343,982
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	1,414,296			8,382,656	8,382,656
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues				67	67
96	Products Sales and Extraction (490-492)				2,096	2,096
97	Rents (493-494)				50,032	50,032
98	Other Gas Revenues (495)					
99	(Less) Provision for Rate Refunds				52,195	52,195
100	Total Additional Revenues					
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	83,924,809		109,628	37,766,908	37,876,536

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/Q4</u>	
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	86,146,607		111,591	71,232,292	71,343,883	120,268,574		156,618	74,322,758	74,479,376
64										
65	974,167			2,092,020	2,092,020	4,127,429			2,179,178	2,179,178
66	1,185,266			121,135	121,135	607,906			128,694	128,694
67				1,914,086	1,914,086	860,000			1,845,743	1,845,743
68										
69										
70										
71										
72										
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78										
79										
80										
81										
82										
83										
84										
85										
86										
87										
88										
89										
90	2,159,433			4,127,241	4,127,241	5,595,335			4,153,615	4,153,615
91										
92										
93										
94										
95										
96						1,713			10,846	10,846
97				4,468	4,468				5,068	5,068
98				66,094	66,094				169,265	169,265
99										
100				70,562	70,562	1,713			185,179	185,179
101	88,428,600		111,591	76,064,047	76,175,638	125,939,479		156,618	79,933,211	80,089,829

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/Q4</u>
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### Gas Operating Revenues

1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages.
2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.

Line No.	Title of Account (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	480 Residential Sales				
2	481 Commercial and Industrial Sales				
3	482 Other Sales to Public Authorities				
4	483 Sales for Resale				
5	484 Interdepartmental Sales				
6	485 Intracompany Transfers				
7	487 Forfeited Discounts				
8	488 Miscellaneous Service Revenues				
9	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities				
10	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities			1,496,315	1,473,867
11	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities				
12	489.4 Revenues from Storing Gas of Others				
13	490 Sales of Prod. Ext. from Natural Gas				
14	491 Revenues from Natural Gas Proc. by Others				
15	492 Incidental Gasoline and Oil Sales				
16	493 Rent from Gas Property				
17	494 Interdepartmental Rents				
18	495 Other Gas Revenues			1,496,315	1,473,867
19	Subtotal:				
20	496 (Less) Provision for Rate Refunds			1,496,315	1,473,867
21	TOTAL:				

Name of Respondent Northern Natural Gas Company			This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
<b>Gas Operating Revenues</b>						
4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote. 5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases. 6. Report the revenue from transportation services that are bundled with storage services as transportation service revenue.						
Line No.	Other Revenues  Amount for Current Year (f)	Other Revenues  Amount for Previous Year (g)	Total Operating Revenues  Amount for Current Year (h)	Total Operating Revenues  Amount for Previous Year (i)	Dekatherm of Natural Gas  Amount for Current Year (j)	Dekatherm of Natural Gas  Amount for Previous Year (k)
1						
2	5,275,767	5,981,126	5,275,767	5,981,126	460,594	838,656
3						
4	4,597,062	28,486,108	4,597,062	28,486,108	2,107,499	9,497,387
5						
6						
7						
8						
9						
10	555,272,256	556,495,012	556,768,571	557,968,879	1,087,819,998	1,051,617,439
11						
12	68,700,816	61,771,213	68,700,816	61,771,213	131,178,122	104,542,204
13						
14						
15	98,268	129,435	98,268	129,435		
16	56,140	58,185	56,140	58,185		
17						
18	953,075	5,483,431	953,075	5,483,431		
19	634,953,384	658,404,510	636,449,699	659,878,377		
20						
21	634,953,384	658,404,510	636,449,699	659,878,377		

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/Q4</u>
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**Revenues from Transporation of Gas of Others Through Gathering Facilities (Account 489.1)**

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

Line No.	Rate Schedule and Zone of Receipt (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transaction Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Current Year (d)
1					
2					
3					
4					
5					
6					
7					
8					
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12					
13					
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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/Q4
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**Revenues from Transportation of Gas of Others Through Gathering Facilities (Account 489.1)**

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

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1						
2						
3						
4						
5						
6						
7						
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9						
10						
11						
12						
13						
14						
15						
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24						
25						

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/Q4</u>
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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

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

Line No.	Zone of Delivery, Rate Schedule (a)	Revenues for Transition Costs and Take-or-Pay Amount for Current Year (b)	Revenues for Transition Costs and Take-or-Pay Amount for Previous Year (c)	Revenues for GRI and ACA Amount for Current Year (d)	Revenues for GRI and ACA Amount for Previous Year (e)
1	GS-T			15	65
2	SMS				
3	TF		/	475,514	503,362
4	TFX			964,717	924,272
5	TI			56,069	46,168
6	CS-1				
7	ILD				
8	Deduct SMS units in other rate schedule				
9	Deduct ILD units in other rate schedule				
10	Deduct CS-1 units in other rate schedule				
11	Total			1,496,315	1,473,867
12					
13					
14					
15					
16					
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18					
19					
20					
21					
22					
23					
24					
25					



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**Revenues from Transportation of Gas of Others Through Transmission Facilities (Account 489.2)**

4. Delivered Dth of gas must not be adjusted for discounting.  
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.  
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	15,922	30,077	15,937	30,142	24,262	41,635
2	10,318,498	10,402,454	10,318,498	10,402,454	22,597,073	25,552,913
3	188,464,852	189,315,750	188,940,366	189,819,112	345,769,989	358,886,148
4	352,150,135	352,876,717	353,114,852	353,800,989	701,121,809	659,896,275
5	4,201,159	3,746,441	4,257,228	3,792,609	40,903,938	32,793,381
6		123,573		123,573		294,164
7	121,690		121,690		44,694	
8					( 22,597,073)	( 25,552,913)
9					( 44,694)	
10						( 294,164)
11	555,272,256	556,495,012	556,768,571	557,968,879	1,087,819,998	1,051,617,439
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/Q4</u>
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**Revenues from Storing Gas of Others (Account 489.4)**

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

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

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/Q4</u>
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**Revenues from Storing Gas of Others (Account 489.4)**

4. Dth of gas withdrawn from storage must not be adjusted for discounting.  
5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.

Line No.	Other Revenues	Other Revenues	Total Operating Revenues	Total Operating Revenues	Dekatherm of Natural Gas	Dekatherm of Natural Gas
	Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)
1	49,415,146	49,214,985	49,415,146	49,214,985	59,110,563	58,109,939
2	2,821,642	2,520,923	2,821,642	2,520,923	18,485,495	15,461,388
3	16,464,028	10,035,305	16,464,028	10,035,305	53,582,064	30,970,877
4						
5						
6	68,700,816	61,771,213	68,700,816	61,771,213	131,178,122	104,542,204
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Other Gas Revenues (Account 495)					
Report below transactions of \$250,000 or more included in Account 495, Other Gas Revenues. Group all transactions below \$250,000 in one amount and provide the number of items.					
Line No.	Description of Transaction (a)	Amount (in dollars) (b)			
1	Commissions on Sale or Distribution of Gas of Others				
2	Compensation for Minor or Incidental Services Provided for Others				
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale				
4	Sales of Stream, Water, or Electricity, including Sales or Transfers to Other Departments				
5	Miscellaneous Royalties				
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Account 495				
7	Revenues for Right and/or Benefits Received from Others which are Realized Through Research, Development, and Demonstration Ventures				
8	Gains on Settlements of Imbalance Receivables and Payables				
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements	678,880			
10	Revenues from Shipper Supplied Gas				
11	Other revenues (Specify):	274,194			
12					
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39					
Total		953,074			

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/Q4
Discounted Rate Services and Negotiated Rate Services					
1. In column b, report the revenues from discounted rate services. 2. In column c, report the volumes of discounted rate services. 3. In column d, report the revenues from negotiated rate services. 4. In column e, report the volumes of negotiated rate services.					
Line No.	Account  (a)	Discounted Rate Services  Revenue (b)	Discounted Rate Services  Volumes (c)	Negotiated Rate Services  Revenue (d)	Negotiated Rate Services  Volumes (e)
1	Account 489.1, Revenues from transportation of gas of others through gathering facilities.				
2	Account 489.2, Revenues from transportation of gas of others through transmission facilities.	208,276,172	579,205,096	55,693,446	30,279,415
3	Account 489.4, Revenues from storing gas of others.	15,718,819	47,035,503		
4	Account 495, Other gas revenues.				
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6					
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36					
37					
38					
39					
	Total	223,994,991	626,240,599	55,693,446	30,279,415

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/Q4
<b>Gas Operation and Maintenance Expenses</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. PRODUCTION EXPENSES			
2	A. Manufactured Gas Production			
3	Manufactured Gas Production (Submit Supplemental Statement)	0	0	
4	B. Natural Gas Production			
5	B1. Natural Gas Production and Gathering			
6	Operation			
7	750 Operation Supervision and Engineering	0	0	
8	751 Production Maps and Records	0	0	
9	752 Gas Well Expenses	0	0	
10	753 Field Lines Expenses	0	1,069	
11	754 Field Compressor Station Expenses	0	0	
12	755 Field Compressor Station Fuel and Power	0	0	
13	756 Field Measuring and Regulating Station Expenses	0	0	
14	757 Purification Expenses	0	0	
15	758 Gas Well Royalties	0	0	
16	759 Other Expenses	0	0	
17	760 Rents	0	0	
18	TOTAL Operation (Total of lines 7 thru 17)	0	1,069	
19	Maintenance			
20	761 Maintenance Supervision and Engineering	0	0	
21	762 Maintenance of Structures and Improvements	0	0	
22	763 Maintenance of Producing Gas Wells	0	0	
23	764 Maintenance of Field Lines	0	17	
24	765 Maintenance of Field Compressor Station Equipment	0	0	
25	766 Maintenance of Field Measuring and Regulating Station Equipment	0	0	
26	767 Maintenance of Purification Equipment	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment	0	0	
28	769 Maintenance of Other Equipment	0	0	
29	TOTAL Maintenance (Total of lines 20 thru 28)	0	17	
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	0	1,086	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account  (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering	0	0	
34	771 Operation Labor	0	0	
35	772 Gas Shrinkage	0	0	
36	773 Fuel	0	0	
37	774 Power	0	0	
38	775 Materials	0	0	
39	776 Operation Supplies and Expenses	0	0	
40	777 Gas Processed by Others	0	0	
41	778 Royalties on Products Extracted	0	0	
42	779 Marketing Expenses	0	0	
43	780 Products Purchased for Resale	0	0	
44	781 Variation in Products Inventory	0	0	
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0	
46	783 Rents	0	0	
47	TOTAL Operation (Total of lines 33 thru 46)	0	0	
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Regulating Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance (Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Total of lines 47 and 57)	0	0	

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Gas Operation and Maintenance Expenses(continued)					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
59	C. Exploration and Development				
60	Operation				
61	795 Delay Rentals	0		0	
62	796 Nonproductive Well Drilling	0		0	
63	797 Abandoned Leases	0		0	
64	798 Other Exploration	0		0	
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	0		0	
66	D. Other Gas Supply Expenses				
67	Operation				
68	800 Natural Gas Well Head Purchases	0		0	
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0		0	
70	801 Natural Gas Field Line Purchases	0		0	
71	802 Natural Gas Gasoline Plant Outlet Purchases	0		0	
72	803 Natural Gas Transmission Line Purchases	18,486,679		37,062,901	
73	804 Natural Gas City Gate Purchases	0		0	
74	804.1 Liquefied Natural Gas Purchases	0		0	
75	805 Other Gas Purchases	( 1,667,911)		5,347,137	
76	(Less) 805.1 Purchases Gas Cost Adjustments	0		0	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	16,818,768		42,410,038	
78	806 Exchange Gas	( 1,172,452)		( 2,155,957)	
79	Purchased Gas Expenses				
80	807.1 Well Expense-Purchased Gas	0		0	
81	807.2 Operation of Purchased Gas Measuring Stations	0		0	
82	807.3 Maintenance of Purchased Gas Measuring Stations	0		0	
83	807.4 Purchased Gas Calculations Expenses	0		0	
84	807.5 Other Purchased Gas Expenses	0		0	
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	0		0	





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<b>Gas Operation and Maintenance Expenses(continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	307,839	285,199	
117	831 Maintenance of Structures and Improvements	382,625	598,512	
118	832 Maintenance of Reservoirs and Wells	3,676,439	3,471,008	
119	833 Maintenance of Lines	3,694,857	3,041,915	
120	834 Maintenance of Compressor Station Equipment	1,153,751	1,441,096	
121	835 Maintenance of Measuring and Regulating Station Equipment	278,977	303,653	
122	836 Maintenance of Purification Equipment	1,003,639	950,733	
123	837 Maintenance of Other Equipment	210,568	435,558	
124	TOTAL Maintenance (Total of lines 116 thru 123)	10,708,695	10,527,674	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	21,389,472	21,344,876	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	233,314	348,585	
129	841 Operation Labor and Expenses	2,646,837	2,493,145	
130	842 Rents	2,728	2,684	
131	842.1 Fuel	557,083	1,005,795	
132	842.2 Power	606,044	525,808	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation (Total of lines 128 thru 133)	4,046,006	4,376,017	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures	163,114	211,189	
138	843.3 Maintenance of Gas Holders	80,171	76,315	
139	843.4 Maintenance of Purification Equipment	86,341	346,062	
140	843.5 Maintenance of Liquefaction Equipment	1,753,132	1,967,080	
141	843.6 Maintenance of Vaporizing Equipment	102,849	104,632	
142	843.7 Maintenance of Compressor Equipment	274,026	136,654	
143	843.8 Maintenance of Measuring and Regulating Equipment	40,121	43,757	
144	843.9 Maintenance of Other Equipment	123,013	208,108	
145	TOTAL Maintenance (Total of lines 136 thru 144)	2,622,767	3,093,797	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)	6,668,773	7,469,814	

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminaling and Proc Exp (Total of lines 165 and 175)	0	0	
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	28,058,245	28,814,690	

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Gas Operation and Maintenance Expenses(continued)					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
178	3. TRANSMISSION EXPENSES				
179	Operation				
180	850 Operation Supervision and Engineering	5,894,222	5,870,492		
181	851 System Control and Load Dispatching	3,377,313	3,632,083		
182	852 Communication System Expenses	1,332,656	1,467,784		
183	853 Compressor Station Labor and Expenses	10,284,152	11,047,964		
184	854 Gas for Compressor Station Fuel	16,753,278	31,310,530		
185	855 Other Fuel and Power for Compressor Stations	3,020,197	3,331,607		
186	856 Mains Expenses	19,279,067	19,940,935		
187	857 Measuring and Regulating Station Expenses	4,525,369	4,226,036		
188	858 Transmission and Compression of Gas by Others	3,406	( 19,759)		
189	859 Other Expenses	2,675,928	2,110,719		
190	860 Rents	240,084	213,424		
191	TOTAL Operation (Total of lines 180 thru 190)	67,385,672	83,131,815		
192	Maintenance				
193	861 Maintenance Supervision and Engineering	0	15,777		
194	862 Maintenance of Structures and Improvements	1,123,891	953,000		
195	863 Maintenance of Mains	25,044,772	25,298,609		
196	864 Maintenance of Compressor Station Equipment	14,779,952	17,582,178		
197	865 Maintenance of Measuring and Regulating Station Equipment	2,713,677	3,135,272		
198	866 Maintenance of Communication Equipment	115,473	129,217		
199	867 Maintenance of Other Equipment	1,119,631	885,491		
200	TOTAL Maintenance (Total of lines 193 thru 199)	44,897,396	47,999,544		
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	112,283,068	131,131,359		
202	4. DISTRIBUTION EXPENSES				
203	Operation				
204	870 Operation Supervision and Engineering	0	0		
205	871 Distribution Load Dispatching	0	0		
206	872 Compressor Station Labor and Expenses	0	0		
207	873 Compressor Station Fuel and Power	0	0		

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Gas Operation and Maintenance Expenses(continued)					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
208	874 Mains and Services Expenses	0	0		
209	875 Measuring and Regulating Station Expenses-General	0	0		
210	876 Measuring and Regulating Station Expenses-Industrial	0	0		
211	877 Measuring and Regulating Station Expenses-City Gas Check Station	0	0		
212	878 Meter and House Regulator Expenses	0	0		
213	879 Customer Installations Expenses	0	0		
214	880 Other Expenses	0	0		
215	881 Rents	0	0		
216	TOTAL Operation (Total of lines 204 thru 215)	0	0		
217	Maintenance				
218	885 Maintenance Supervision and Engineering	0	0		
219	886 Maintenance of Structures and Improvements	0	0		
220	887 Maintenance of Mains	0	0		
221	888 Maintenance of Compressor Station Equipment	0	0		
222	889 Maintenance of Measuring and Regulating Station Equipment-General	0	0		
223	890 Maintenance of Meas. and Reg. Station Equipment-Industrial	0	0		
224	891 Maintenance of Meas. and Reg. Station Equip-City Gate Check Station	0	0		
225	892 Maintenance of Services	0	0		
226	893 Maintenance of Meters and House Regulators	0	0		
227	894 Maintenance of Other Equipment	0	0		
228	TOTAL Maintenance (Total of lines 218 thru 227)	0	0		
229	TOTAL Distribution Expenses (Total of lines 216 and 228)	0	0		
230	5. CUSTOMER ACCOUNTS EXPENSES				
231	Operation				
232	901 Supervision	0	0		
233	902 Meter Reading Expenses	0	0		
234	903 Customer Records and Collection Expenses	0	0		

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Gas Operation and Maintenance Expenses(continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	0	0	
236	905 Miscellaneous Customer Accounts Expenses	0	0	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	0	0	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	0	
241	908 Customer Assistance Expenses	0	0	
242	909 Informational and Instructional Expenses	0	0	
243	910 Miscellaneous Customer Service and Informational Expenses	1,000	193	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	1,000	193	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0	0	
248	912 Demonstrating and Selling Expenses	2,347,387	2,328,482	
249	913 Advertising Expenses	4,604	3,629	
250	916 Miscellaneous Sales Expenses	0	0	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	2,351,991	2,332,111	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	32,134,520	31,315,202	
255	921 Office Supplies and Expenses	9,536,846	10,589,009	
256	(Less) 922 Administrative Expenses Transferred-Credit	2,117,743	1,794,570	
257	923 Outside Services Employed	16,523,949	14,681,483	
258	924 Property Insurance	870,403	949,759	
259	925 Injuries and Damages	1,673,370	1,219,834	
260	926 Employee Pensions and Benefits	10,952,577	11,129,381	
261	927 Franchise Requirements	0	0	
262	928 Regulatory Commission Expenses	1,758,356	1,999,354	
263	(Less) 929 Duplicate Charges-Credit	0	0	
264	930.1 General Advertising Expenses	0	0	
265	930.2 Miscellaneous General Expenses	116,190	83,299	
266	931 Rents	582,819	528,340	
267	TOTAL Operation (Total of lines 254 thru 266)	72,031,287	70,701,091	
268	Maintenance			
269	932 Maintenance of General Plant	0	0	
270	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	72,031,287	70,701,091	
271	TOTAL Gas O&M Expenses (Total of lines 97,177,201,229,237,244,251, and 270)	207,605,743	235,942,477	

Exchange and Imbalance Transactions	
<p>1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amount of imbalances associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges. If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.</p>	

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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/Q4</u>
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**Gas Used in Utility Operations**

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

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas  Gas Used Dth (c)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)	Natural Gas  Amount of Credit (in dollars) (d)
1	810 Gas Used for Compressor Station Fuel - Credit	854/819	8,302,902	18,293,877		
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)					
6	Construction	107/856	13,541	25,728		
7	LNG Compressor Station Fuel	842.1	273,297	557,083		
8	Line Operatoins	856	1,853,575	4,141,567		
9	Purification Underground Storage	821	62,704	131,985		
10	Other Underground Storage Operations	817/819	247,234	529,191		
11	Condensate	856	17,047	98,268		
12	Unaccounted For	813	635,732	1,034,655		
13						
14						
15						
16						
17						
18						
19						
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21						
22						
23						
24						
25	<b>Total</b>		11,406,032	24,812,354		



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/Q4</u>
<b>Transmission and Compression of Gas by Others (Account 858)</b>					
<p>1. Report below details concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline.</p> <p>2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system.</p> <p>3. Designate associated companies with an asterisk in column (b).</p>					
Line No.	Name of Company and Description of Service Performed (a)	*	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)	
1	Minor items		3,406	300,000	
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25	Total		3,406	300,000	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2016/Q4</u>
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**Other Gas Supply Expenses (Account 813)**

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

Line No.	Description (a)	Amount (in dollars) (b)
1	Loss on replacement of encroachment volumes	8,005,161
2	Revaluation of encroachments	( 1,369,002)
3	Unaccounted for gas	1,034,655
4	Other	24,868
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25	<b>Total</b>	7,695,682

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/Q4</u>
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**Miscellaneous General Expenses (Account 930.2)**

1. Provide the information requested below on miscellaneous general expenses.

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

Line No.	Description  (a)	Amount (in dollars) (b)
1	Industry association dues.	77,532
2	Experimental and general research expenses.	
	a. Gas Research Institute (GRI)	
	b. Other	
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent	
4	Other expenses - 16 items	38,658
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25	<b>Total</b>	116,190

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/Q4
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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are

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

Line No.	Functional Classification  (a)	Depreciation Expense (Account 403)  (b)	Amortization Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (e)
1	Intangible plant				
2	Production plant, manufactured gas				
3	Production and gathering plant, natural gas	3,986,906			
4	Products extraction plant				
5	Underground gas storage plant	5,913,648			253,770
6	Other storage plant	1,264,992			
7	Base load LNG terminaling and processing plant	236,093			
8	Transmission plant	47,655,323			
9	Distribution plant				
10	General plant	7,150,217			
11	Common plant-gas				
12	TOTAL	66,207,179	0		253,770

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/Q4
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**Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 404.1, 404.2, 404.3, 405) (Except Amortization of Acquisition Adjustments) (continued)**

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

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

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

Line No.	Amortization of Other Limited-term Gas Plant (Account 404.3)  (f)	Amortization of Other Gas Plant (Account 405)  (g)	Total (b to g)  (h)	Functional Classification  (a)
1	6,450,548		6,450,548	Intangible plant
2				Production plant, manufactured gas
3			3,986,906	Production and gathering plant, natural gas
4				Products extraction plant
5	31,336		6,198,754	Underground gas storage plant
6			1,264,992	Other storage plant
7			236,093	Base load LNG terminaling and processing plant
8	1,417,521		49,072,844	Transmission plant
9				Distribution plant
10			7,150,217	General plant
11				Common plant-gas
12	7,899,405		74,360,354	TOTAL

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

4. Add rows as necessary to completely report all data. Number the additional rows in sequence as 2.01, 2.02, 3.01, 3.02, etc.

**Section B. Factors Used in Estimating Depreciation Charges**

Line No.	Functional Classification (a)	Plant Bases (in thousands) (b)	Applied Depreciation or Amortization Rates (percent) (c)
1	Production and Gathering Plant		
2	Offshore (footnote details)	0	4.64
3	Onshore (footnote details)		
4	Underground Gas Storage Plant (footnote details)	401,316	1.25
5	Transmission Plant		
6	Offshore (footnote details)	37	4.64
7	Onshore (footnote details)	3,082,064	1.50
8	General Plant (footnote details)	89,228	0.00
9	ARO, Offshore (footnote details)	23,232	0.00
10	Base Load LNG Plant (footnote details)	7,456	0.00
11	Intangible (footnote details)	153,760	0.00
12	Market Based Underground Storage (footnote detail)	55,607	2.34
13	Other Gas Storage Plant (footnote details)	103,155	1.25
14	Storage Plant, Computer & Comm (footnote details)	2,140	10.00
15	Transmission Plant, Computers (footnote details)	34,611	10.00

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**Particulars Concerning Certain Income Deductions and Interest Charges Accounts**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430)-For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	426.1 - Donations under \$250,000	257,538
2		
3	426.4 - Expenditures for Certain Civic, Political, and Related	6,384
4	Activities under \$250,000	
5		
6	426.5 - Other Deductions under \$250,000	457,418
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15	431 - Other Interest Expense - primarily interest on trackers	24,135
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**Regulatory Commission Expenses (Account 928)**

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.)  (a)	Assessed by Regulatory Commission  (b)	Expenses of Utility  (c)	Total Expenses to Date  (d)	Deferred in Account 182.3 at Beginning of Year  (e)
1	Federal Energy Regulatory Commission RP04-155 Rate Case (over 5 years starting the month after incurred)				730,882
2	Federal Energy Regulatory Commission Order No. 472 2015 FERC Annual Charge (Oct 15 - Sep 16)	1,425,668			1,069,251
3	Federal Energy Regulatory Commission Order No. 472 2016 FERC Annual Charge (Oct 16 - Sep 17)	1,349,300			
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24					
25	<b>Total</b>	2,774,968			1,800,133



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/Q4</u>
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**Regulatory Commission Expenses (Account 928)**

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

Line No.	Expenses Incurred During Year Charged Currently To Department (f)	Expenses Incurred During Year Charged Currently To Account No. (g)	Expenses Incurred During Year Charged Currently To Amount (h)	Expenses Incurred During Year Deferred to Account 182.3 (i)	Amortized During Year Contra Account (j)	Amortized During Year Amount (k)	Deferred in Account 182.3 End of Year (l)
1				124,942	182.3	351,780	504,044
2					182.3	1,069,251	
3				1,349,300	182.3	337,325	1,011,975
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25				1,474,242		1,758,356	1,516,019



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<b>Distribution of Salaries and Wages</b>					
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals and Other Accounts, and enter such amounts in the appropriate lines and columns provided. Salaries and wages billed to the Respondent by an affiliated company must be assigned to the particular operating function(s) relating to the expenses.					
In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 75.01, 75.02, etc.					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
1	Electric				
2	Operation				
3	Production				
4	Transmission				
5	Distribution				
6	Customer Accounts				
7	Customer Service and Informational				
8	Sales				
9	Administrative and General				
10	TOTAL Operation (Total of lines 3 thru 9)				
11	Maintenance				
12	Production				
13	Transmission				
14	Distribution				
15	Administrative and General				
16	TOTAL Maintenance (Total of lines 12 thru 15)				
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)				
19	Transmission (Total of lines 4 and 13)				
20	Distribution (Total of lines 5 and 14)				
21	Customer Accounts (line 6)				
22	Customer Service and Informational (line 7)				
23	Sales (line 8)				
24	Administrative and General (Total of lines 9 and 15)				
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)				
26	Gas				
27	Operation				
28	Production - Manufactured Gas				
29	Production - Natural Gas(Including Exploration and Development)				
30	Other Gas Supply				
31	Storage, LNG Terminaling and Processing	3,910,217			3,910,217
32	Transmission	20,634,806	10,863		20,645,669
33	Distribution				
34	Customer Accounts				
35	Customer Service and Informational				
36	Sales				
37	Administrative and General	30,096,966	1,274,713		31,371,679
38	TOTAL Operation (Total of lines 28 thru 37)	54,641,989	1,285,576		55,927,565
39	Maintenance				
40	Production - Manufactured Gas				
41	Production - Natural Gas(Including Exploration and Development)				
42	Other Gas Supply				
43	Storage, LNG Terminaling and Processing	2,856,919			2,856,919
44	Transmission	11,864,400			11,864,400
45	Distribution				

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
Distribution of Salaries and Wages (continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Payroll Billed by Affiliated Companies (c)	Allocation of Payroll Charged for Clearing Accounts (d)	Total (e)
46	Administrative and General				
47	TOTAL Maintenance (Total of lines 40 thru 46)	14,721,319			14,721,319
48	Gas (Continued)				
49	Total Operation and Maintenance				
50	Production - Manufactured Gas (Total of lines 28 and 40)				
51	Production - Natural Gas (Including Expl. and Dev.)(Il. 29 and 41)				
52	Other Gas Supply (Total of lines 30 and 42)				
53	Storage, LNG Terminating and Processing (Total of Il. 31 and 43)	6,767,136			6,767,136
54	Transmission (Total of lines 32 and 44)	32,499,206	10,863		32,510,069
55	Distribution (Total of lines 33 and 45)				
56	Customer Accounts (Total of line 34)				
57	Customer Service and Informational (Total of line 35)				
58	Sales (Total of line 36)				
59	Administrative and General (Total of lines 37 and 46)	30,096,966	1,274,713		31,371,679
60	Total Operation and Maintenance (Total of lines 50 thru 59)	69,363,308	1,285,576		70,648,884
61	Other Utility Departments				
62	Operation and Maintenance				
63	TOTAL ALL Utility Dept. (Total of lines 25, 60, and 62)	69,363,308	1,285,576		70,648,884
64	Utility Plant				
65	Construction (By Utility Departments)				
66	Electric Plant				
67	Gas Plant	12,092,469	6,942	3,204,960	15,304,371
68	Other				
69	TOTAL Construction (Total of lines 66 thru 68)	12,092,469	6,942	3,204,960	15,304,371
70	Plant Removal (By Utility Departments)				
71	Electric Plant				
72	Gas Plant	321,226			321,226
73	Other				
74	TOTAL Plant Removal (Total of lines 71 thru 73)	321,226			321,226
75	Other Accounts (Specify) (footnote details)	607,088	10		607,098
76	TOTAL Other Accounts	607,088	10		607,098
77	TOTAL SALARIES AND WAGES	82,384,091	1,292,528	3,204,960	86,881,579

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/Q4</u>
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### Charges for Outside Professional and Other Consultative Services

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

(a) Name of person or organization rendering services.

(b) Total charges for the year.

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

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

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

Line No.	Description (a)	Amount (in dollars) (b)
1	MINNESOTA LIMITED LLC	10,901,752
2	VENABLES CONSTRUCTION INC	7,649,479
3	MICHELS CORPORATION	7,394,989
4	K K INC	6,261,381
5	MANHATTAN PIPELINE LLC	5,770,140
6	GAS GATHERING SPECIALISTS INC	5,545,538
7	AVERY PIPELINE SERVICES INC	5,019,202
8	AGILE1	4,972,350
9	L CON INC	4,155,720
10	CR INSPECTION INC	4,042,359
11	GLENN E SESSIONS AND SONS INC	3,229,914
12	NBG ENTERPRISES	2,866,406
13	HOLLOMAN CORPORATION	2,826,594
14	BLACKEAGLE ENERGY SERVICES	2,656,507
15	APPLE ELECTRICAL CONTRACTORS	2,616,651
16	GEOSTAT ENVIRONMENTAL LLC	2,576,509
17	TDW SERVICES INC	2,177,607
18	SAMUEL ENGINEERING INC	1,962,985
19	BLUEWATER CONSTRUCTORS INC	1,951,331
20	SCG LLC	1,723,780
21	EGAN FIELD AND NOWAK INC	1,660,094
22	XCEL NDT LLC	1,659,099
23	ARDENT SERVICES LLC	1,535,790
24	SOVDE ENTERPRISES INC	1,513,211
25	YOH	1,465,766
26	TETRA TECH ROONEY	1,401,052
27	ROSEN USA INC	1,372,141
28	WEST CON ENERGY SERVICES	1,175,372
29	MERJENT INC	1,033,270
30	WEAVERS INC	1,016,737
31	CSE SERVICES LLC	962,894
32	OBJECT PARTNERS INC	957,502
33	ASSOCIATED FIRE PROTECTION	955,207
34	CAPSTONE CONSULTING INC	931,460
35	TEG SOLUTIONS LLC	840,321

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/Q4
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**Charges for Outside Professional and Other Consultative Services (continued)**

Line No.	Description (a)	Amount (in dollars) (b)
1	LIBERTY CORE CONSULTANTS LLC	837,853
2	SHERMCO INDUSTRIES INC	833,573
3	MIDWEST INDUSTRIAL XRAY INC	831,666
4	STANTEC CONSULTING SERVICES INC	828,520
5	COMPRESSOR PROFESSIONALS INC	785,013
6	TRES MANAGEMENT INC	749,393
7	PROSOURCE TECHNOLOGIES LLC	739,350
8	SIBLEY ELECTRIC INC	715,120
9	RICOH USA INC	712,534
10	JWS PIPELINE INTEGRITY SERVICES LLC	698,701
11	T AND C MFG AND OPERATING INC	693,408
12	CSS STAFFING	691,122
13	SOLAR TURBINES INCORPORATED	686,033
14	EAGLE SKY PATROL INC	680,042
15	NRG ENERGY SERVICES LLC	672,260
16	BURNS AND MCDONNELL ENGINEERING COMPANY INC	668,985
17	SCHMID PIPELINE CONSTRUCTION INC	646,333
18	ENERGY ECONOMICS INC	632,540
19	BLACK & VEATCH CORPORATION	630,217
20	NORTHERN CLEARING INCORPORATED	590,238
21	ER CON TECHNOLOGIES LLC	573,018
22	BLUE SAGE SERVICES LLC	570,573
23	EPIC INDUSTRIAL SOLUTIONS LLC	543,171
24	BAKER HUGHES PROCESS AND PIPELINE SERVICES LLC	532,505
25	HOOPER CORPORATION	525,808
26	DRESSER RAND SERVICES INC	510,286
27	OSI ENVIRONMENTAL INC	494,957
28	Q3 CONTRACTING INC	486,668
29	D E RICE CONSTRUCTION COMPANY	484,459
30	ALARM SYSTEMS INC	481,444
31	TSE LLC	479,978
32	PL ENERSERV LLC	471,519
33	BOCKMANN INC	467,911
34	TEXCO ENERGY SOLUTIONS INC	449,930
35	UTILITIES INTERNATIONAL INC	426,382

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**Charges for Outside Professional and Other Consultative Services (continued)**

Line No.	Description (a)	Amount (in dollars) (b)
1	ARGUIJO OILFIELD SERVICES INC	411,989
2	VELOSYS LLC	394,366
3	PERGAM TECHNICAL SERVICES	380,783
4	KUTAK ROCK	362,234
5	TK AND COMPANY INC	355,301
6	LAKEHEAD CONSTRUCTORS INC	354,134
7	MECO LAND AND FIELD SERVICES	352,857
8	MCDANIEL TECHNICAL SERVICES INC	351,516
9	INTERSTATE TREE LANDSCAPING CO	342,591
10	C AND E CONTRACTOR SERVICES INC	334,961
11	PRECISION PIPELINE LLC	323,576
12	AMERICAN INNOVATIONS LTD	322,772
13	ACT INDEPENDENT TURBO SERVICES INC	308,489
14	EXTREEM FORESTRY LLC	306,150
15	PROKARMA INC	267,255
16	PIPING AND EQUIPMENT CO INC	263,941
17	LOCKE LORD LLP	250,008
18	OTHER	22,627,549
19	TOTAL	154,913,092
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**Transactions with Associated (Affiliated) Companies**

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

Line No.	Description of the Good or Service (a)	Name of Associated/Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)
1	Goods or Services Provided by Affiliated Company			
2	IT shared services	MidAmerican Energy Company ("MEC")	165,923	3,517,735
3	Other-goods and services under \$250,000	MEC	Various	875,999
4	Electricity, construction and other services	MEC	Various	579,808
5	Executive management support services	MEC	426,1426.5,850,923	480,750
6	Human resource services	MEC	923	344,112
7	Tax compliance services	MEC	426.4,923	328,801
8	Software leases, maintenance contracts and other charges	MEC	165,923	280,023
9	Other-goods and services under \$250,000	Berkshire Hathaway Energy Company ("BHEC")	Various	1,770,678
10	Software leases, maintenance contracts and other charges	BHEC	165,923	937,561
11	Natural gas swap settlements	Wells Fargo Bank	803,808.2,921	2,497,904
12	Other-goods and services under \$250,000	Various		546,453
13	Labor and other-goods and services	International Business Machines	165,921	313,397
14	Total			12,473,221
15				
16				
17				
18				
19				
20	Goods or Services Provided for Affiliated Company			
21	Transportation and storage services	MEC	Various	64,246,283
22	Other-goods and services under \$250,000	MEC	Various	100,767
23	Contributions in aid of construction	MEC	107,252,235,816	1,213,897
24	Financing services (demand promissory notes)	BHEC	419	1,393,051
25	Other-goods and services under \$250,000	BHEC	Various	803,354
26	Finance and accounting services	Kern River Gas Transmission Co. ("Kern River")	408.1,920,921,926	817,368
27	Other-goods and services under \$250,000	Kern River	Various	635,390
28	Legal services	Kern River	Various	315,396
29	Storage services	Wells Fargo Commodities, LLC	489.4	478,058
30	Other-goods and services under \$250,000	Various		394,571
31	Total			70,398,135
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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/Q4
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### Compressor Stations

1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.
2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.

Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1	Underground Storage: Underground Storage Compression:			
2	Underground Storage: Cunningham, Kansas	6	14,050	32,468,237
3	Underground Storage: Redfield, Iowa	7	16,760	50,226,998
4	Total Underground Storage	13	30,810	82,695,235
5				
6	Transmission: Transmission Compression:			
7	Transmission: Fort Buford, North Dakota	3	3,100	5,071,247
8	Transmission: Spencer, South Dakota	1	1,100	4,504,233
9	Transmission: Willow Lake, South Dakota	1	1,590	12,661,144
10	Transmission: Albert Lea, Minnesota	1	15,000	21,116,885
11	Transmission: Carlton, Minnesota	2	8,000	9,455,515
12	Transmission: Alexandria, Minnesota	1	800	3,632,649
13	Transmission: Farmington, Minnesota	7	20,200	37,816,026
14	Transmission: North Branch, Minnesota	4	8,000	13,684,554
15	Transmission: Pierz, Minnesota	1	800	5,209,490
16	Transmission: Owatonna, Minnesota	1	13,037	14,085,491
17	Transmission: Faribault, Minnesota	1	13,136	17,582,722
18	Transmission: Hugo, Minnesota	1	5,967	11,495,417
19	Transmission: Chatfield, Minnesota	2	4,250	8,136,106
20	Transmission: LaCrescent, Minnesota	1	1,250	4,461,148
21	Transmission: Popple Creek, Minnesota	1	2,000	4,448,957
22	Transmission: Elk River, Minnesota	1	1,100	5,952,997
23	Transmission: Belleville, Wisconsin	4	4,640	5,740,349
24	Transmission: Spring Green, Wisconsin	1	1,100	4,555,433
25	Transmission: Galena, Illinois	2	7,600	8,710,626

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### Compressor Stations

Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size and the date the unit was placed in operation.

3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Line No.	Expenses (except depreciation and taxes) Fuel (e)	Expenses (except depreciation and taxes) Power (f)	Expenses (except depreciation and taxes) Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station in kWh (i)	Operational Data Total Compressor Hours of Operation During Year (j)	Operational Data Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1								
2	419,541	239,321	2,590,938	180,814	7,951,757	11,984	5	07/04/2016
3	1,121,058	10,246	8,279,014	482,431	3,064,500	30,513	5	01/16/2016
4	1,540,599	249,567	10,869,952	663,245	11,016,257	42,497	10	
5								
6								
7	362,481		231,731	163,677	107,898	22,642	3	09/13/2016
8	0	14,596	134,215		336,600	496	1	12/07/2016
9	6,233	26,653	191,167	2,939	268,560	509	1	12/06/2016
10	470,920	27,895	136,446	229,168	205,360	2,209	1	12/15/2016
11	148,879	34,282	489,495	74,584	148,000	3,639	1	12/18/2016
12	2,021	85,558	45,211	769	753,792	1,956	1	02/08/2016
13	471,223	306,701	1,952,168	213,736	3,252,080	18,150	7	01/18/2016
14	269,738	58,491	1,028,367	125,878	467,000	11,363	4	01/18/2016
15	2,145	75,786	62,450	832	757,750	2,528	1	12/02/2016
16	308,151	26,099	128,407	150,605	166,800	1,629	1	12/09/2016
17	809,685	26,204	116,882	405,433	152,000	3,487	1	12/18/2016
18	137,640	13,313	181,136	68,907	123,600	1,205	1	01/21/2016
19	0	34,880	108,464		543,182	397	1	03/02/2016
20	0	19,126	75,474		103,844	3	1	10/13/2016
21	0	36,181	70,187		440,125	556	1	01/17/2016
22	0	16,793	156,575		213,600	202	1	01/18/2016
23	304,902	19,592	262,301	135,367	158,158	10,475	3	04/28/2016
24	0	58,282	11,841		225,459	545	1	12/15/2016
25	372,919	10,541	239,671	182,951	105,474	5,030	2	04/28/2016

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**Compressor Stations (continued)**

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Transmission: Hubbard, Iowa	1	8,000	12,217,332
2	Transmission: Earlville, Iowa	1	15,000	14,176,393
3	Transmission: Ventura, Iowa	5	12,330	16,497,631
4	Transmission: Waterloo, Iowa	8	16,250	29,364,673
5	Transmission: Ogden, Iowa	10	30,400	27,489,009
6	Transmission: Paullina, Iowa	5	4,400	8,407,202
7	Transmission: Oakland, Iowa	6	30,500	30,280,090
8	Transmission: Guthrie Center, Iowa	1	5,667	11,098,329
9	Transmission: Palmyra, Nebraska	12	31,755	47,842,985
10	Transmission: Beatrice, Nebraska	8	32,500	45,011,651
11	Transmission: Fremont, Nebraska	1	4,700	16,184,243
12	Transmission: Homer, Nebraska	4	9,480	33,462,167
13	Transmission: Clifton, Kansas	5	24,200	20,135,474
14	Transmission: Tescott, Kansas	1	9,100	12,151,326
15	Transmission: Bushton, Kansas	10	39,500	64,119,100
16	Transmission: Macksville, Kansas	5	33,900	28,927,877
17	Transmission: Mullinville, Kansas	7	25,900	43,701,922
18	Transmission: Sublette, Kansas	3	5,400	
19	Transmission: Beaver, Oklahoma	7	28,500	37,991,891
20	Transmission: Plains, Texas	1	3,546	7,629,879
21	Transmission: Sunray, Texas	7	14,000	21,327,971
22	Transmission: Spraberry, Texas	6	7,702	16,263,014
23	Transmission: Pampa, Texas	1	9,300	4,491,804
24	Transmission: Plainview, Texas	1	9,300	6,838,316
25	Transmission: Seminole, Texas	1	9,300	9,417,111

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**Compressor Stations (continued)**

Line No.	Expenses (except depreciation and taxes) Fuel (e)	Expenses (except depreciation and taxes) Power (f)	Expenses (except depreciation and taxes) Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station in kWh (i)	Operational Data Total Compressor Hours of Operation During Year (j)	Operational Data Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1	0	205,067	131,924		145,894	129	1	01/18/2016
2	243,578	17,566	160,515	96,937	178,752	995	1	01/18/2016
3	322,888	49,734	1,117,086	162,403	499,043	4,771	5	03/01/2016
4	685,702	70,994	1,346,875	318,206	419,520	21,179	8	01/17/2016
5	2,000,829	85,867	2,415,828	875,307	380,440	32,965	7	01/19/2016
6	7,454	23,386	307,620	3,371	218,140	1,402	3	01/12/2016
7	382,998	80,411	1,814,716	186,970	541,200	5,760	6	03/02/2016
8	200,579	11,209	96,171	91,667	105,700	1,723	1	10/13/2016
9	1,821,269	119,457	1,611,956	830,066	1,496,448	39,083	9	12/15/2016
10	997,209	86,079	1,225,990	461,377	1,020,280	21,496	8	12/15/2016
11	3,296	17,858	15,498	1,562	207,552	66	1	12/18/2016
12	174,188	61,674	176,509	68,870	538,640	7,321	3	10/13/2016
13	591,551	71,184	734,917	282,123	924,664	3,380	5	12/15/2016
14	87,717	33,690	286,110	42,981	297,557	530	1	12/18/2016
15	1,393,991	233,633	2,588,669	608,285	3,226,080	27,016	7	02/12/2016
16	50,752	62,487	1,358,776	22,109	586,200	642	3	01/18/2016
17	418,378	47,338	1,828,204	196,938	603,148	10,681	5	10/16/2016
18	14,325	123,867	388,219	6,887	1,191,200			
19	340,997	58,084	842,283	162,301	4,428,097	6,765	3	08/31/2016
20	141,533	11,370	250,838	58,209	138,798	1,909	1	12/08/2016
21	470,986	62,735	1,431,709	219,753	974,400	18,685	7	03/01/2016
22	826,694	55,704	2,459,517	356,575	858,000	37,954	6	08/30/2016
23	1,970	11,285	240,009	883	103,995	15	1	01/27/2016
24	38,037	12,338	145,710	14,919	105,802	462	1	10/05/2016
25	386,590	30,599	329,013	186,518	258,319	1,446	1	01/26/2016

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**Compressor Stations (continued)**

Line No.	Name of Station and Location  (a)	Number of Units at Station  (b)	Certificated Horsepower for Each Station  (c)	Plant Cost  (d)
1	Transmission: Claude, Texas	1	9,300	3,797,837
2	Transmission: Brownfield, Texas	1	9,300	7,743,336
3	Transmission: Kermit, Texas	1	15,900	24,260,716
4	Total Transmission Compression	156	567,800	799,150,268
5				
6	Other Storage Compression			
7	Other: Garner, IA LNG Plant	4	11,300	16,054,518
8	Other: Wrenshall, MN LNG Plant	6	8,230	23,367,143
9	Total Other Storage	10	19,530	39,421,661
10				
11	Offshore Compression			
12	Offshore: South Pelto 13	1	477	137,963
13	Total Offshore Compression	1	477	137,963
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**Compressor Stations (continued)**

Line No.	Expenses (except depreciation and taxes) Fuel (e)	Expenses (except depreciation and taxes) Power (f)	Expenses (except depreciation and taxes) Other (g)	Gas for Compressor Fuel in Dth (h)	Electricity for Compressor Station in kWh (i)	Operational Data Total Compressor Hours of Operation During Year (j)	Operational Data Number of Compressors Operated at Time of Station Peak (k)	Date of Station Peak (l)
1	11,922	11,707	226,565	4,697	79,680	26	1	03/04/2016
2	183,230	13,046	209,648	76,987	153,520	1,672	1	12/07/2016
3	1,287,677	62,836	417,409	547,910	863,257	7,417	1	08/16/2016
4	16,753,277	2,622,178	29,780,472	7,639,657	29,073,608	342,511	130	
5								
6								
7	57,421	1,102,988	2,306,509	25,524	12,538,400	7,829	4	11/18/2016
8	499,662	640,412	2,469,436	247,773	6,439,000	16,947	4	01/19/2016
9	557,083	1,743,400	4,775,945	273,297	18,977,400	24,776	8	
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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/Q4</u>
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### Gas Storage Projects

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	January	( 1,147,589)	2,111,169	963,580
3	February	( 2,670,131)	4,388,674	1,718,543
4	March	( 3,003,662)	8,570,286	5,566,624
5	April	( 3,504,156)	8,504,897	5,000,741
6	May	( 2,178,400)	8,689,065	6,510,665
7	June	( 16,754,174)	19,523,024	2,768,850
8	July	( 10,784,020)	16,935,681	6,151,661
9	August	( 2,056,978)	16,919,480	14,862,502
10	September	( 945,680)	17,883,655	16,937,975
11	October	1,412,270	14,768,077	16,180,347
12	November	4,393,232	7,080,505	11,473,737
13	December	( 1,743,159)	1,197,567	( 545,592)
14	TOTAL (Total of lines 2 thru 13)	( 38,982,447)	126,572,080	87,589,633
15	Gas Withdrawn from Storage			
16	January	( 1,505,381)	25,925,330	24,419,949
17	February	( 2,933,823)	14,887,891	11,954,068
18	March	( 3,569,757)	8,776,240	5,206,483
19	April	( 3,221,467)	7,115,575	3,894,108
20	May	( 1,811,185)	3,280,214	1,469,029
21	June	( 16,996,958)	19,432,891	2,435,933
22	July	( 10,103,626)	11,517,383	1,413,757
23	August	( 1,462,840)	3,630,147	2,167,307
24	September	( 444,936)	1,424,296	979,360
25	October	716,735	2,159,433	2,876,168
26	November	3,830,868	5,595,335	9,426,203
27	December	( 480,265)	25,549,159	25,068,894
28	TOTAL (Total of lines 16 thru 27)	( 37,982,635)	129,293,894	91,311,259



Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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**Gas Storage Projects**

1. On line 4, enter the total storage capacity certificated by FERC.  
2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	63,754,539
2	Cushion Gas (Including Native Gas)	128,435,001
3	Total Gas in Reservoir (Total of line 1 and 2)	192,189,540
4	Certificated Storage Capacity	224,050,000
5	Number of Injection - Withdrawal Wells	244
6	Number of Observation Wells	107
7	Maximum Days' Withdrawal from Storage	1,158,800
8	Date of Maximum Days' Withdrawal	01/18/2016
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent Northern Natural Gas Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2016/Q4
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### Transmission Lines

- Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.
- Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
- Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.
- Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	* (b)	Total Miles of Pipe (c)
1	Op by resp: Illinois		21.80
2	Op by resp: Iowa		4,375.00
3	Op by resp: Kansas	*	1,729.60
4	Op by resp: Michigan		268.90
5	Op by resp: Minnesota		3,344.70
6	Op by resp: Nebraska	*	1,658.90
7	Op by resp: New Mexico		76.20
8	Op by resp: Oklahoma		234.00
9	Op by resp: South Dakota	*	791.10
10	Op by resp: Texas	*	951.10
11	Op by resp: Wisconsin		1,338.40
12			
13	Total		14,789.70
14			
15			
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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/Q4
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### Transmission System Peak Deliveries

1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of the peak information required on this page. Add rows as necessary to report all data. Number additional rows 6.01, 6.02, etc.

Line No.	Description	Dth of Gas Delivered to Interstate Pipelines (b)	Dth of Gas Delivered to Others (c)	Total (b) + (c) (d)
	SECTION A: SINGLE DAY PEAK DELIVERIES			
1	Date: January 5, 2017			
2	Volumes of Gas Transported			
3	No-Notice Transportation		57,637	57,637
4	Other Firm Transportation	171,355	4,852,848	5,024,203
5	Interruptible Transportation	1,507	146,807	148,314
6	Other (Describe) (footnote details)			
7	TOTAL	172,862	5,057,292	5,230,154
8	Volumes of gas Withdrawn form Storage under Storage Contract			
9	No-Notice Storage			
10	Other Firm Storage		825,892	825,892
11	Interruptible Storage		265,332	265,332
12	Other (Describe) (footnote details)			
13	TOTAL		1,091,224	1,091,224
14	Other Operational Activities			
15	Gas Withdrawn from Storage for System Operations		1,030,400	1,030,400
16	Reduction in Line Pack		162,600	162,600
17	Other (Describe) (footnote details)			
18	TOTAL		1,193,000	1,193,000
19	SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES			
20	Dates: January 4, 5, 6, 2017			
21	Volumes of Gas Transported			
22	No-Notice Transportation		179,708	179,708
23	Other Firm Transportation	514,065	14,108,409	14,622,474
24	Interruptible Transportation	4,000	338,229	342,229
25	Other (Describe) (footnote details)			
26	TOTAL	518,065	14,626,346	15,144,411
27	Volumes of Gas Withdrawn from Storage under Storage Contract			
28	No-Notice Storage			
29	Other Firm Storage		2,511,178	2,511,178
30	Interruptible Storage		787,656	787,656
31	Other (Describe) (footnote details)			
32	TOTAL		3,298,834	3,298,834
33	Other Operational Activities			
34	Gas Withdrawn from Storage for System Operations		3,232,100	3,232,100
35	Reduction in Line Pack		334,700	334,700
36	Other (Describe) (footnote details)			
37	TOTAL		3,566,800	3,566,800

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/Q4
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### Auxiliary Peaking Facilities

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility Dth (c)	Cost of Facility (in dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?
1	Garner, Iowa	LNG	300,000	62,683,901	Yes
2	Wrenshall, Minnesota	LNG	300,000	41,557,554	Yes
3					
4					
5					
6					
7					
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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/Q4
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**Gas Account - Natural Gas**

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
5. Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
6. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
7. 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.
8. Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
9. 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.
10. 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
<b>01 Name of System:</b>				
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		2,573,655	544,255
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	1,087,819,998	288,913,331
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307	126,572,080	23,046,149
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	1,768,919	351,133
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332	300,000	300,000
12	Other Gas Withdrawn from Storage (Explain)		91,311,259	37,371,265
13	Gas Received from Shippers as Compressor Station Fuel		12,442,872	2,706,941
14	Gas Received from Shippers as Lost and Unaccounted for		( 2,052,377)	( 659,061)
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		1,320,736,406	352,574,013
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		2,568,093	208,780
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	1,087,819,998	288,913,331
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307	129,293,894	33,303,927
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	1,758,756	690,291
26	Deliveries of Gas to Others for Transportation (Account 858)	332	300,000	300,000
27	Other Gas Delivered to Storage (Explain)		87,589,633	27,108,492
28	Gas Used for Compressor Station Fuel	509	8,302,902	1,758,432
29	Other Deliveries and Gas Used for Other Operations		2,467,398	504,317
30	Total Deliveries (Total of lines 18 thru 29)		1,320,100,674	352,787,570
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		635,732	( 213,557)
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		1,320,736,406	352,574,013

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/Q4
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**Shipper Supplied Gas for the Current Quarter**

1. Report monthly (1) shipper supplied gas for the current quarter and gas consumed in pipeline operations, (2) the disposition of any excess, the accounting recognition given to such disposition and the specific account(s) charged or credited, and (3) the source of gas used to meet any deficiency, the accounting recognition given to the gas used to meet the deficiency, including the accounting basis of the gas and the specific account(s) charged or credited.
2. On lines 7, 14, 22 and 30 report only the dekatherms of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dekatherms must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 24-29. The dekatherms must be reported in column (d) unless the company has discounted or negotiated rates which should be reported in columns (b) and (c).
3. On lines 7, 14, 22 and 30 report only the dollar amounts of gas provided by shippers under tariff terms and conditions for gathering, production/ extraction/processing, transmission, distribution and storage service and the use of that gas for compressor fuel, other operational purposes and lost and unaccounted for. The dollar amounts must be broken out by functional categories on Lines 2-6, 9-13, 16-21 and 23-29. The dollar amounts must be reported in column (h) unless the company has discounted or negotiated rates which should be reported in columns (f) and (g). The accounting should disclose the account(s) debited and credited in columns (m) and (n).
4. Indicate in a footnote the basis for valuing the gas reported in Columns (f), (g) and (h).
5. Report in columns (j), (k) and (l) the amount of fuel waived, discounted or reduced as part of a negotiated rate agreement.
6. On lines 32-37 report the dekatherms and dollar value of the excess or deficiency in shipper supplied gas broken out by functional category and whether recourse rate, discounted or negotiated rate.
7. On lines 39 through 51 report the dekatherms, the dollar amount and the account(s) credited in Column (o) for the dispositions of gas listed in column (a).
8. On lines 53 through 65 report the dekatherms, the dollar amount and the account(s) debited in Column (n) for the sources of gas reported in column (a).
9. On lines 66 and 67, report forwardhaul and backhaul volume in Dths of throughput.
10. Where appropriate, provide a full explanation of the allocation process used in reported numbers in a footnote.

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
1	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	316,850	15,638	183,508	515,996
5	Distribution				
6	Storage	1,017		164,442	165,459
7	<b>Total Shipper Supplied Gas</b>	317,867	15,638	347,950	681,455
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	288,636	14,241	167,137	470,014
12	Distribution				
13	Storage	453		73,837	74,290
14	<b>Total gas used in compressors</b>	289,089	14,241	240,974	544,304
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	89,143	4,398	51,619	145,160
19	Distribution				
20	Storage	46		7,437	7,483
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>	89,189	4,398	59,056	152,643
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	( 106,090)	( 5,235)	( 61,432)	( 172,757)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	( 106,090)	( 5,235)	( 61,432)	( 172,757)

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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	889,766	43,902	515,227	1,448,895					805	805
5										
6	2,832		461,463	464,295					805	805
7	892,598	43,902	976,690	1,913,190						
8										
9										
10										
11	811,095	40,020	469,672	1,320,787					854	810
12										
13	1,273		207,489	208,762					819	810
14	812,368	40,020	677,161	1,529,549						
15										
16										
17										
18	250,357	12,353	144,972	407,682					See footnote	812
19										
20	128		20,900	21,028					See footnote	812
21										
22	250,485	12,353	165,872	428,710						
23										
24										
25										
26	( 298,233)	( 14,715)	( 172,695)	( 485,643)					812	813
27										
28										
29										
30	( 298,233)	( 14,715)	( 172,695)	( 485,643)						

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/Q4
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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	45,161	2,234	26,184	73,579
35	Distribution				
36	Storage	518		83,168	83,686
37	<b>Total Net Excess Or (Deficiency)</b>	45,679	2,234	109,352	157,265
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	45,679	2,234	109,352	157,265
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	45,679	2,234	109,352	157,265
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>				
<b>SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT</b>					
66	Forwardhaul Volume in Dths for the Quarter	288,913,331			
67	Backhaul Volume in Dths for the Quarter				
68	<b>TOTAL (Lines 66 and 67)</b>	288,913,331			



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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 1 Account(s) Debited (n)	Month 1 Account(s) Credited (o)
	Month 1 Discounted Rate Amount (f)	Month 1 Negotiated Rate Amount (g)	Month 1 Recourse rate Amount (h)	Month 1 Total Amount (i)	Month 1 Waived Dth (j)	Month 1 Discounted Dth (k)	Month 1 Negotiated Dth (l)	Month 1 Total Dth (m)		
31										
32										
33										
34	126,547	6,244	73,278	206,069						
35										
36	1,431		233,074	234,505						
37	127,978	6,244	306,352	440,574						
38										
39										
40										
41										
42	127,978	6,244	306,352	440,574					805	182.3
43										
44										
45										
46										
47										
48										
49										
50										
51	127,978	6,244	306,352	440,574						
52										
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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	366,823	18,479	213,917	599,219
5	Distribution				
6	Storage	640		121,201	121,841
7	Total Shipper Supplied Gas	367,463	18,479	335,118	721,060
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	372,924	18,762	217,468	609,154
12	Distribution				
13	Storage	385		72,252	72,637
14	Total gas used in compressors	373,309	18,762	289,720	681,791
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	78,306	3,940	45,664	127,910
19	Distribution				
20	Storage	56		10,435	10,491
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	78,362	3,940	56,099	138,401
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	( 503,341)	( 25,323)	( 293,520)	( 822,184)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	( 503,341)	( 25,323)	( 293,520)	( 822,184)

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/Q4
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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	996,608	50,140	581,165	1,627,913					805	805
5										
6	1,749		328,157	329,906					805	805
7	998,357	50,140	909,322	1,957,819						
8										
9										
10										
11	1,008,536	50,740	588,120	1,647,396					854	810
12										
13	1,041		195,399	196,440					819	810
14	1,009,577	50,740	783,519	1,843,836						
15										
16										
17										
18	211,772	10,654	123,493	345,919					See footnote	812
19										
20	150		28,222	28,372					See footnote	812
21										
22	211,922	10,654	151,715	374,291						
23										
24										
25										
26	( 1,354,344)	( 68,137)	( 789,776)	( 2,212,257)					812	813
27										
28										
29										
30	( 1,354,344)	( 68,137)	( 789,776)	( 2,212,257)						

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/Q4</u>
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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)
	<b>NET EXCESS OR (DEFICIENCY)</b>				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	418,934	21,100	244,305	684,339
35	Distribution				
36	Storage	199		38,514	38,713
37	<b>Total Net Excess Or (Deficiency)</b>	419,133	21,100	282,819	723,052
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	419,133	21,100	282,819	723,052
43	Other (list)				
44					
45					
46					
47					
48					
49					
50					
51	<b>Total Disposition Of Excess Gas</b>	419,133	21,100	282,819	723,052
52	<b>GAS ACQUIRED TO MEET DEFICIENCY:</b>				
53	System gas				
54	Purchased gas				
55	Other (list)				
56					
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</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/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 2 Account(s) Debited (bb)	Month 2 Account(s) Credited (cc)
	Month 2 Discounted Rate Amount (t)	Month 2 Negotiated Rate Amount (u)	Month 2 Recourse rate Amount (v)	Month 2 Total Amount (w)	Month 2 Waived Dth (x)	Month 2 Discounted Dth (y)	Month 2 Negotiated Dth (z)	Month 2 Total Dth (aa)		
31										
32										
33										
34	1,130,644	56,883	659,328	1,846,855						
35										
36	558		104,536	105,094						
37	1,131,202	56,883	763,864	1,951,949						
38										
39										
40										
41										
42	1,131,202	56,883	763,864	1,951,949					805	182.3
43										
44										
45										
46										
47										
48										
49										
50										
51	1,131,202	56,883	763,864	1,951,949						
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/Q4
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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	<b>SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)</b>				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	389,017	23,848	230,796	643,661
5	Distribution				
6	Storage			1,704	1,704
7	<b>Total Shipper Supplied Gas</b>	389,017	23,848	232,500	645,365
8	<b>LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)</b>				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	284,746	17,481	168,972	471,199
12	Distribution				
13	Storage	385		60,753	61,138
14	<b>Total gas used in compressors</b>	285,131	17,481	229,725	532,337
15	<b>LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)</b>				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	109,354	6,714	64,891	180,959
19	Distribution				
20	Storage	193		30,408	30,601
21	Other Deliveries (specify) (footnote details)				
22	<b>Total Gas Used For Other Deliveries And Gas Used For Other Operations</b>	109,547	6,714	95,299	211,560
23	<b>LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)</b>				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	472,190	28,989	280,205	781,384
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	<b>Total Gas Lost And Unaccounted For</b>	472,190	28,989	280,205	781,384

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/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
1										
2										
3										
4	1,020,398	62,646	605,518	1,688,562					805	805
5										
6	29		4,579	4,608					805	805
7	1,020,427	62,646	610,097	1,693,170						
8										
9										
10										
11	711,380	43,674	422,143	1,177,197					854	810
12										
13	962		151,779	152,741					819	810
14	712,342	43,674	573,922	1,329,938						
15										
16										
17										
18	273,198	16,773	162,119	452,090					See footnote	812
19										
20	482		75,968	76,450					See footnote	812
21										
22	273,680	16,773	238,087	528,540						
23										
24										
25										
26	1,179,728	72,427	700,067	1,952,222					813	812
27										
28										
29										
30	1,179,728	72,427	700,067	1,952,222						

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/Q4
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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	( 477,273)	( 29,336)	( 283,272)	( 789,881)
35	Distribution				
36	Storage	( 578)		( 89,457)	( 90,035)
37	<b>Total Net Excess Or (Deficiency)</b>	( 477,851)	( 29,336)	( 372,729)	( 879,916)
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		( 477,851)	( 29,336)	( 372,729)	( 879,916)
57					
58					
59					
60					
61					
62					
63					
64					
65	<b>Total Gas Acquired To Meet Deficiency</b>	( 477,851)	( 29,336)	( 372,729)	( 879,916)



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/Q4
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**Shipper Supplied Gas for the Current Quarter (continued)**

Line No.	Amount Collected (Dollars)				Volume (in Dth) Not Collected				Month 3 Account(s) Debited (pp)	Month 3 Account(s) Credited (qq)
	Month 3 Discounted Rate Amount (hh)	Month 3 Negotiated Rate Amount (ii)	Month 3 Recourse rate Amount (jj)	Month 3 Total Amount (kk)	Month 3 Waived Dth (ll)	Month 3 Discounted Dth (mm)	Month 3 Negotiated Dth (nn)	Month 3 Total Dth (oo)		
31										
32										
33										
34	( 1,143,908)	( 70,228)	( 678,811)	( 1,892,947)						
35										
36	( 1,415)		( 223,168)	( 224,583)						
37	( 1,145,323)	( 70,228)	( 901,979)	( 2,117,530)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	( 1,145,323)	( 70,228)	( 901,979)	( 2,117,530)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	( 1,145,323)	( 70,228)	( 901,979)	( 2,117,530)						

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/Q4
<b>System Maps</b>			

1. Furnish five copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
  - (a) Transmission lines.
  - (b) Incremental facilities.
  - (c) Location of gathering areas.
  - (d) Location of zones and rate areas.
  - (e) Location of storage fields.
  - (f) Location of natural gas fields.
  - (g) Location of compressor stations.
  - (h) Normal direction of gas flow (indicated by arrows).
  - (i) Size of pipe.
  - (j) Location of products extraction plants, stabilization plants, purification plants, recycling areas, etc.
  - (k) Principal communities receiving service through the respondent's pipeline.
3. In addition, show on each map: graphic scale of the map; date of the facts the map purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

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/Q4
FOOTNOTE DATA			

**Schedule Page: 107 Line No.: 1 Column: 1**  
The purpose of the stock book closing was for the annual election of the directors.

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/Q4
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/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

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

The \$10 pertains to natural gas and crude oil commodity swaps.

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/Q4
FOOTNOTE DATA			

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

2016 Dividends		2015 Dividends	
January 25, 2016	\$ 40,000,000	December 15, 2015	\$ 80,000,000
February 18, 2016	45,000,000	Total	\$ 80,000,000
December 14, 2016	75,000,000		
Total	\$ 160,000,000		

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

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

	2016	2015
Regulatory assets	\$ 10,434,983	\$ 10,417,744
Debt discount and expense	495,885	440,740
Total	\$ 10,930,868	\$ 10,858,484

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

	2016	2015
Gas balancing activities	\$ (594,969)	\$ (2,581,548)
Price risk management activities	(10,430,513)	6,209,456
Gain on the sale of assets	1,722	7,621
Prepayments and other assets	(431,531)	(144,060)
Total	\$ (11,455,291)	\$ 3,491,469

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

	2016	2015
Removal costs, net	\$ -	\$ (8,994,509)
Net increase (decrease) in payables and accrued expenses	13,589,993	(20,768,478)
Total	\$ 13,589,993	\$ (29,762,987)

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

	2016	2015
Sublette tank and discharge line sale	\$ 224,719	\$ -

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

	2016	2015
Sublette tank and discharge line sale	\$ (20,629)	\$ -

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 2016/Q4
FOOTNOTE DATA			

**Schedule Page: 200 Line No.: 3 Column: d**

Plant in service amount reported of \$3,765,289,292 is net of tentative retirements in the amount of \$12,523,528 reported on pages 204-209. See footnote to Page 204 Line No: 125 Column: (d) for tentative retirements by account.

**Schedule Page: 200 Line No.: 8 Column: d**

Total utility plant reported of \$3,983,034,840 is the net of utility plant in service as of December 31, 2016 of \$3,995,661,549 reported on page 110 line 2, less tentative retirements of \$12,523,528 reported on pages 204-209 column (d) and \$103,181 for Account 105 Gas Plant Held for Future Use. See footnote to Page 204 Line No. 125 Column (d) for tentative retirements by account.

	Amount
Page 110 Line 2 Utility Plant - Accounts 101-106	3,995,661,549
Less Account 105	(103,181)
Less Pages 204-209 Tentative Retirements	(12,523,528)
Page 200 Line 8 Total Utility Plant	3,983,034,840

**Schedule Page: 200 Line No.: 14 Column: d**

The accumulated provision for depreciation and amortization reported of \$1,307,869,234 is equal to the accumulated provision for depreciation and amortization of \$1,320,392,762 reported on page 110 line 5, less tentative retirements reported of \$12,523,528 reported on pages 204-209 column (d). See footnote to Page 204 Line No: 125 Column: (d) for tentative retirements by account.

	Amount
Page 110 Line 5 Accumulated Provision for Depreciation and Amortization	1,320,392,762
Less Pages 204-209 Tentative Retirements	(12,523,528)
Page 200 Line 14 Accumulated Provision for Depreciation and Amortization	1,307,869,234

**Schedule Page: 200 Line No.: 18 Column: d**

Accumulated provision for depreciation reported of \$1,198,761,853 is net of tentative retirements in the amount of \$12,523,528 reported on pages 204-209. See footnote to Page 204 Line No: 125 Column: (d) for tentative retirements by account.



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/Q4
FOOTNOTE DATA			

**Schedule Page: 204 Line No.: 129 Column: f**

The plant transfer balance of (\$264,177) reflects the original cost of \$273,454 for Respondent's Sublette drip tanks and discharge lines that were sold as an operating unit on November 23, 2016. The transfer for the Sublette sale credited Account 101 Gas plant in service and debited Account 102 Gas plant sold. In addition, Respondent adjusted the accounting entries made in 2006 to record the sale of its Eldorado to Spraberry pipeline that inadvertently included \$9,277 of cost for land and land rights for the Respondent's Big Lake office building that was not part of the sale. To restore the cost Big Lake office building land and land rights to its plant ledger, Respondent credited Account 102 and debited Account 101 in the amount of \$9,277.

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

Below is the supplemental statement showing the account distributions of tentative classifications for Account 106 Completed Construction Not Classified for Column ( c ), as required by instruction 5 for pages 204-209. The ending balance for Account 106 ties to the amount reported on page 200, line 6, column (b) of \$217,745,548. (Only affected groups are reported.)

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/Q4
FOOTNOTE DATA			

Pages	Account 106, Completed Construction Not Classified - Gas					
204-209	Number	Account	Beginning Balance	Additions	Classified	Ending Balance
	1	INTANGIBLE PLANT				
4	303	Misc Intangible Plant	593,693	7,833,442	(4,601,953)	3,825,182
5		Total Intangible Plant	593,693	7,833,442	(4,601,953)	3,825,182
		PRODUCTION & GATHERING				
	339	Asset Retirement Costs	-	56,724	(56,724)	-
		Total Production & Gathering	-	56,724	(56,724)	-
	42	NATURAL GAS STORAGE & PROCESSING PLANT				
	43	Underground Storage Plant				
46	351	Structures and Improvements	717,315	257,460	(383,712)	591,063
47	352	Wells	4,284,711	4,625,055	(3,461,229)	8,221,623
49	352.2	Reservoirs	4,887,508	6,900	(3,080)	2,118,242
51	353	Lines	5,699,633	8,813,442	(6,167,800)	8,345,275
52	354	Compressor Station Equipment	1,555,056	2,821,684	(1,437,571)	2,969,145
53	355	Measure and Regulating Equipment	1,587,020	15,585	(676,683)	925,922
54	356	Purification Equipment	1,351,161	2,350,734	(51,063)	3,650,832
55	357	Other Equipment	325,627	38,111	(18,463)	345,275
57		Total Underground Storage Plant	20,408,031	18,928,971	(12,199,601)	27,167,377
	58	Other Storage Plant				
60	361	Structures and Improvements	61,527	3,680,799	(8,586)	3,733,740
62	363	Purification Equipment	2,912,307	1,118,511	(12,640)	4,018,178
63	363.1	Liquefaction Equipment	219,040	334,546	(379,256)	174,330
64	363.2	Vaporizing Equipment	12,625,734	185,498	(360,026)	12,576,239
65	363.3	Compressor equipment	1,037,097	2,334,255	(604,997)	2,766,355
66	363.4	Measuring and regulating Equipment	131,958	-	(192,002)	4,454
67	363.5	Other Equipment	189,531	-	-	-
69		Total Other Storage Plant	17,177,194	7,653,609	(1,557,507)	23,273,296
	70	Base Load Liquefied Natural Gas Terminaling and Processing Plant				
73	364.3	LNG Processing Terminaling Equipment	69,681	6,779	(43)	76,417
74	364.4	LNG Transportation Equipment	-	-	-	-
75	364.5	Measuring & Regulating Equipment	-	-	-	-
80		Total Base Load Liquefied Nat'l Gas Terminaling and Processing Plant	69,681	6,779	(43)	76,417
81		Total Nat'l Gas Storage and Processing Plant	37,654,906	26,589,359	(13,757,151)	50,517,090

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/Q4
FOOTNOTE DATA			

82	<b>TRANSMISSION PLANT</b>					
83	365.1	Land and Land Rights	-	67,233	-	67,233
84	365.2	Rights of Way		7,534,537	(7,534,539)	(2)
85	366	Structures and Improvements	6,185,687	12,240,664	(9,396,282)	681,647
86	366.1	Compressor Station Structures				-
87	366.2	M&R Station Structures				-
88	3663	Other Structures				-
89	367	Mains	83,805,669	56,793,198	(73,300,864)	34,603
90	368	Compressor Station Equipment	62,144,484	62,958,189	(57,200,439)	(29,845)
91	369	Measuring & Regulating Station Equipment	23,325,363	12,442,476	(20,093,377)	60,968
92	370	Communication Equipment	504,019	267,856	(24,984)	(494,725)
		<b>Total Transmission Plant</b>	<b>175,965,222</b>	<b>152,304,153</b>	<b>(167,550,485)</b>	<b>252,648</b>
94	<b>GENERAL PLANT</b>					
95	390	Structures and Improvements	-	239,423	(3,867)	235,556
96	391	Office Furniture and Equipment	567,170	-	(260,822)	306,348
97	392	Transportation equipment	20,937	-	-	20,937
98	394	Tools, Shop and Garage Equipment	1,109,248	-	(92,302)	(199,561)
99	395	Laboratory Equipment	132,247	61,287		(83,063)
100	396	Power Operated Equipment	-	2	-	2
101	397	Communication Equipment	740,789	213,097	(12,847)	941,039
103		<b>Total General Plant</b>	<b>2,570,391</b>	<b>513,809</b>	<b>(369,838)</b>	<b>(282,624)</b>
104		<b>Total Gas Plant In Service</b>	<b>216,784,212</b>	<b>187,297,487</b>	<b>(186,336,151)</b>	<b>(0)</b>

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

Below is a supplemental statement showing the Account distributions of tentative retirements for Account 101 Gas Plant in Service reported in Column (d) as required by instruction 5 for pages 204-209. There were no prior tentative retirement classifications. These tentative retirements are reflected and footnoted on pages 200-201 and on page 219.

Account	Tentative Retirements
<b>NATURAL GAS STORAGE AND PROCESSING PLANT</b>	
Underground Storage Plant	
351 Structures & Improvements	44,187
352 Wells	19,251
353 Lines	111,756
354 Compressor Station Equipment	118,256
355 Other Equipment	110,471
356 Purification Equipment	66,456
357 Other Equipment	434
<b>TOTAL Underground Storage Plant</b>	<b>470,811</b>
Other Storage Plant	
361 Structures and Improvements	4,170
363 Purification Equipment	659,686
3633 Compressor Equipment	915,097

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FOOTNOTE DATA			

TOTAL Other Storage Plant	1,578,953
---------------------------	-----------

**TRANSMISSION PLANT**

366 Structures & Improvements	3,379
3661 Compressor Station Structures	118,216
3662 M&R Station Structures	164,857
3663 Other Structures	7,018
367 Mains	806,227
368 Compressor Station Equipment	7,873,690
369 Measure & Regulating Sta Eq	1,254,618
TOTAL Transmission Plant	10,228,005

**General Plant**

390 Structures and Improvements	167,092
394 Tools, Shop and Garage Equipment	20,511
397 Communication Equipment	58,156
TOTAL General Plant	245,759

Total Account 101 Tentative Retirements	12,523,528
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Northern Natural Gas Company			
FOOTNOTE DATA			

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

In addition to the Account 101 Plant in Service amount reported of \$51,587,912, the Respondent has recorded in Account 106 Completed Construction Not Classified an amount of \$4,135,388 and in Account 117.1 Gas Stored - Base Gas an amount of \$328,390 for total plant in service of \$56,051,690. Below is a summary of plant activity for the reported year.

	Plant in Service	
Account 101 Balance 12/31/2015	\$	53,213,690
Plant Addition		18,130
Retired Compressor Turbine		(1,643,907)
Account 101 Balance 12/31/2016	\$	51,587,913
Account 106 Balance 12/31/2015	\$	2,366,893
Compressor Turbine Replacement		1,768,495
Account 106 Balance 12/31/2016	\$	4,135,388
Total Tangible & Intangible Plant in Service 12/31/2016	\$	55,723,301
Account 117.1 Storage Base Gas		328,390
Total Plant in Service 12/31/2016		56,051,690

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

The net change in accumulated depreciation between what was reported in Respondent's 2015 Form 2 for Market-based storage of \$9,573,139 and the amount reported for 2016 of \$9,805,825 on tangible plant in service of \$55,440,428 is \$232,686 which consists of the following: 1) depreciation \$1,299,827, 2) plant retirements (\$1,643,907), 3) salvage \$710,164 and 4) a prior period depreciation adjustment in the amount of (\$133,398) on tangible plant in service of \$1,484,046 transferred to transmission plant. In addition to accumulated depreciation, the Respondent has recorded \$148,477 to Account 111 Accumulated Provision for Amortization on intangible plant in service of \$282,873. Total accumulated depreciation and amortization for Respondent's Market-based storage is \$9,954,302.

	Accumulated Reserve for Depreciation & Amortization	
Accumulated Depreciation		
Beginning Balance	\$	9,573,139
Depreciation Expense		1,299,827
Retirements (Compressor Turbine)		(1,643,907)
Salvage		710,164
Prior Period Depreciation Adjustment on Plant Transfer		(133,398)
Ending Accumulated Reserve for Depreciation	\$	9,805,825
Ending Accumulated Provision for Amortization		148,477
Total Accumulated Provision for Depreciation and Amortization	\$	9,954,302

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

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/Q4
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FOOTNOTE DATA			

Depreciation expense reported of \$1,299,827 reflects depreciation accrued on tangible plant in service of \$55,440,428 for the Respondent's Market-based storage. In addition to depreciation expense, the Respondent has recorded amortization expense in the amount of \$3,884 on intangible plant in service of \$282,873. Total depreciation and amortization expense for Respondent's Market-based storage is \$1,303,711.

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

Deferred income taxes are recorded in account 282.

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

O&M labor reported in columns (g) and (h) are based on 4.42 employee full time equivalents.

Respondent's previous submissions for page 217 reported operations and maintenance (O&M) labor based on an original estimate that 7.25 employee full time equivalents were required during the initial startup period to operate and maintain the market based storage plant. The full time equivalents should have been adjusted once the market based plant had established a normal run pattern. O&M labor expense reported on Respondent's page 217 for years 2013, 2014 and 2015 were overstated by the amounts shown on the following table.

#### O&M LABOR ADJUSTMENT

	Year		
	2013	2014	2015
Full Time Equivalents - Original Estimate	7.25	7.25	7.25
Full Time Equivalents - Actual	4.53	4.57	4.42
Variance	2.72	2.68	2.83
O&M Payroll - Original Estimate	\$ 741,581	\$ 780,069	\$ 785,916
O&M Payroll - Actual	494,130	525,942	514,943
Payroll Reduction	\$ (247,451)	\$ (254,127)	\$ (270,973)

In addition, electric fees for the Redfield market based compressor station facilities were inadvertently omitted from Respondent's previous submissions for page 217. The electrical usage table below shows the amounts that should be included in operating expense for years 2013, 2014 and 2015.

#### COMPRESSOR EQUIPMENT ELECTRICAL USAGE - ADDITION TO PREVIOUS REPORTED AMOUNT

	Year		
	2013	2014	2015
Storage Compressor Station Electrical Usage	\$ 15,690	\$ 16,548	\$ 21,354

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

See footnote for Page 217, Line No. 1, Column (g).

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
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**Schedule Page: 218 Line No.: 6 Column: c**

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

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

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

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FOOTNOTE DATA			

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

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

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

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

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

The difference of \$875,793 between the sum of line 12 and line 18, column b on page 219 and that reported for Gas Plant In Service, Pages 204-209, line 125, column d is due to the following retirements:

- |                  |  |
|------------------|--|
| 1. \$875,753     | Retirement of Software, which is classified as Intangible Plant and not reflected on page 219. |
| 2. \$ 40         | Retirement of Transmission Land, which is not depreciable and not reflected on page 219.       |
| <b>\$875,793</b> | <b>Total</b>   |

Book cost of plant retired of (\$47,499,144) reflects tentative retirements in the amount of \$12,523,528) reported on pages 204-209, column (d). See footnote to Page 204, Line No. 125, Column (d) for tentative retirements by account.

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

The \$314,154 decrease to the balance in Account 108 is comprised of the following items:

- |                     |   |
|---------------------|---|
| 1. (\$ 247,461)     | Accrual adjustment for sale and use tax incentive as a debit to 108 and credit to 107.  |
| 2. (\$ 66,361)      | Transfer of accumulated depreciation reserve to Account 102 Gas Plant Purchased or Sold for the Sublette Tank & Discharge Lines sale to West Texas Gas.                               |
| 3. (\$ 332)         | Correcting entry to transfer accumulated depreciation reserves for transmission land rights to Account 111 Accumulated Provision for Amortization and Depletion of Gas Utility Plant. |
| <b>(\$ 314,154)</b> | <b>Total</b>  |

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

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

**Plant Reserve**

Accumulated Depreciation	\$ 32,675,519
Cost of Plant Retired	( 39,914,677)
Accumulated Plant Reserve	<u>(\$ 7,239,158)</u>

**Retirement Work-In-Progress**

\$ 41

**Negative Salvage**

Accumulated Provision	\$ 1,510,858
Cost of Removal	( 603,629)
Net Negative Salvage	<u>\$ 907,229</u>

**Asset Retirement Obligation**

Accumulated Depreciation on ARO Capitalized	<u>\$ 4,559,052</u>
---	---------------------

**Asset Retirement Obligation (ARO) Allowance**

Accumulated Annual ARO Allowance	\$ 31,701,044
Accumulated Cost of ARO Retirements	( 33,049,163)
Unrecovered Net ARO Costs	<u>(\$ 1,348,119)</u>

**Accumulated Provision for Depreciation Gas Gathering** (\$ 3,120,955)



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

**Schedule Page: 219 Line No.: 27 Column: c**

Total includes \$1,640,169 accumulated annual ARO allowance, \$2,837,296 of accumulated cost of transmission ARO retirements, and \$15,257,665 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 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/Q4
FOOTNOTE DATA			

**Schedule Page: 220 Line No.: 5 Column: b**  
The Respondent utilizes the fixed asset method to account for the gas.

**Schedule Page: 220 Line No.: 5 Column: c**  
The Respondent utilizes the fixed asset method to account for the gas.

**Schedule Page: 220 Line No.: 5 Column: e**  
The Respondent utilizes the fixed asset method to account for the gas.

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/Q4
FOOTNOTE DATA			

**Schedule Page: 222 Line No.: 10 Column: a**

Date Issued	Amount
01/18/2011	80,000,000
12/23/2014	25,000,000
01/23/2015	25,000,000
02/17/2015	25,000,000
	<u>\$ 155,000,000</u>

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FOOTNOTE DATA			

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

Miscellaneous prepayments include:

Software licenses and maintenance contracts	\$2,229,697
Fees and permits	296,472
Advance payments	177,803
Right of way	176,858
Total	<u>\$2,880,830</u>

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2016/Q4
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**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	Fuel and storage, unaccounted for gas, and electrical compression trackers (1)	RP97-275	

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

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FOOTNOTE DATA			

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

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

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FOOTNOTE DATA			

**Schedule Page: 234 Line No.: 6 Column: k**

Goodwill and intangibles \$2,262,132

**Schedule Page: 234 Line No.: 7 Column: k**

Deferred income taxes that could be included in the development of jurisdictional recourse rates:

	<u>Beginning of year</u>	<u>End of year</u>
Net operating loss	\$ 860,286	\$ 1,892,268
Regulatory Liabilities	365,842	28,146
Depreciable Property	18,083,867	17,280,602
Total	\$ 19,309,995	\$19,201,016

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**Schedule Page: 258 Line No.: 13 Column: h**

Financing costs reported on this page	\$ 433,703
Debt discount costs reported on this page	20,581
Swap losses - page 232, line 13, column E	41,601
Total reported on page 116, line 63, column C	\$ 495,885



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**Schedule Page: 261 Line No.: 7 Column: b**

Regulatory Assets/Liabilities	336,433
Transportation Reserve	260,555
Federal Interest - Audit Accounting	137,979
Prepaid Insurance	104,945
Amortization of Gain on Recquired Debt	1,980
<b>Total Other (Line 7)</b>	<b>841,892</b>

**Schedule Page: 261 Line No.: 12 Column: b**

Book Amortization	8,153,175
Current state income tax expense	7,640,122
Current federal income tax expense	5,854,293
Long-Term Incentive Plan (LTIP)	2,618,542
Regulatory Assets/Liabilities	1,205,096
Workers Compensation	339,966
Accrued Vacation	285,963
Interest from Income Taxes	207,978
Meals and Entertainment	168,689
Lobbying Expenses and Political Contributions	6,413
Book Fixed Asset Gain/Loss	1,722
<b>Total Other (Line 12)</b>	<b>26,481,959</b>

**Schedule Page: 261 Line No.: 25 Column: b**

State taxes	3,602,384
Regulatory asset amortization-Pipe Recoating	1,432,224
Prior Year State Tax Receipts	530,749
Amortization of loss on reacquired debt	146,640
Texas Gross Receipts Tax	55,576
Accrued Current Liability	9,052
<b>Total Other (Line 25)</b>	<b>5,776,625</b>

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

**BHE Sub-Group:**

ABA Holding, LLC	CE Obsidian Holding LLC	HN Referral Corporation
ABA Management, L.L.C.	CE Red Island Energy Holdings LLC	HomeServices Financial Holdings, Inc
Alamo 6 Solar Holdings, LLC	CE Red Island Energy LLC	HomeServices Insurance Agency, LLC
Alaska Gas Transmission Company, LLC	CE Salton Sea Inc	HomeServices Insurance, Inc
Allie Beth Allman Real Estate, Ltd	CE Texas Energy, LLC	HomeServices Northeast, LLC
Apex Home Maintenance, LLC	CE Texas Fuel LLC	HomeServices of Alabama, Inc.
Arizona HomeServices, LLC	CE Texas Pipeline LLC	HomeServices of America, Inc
Berkshire Hathaway Energy Company	CE Texas Power LLC	HomeServices of California, Inc
BG Energy Holding Company LLC	CE Texas Resources LLC	HomeServices of Colorado, LLC
BHE AC Holding, LLC	CE Turbo LLC	HomeServices of Connecticut, LLC
BHE America Transco, LLC	Champion Realty, Inc	HomeServices of Florida, Inc
BHE California Utility Holdco, LLC	Chancellor Title Services, Inc	HomeServices of Georgia, LLC
BHE Canada LLC	Cimmred Leasing Company	HomeServices of Illinois Holdings, LLC
BHE Geothermal, LLC	Columbia Title of Florida, Inc	HomeServices of Iowa, Inc
BHE Hydro, LLC	Commonsite, Inc.	HomeServices of Kentucky, Inc
BHE Midcontinent Transmission Holdings LLC	Conejo Energy Company	HomeServices of MOKAN, LLC
BHE Renewables, LLC	Connecticut Referral Group, L.L.C.	HomeServices of Nebraska, Inc

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BHE Solar, LLC	Cordova Energy Company, LLC	HomeServices of Oregon, LLC
BHE Southwest Transmission Holdings LLC	Cordova Funding Corporation	HomeServices of Texas, LLC
BHE Texas Transco, LLC	CTHM, L.L.C.	HomeServices of the Carolinas, Inc
BHE U.K. Electric, Inc	CTRE, L.L.C.	HomeServices of Washington, LLC
BHE U.K. Inc	Dakota Dunes Development Company	HomeServices of Wisconsin, LLC
BHE U.K. Power, Inc	DCCO, Inc	HomeServices Referral Network, LLC
BHE U.S. Transmission, LLC	Denver Rental, LLC	HomeServices Relocation, LLC
BHE Wind, LLC	Desert Valley Company	HomeSvc of IL LLC d/b/a Koenig & Strey
		GMAC RE
BHES CSG Holdings, LLC	DG-SB Project Holdings, LLC	HS Franchise Holding, LLC
BHH Affiliates, LLC	Edina Financial Services, Inc	HSGA Real Estate Group, L.L.C.
BHH KC Real Estate, LLC	Edina Realty Insurance, LLC	HSW Affiliates Holding, LLC
Big Spring Pipeline Company	Edina Realty Referral Network, Inc	Huff Commercial Group, LLC
Bishop Hill Energy II, LLC	Edina Realty Relocation, Inc	Huff-Drees Realty, Inc
Bishop Hill II Holdings, LLC	Edina Realty Title, Inc	IES Holding II LLC
BRER Affiliates, LLC	Edina Realty, Inc	IMO Company, Inc
BRER Real Estate Services, LLC	Elmore Company	Imperial Magma LLC
BRER Realty Holding Company, LLC	Energy West Mining Company	Intero Franchise Services, Inc.
CalEnergy Company, Inc	eRealty, LLC	Intero Real Estate Holdings, Inc.
CalEnergy Generation Operating Company	Esslinger-Wooten-Maxwell, Inc	Intero Real Estate Services, Inc.
CalEnergy Holdings, Inc		
CalEnergy International Services, Inc	E-W-M Referral Services, Inc.	Intero Referral Services, Inc.
CalEnergy International, Inc	F&R/T LLC	Interwest Mining Company
CalEnergy Minerals Development, LLC	Falcon Power Operating Company	Iowa Realty Company, Inc
CalEnergy Minerals LLC	FFR, Inc	Iowa Realty Insurance Agency, Inc
CalEnergy Operating Corporation	First Network Realty, Inc.	Iowa Title Company
CalEnergy Pacific Holdings Corp	First Realty Group, Inc.	J.S. White Associates, Inc
California Energy Development Corporation	First Realty, Ltd	JBRC, Inc
California Energy Management Company	First Reserve Insurance, Inc	Jim Huff Realty, Inc.
California Energy Yuma Corporation		
Capitol Title Company	First Weber Illinois, LLC	JRHBW Realty, Inc d/b/a/ RealtySouth
CBSHome Commerical, LLC	First Weber, Inc.	Jumbo Road Holdings, LLC
	Florida Network LLC	Kansas City Title, Inc
CBSHome Real Estate Company	Florida Network Property Management, LLC	Kentucky Residential Referral, LLC
CBSHome Real Estate of Iowa, Inc	For Rent, Inc	
CBSHome Relocation Services, Inc	FR Kingfisher Holdings II, LLC	Kentwood City Properties, LLC
CE Administrative Services, Inc	FR Mariah Holdings II, LLC	Kentwood Commercial, LLC
CE Black Rock Holdings LLC	FRTC, LLC	Kentwood DTC, LLC
CE Butte Energy Holdings LLC	FSRI Holdings, Inc	Kentwood Real Estate Services, LLC
	Geronimo Community Solar Gardens Holding Company, LLC	Kentwood, LLC
CE Butte Energy LLC	Geronimo Community Solar Gardens, LLC	Kern River Funding Corporation
	Gilbraltar Title Services, LLC	
CE Electric (NY), Inc	Glenrock Coal Company	KR Acquisition 1, LLC
CE Gen Oil Company	GPSF-B	KR Acquisition 2, LLC
CE Gen Pipeline Corporation	Grande Prairie Wind, LLC	KR Holding, LLC
CE Gen Power Corporation		Lands of Sierra, Inc.
		Larabee School of Real Estate & Insurance, Inc
CE Generation LLC	Guarantee Appraisal Corporation	M & M Ranch Acquisition Company LLC
CE Geothermal, Inc.	Guarantee Real Estate	M & M Ranch Holding Company LLC
CE International Investments, Inc	HMSV Financial Services, Inc	Magma Land Company I
CE Leathers Company	HN Real Estate Group N.C., Inc	Magma Power Company
CE Obsidian Energy LLC	HN Real Estate Group, LLC	Marshall Wind Energy, LLC

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

#### BHE Sub-Group Continued:

MEC Construction Services Company	PCRE, L.L.C.	S.W. Hydro, Inc.
MEHC Insurance Services Ltd.	PFR Staffers, LLC	Salton Sea Funding Corporation
MEHC Investment, Inc	Pickford Escrow Company, Inc	Salton Sea Minerals Corporation
MEHC Merger Sub Inc	Pickford Holdings, LLC	Salton Sea Power Company
MES Holding LLC	Pickford Real Estate, Inc	Salton Sea Power Generation Company
MHC Investment Company	Pickford Services Company, Inc	Salton Sea Power LLC
MHC, Inc	Pilot Butte, LLC	Salton Sea Royalty Company

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Mid-America Referral Network, Inc.	Pinon Pine Corporation	San Felipe Energy Company
MidAmerican Central California Transco LLC	Pinon Pine Investment Company	Saranac Energy Company, Inc
MidAmerican Energy Company	Pinyon Pines I Holding Company, LLC	SECI Holdings, Inc
MidAmerican Energy Machining Services LLC	Pinyon Pines II Holding Company, LLC	Semonin Realtors, Inc
MidAmerican Energy Services, LLC	Pinyon Pines Projects Holding, LLC	Sierra Gas Holding Company
MidAmerican Funding, LLC	Pinyon Pines Wind I, LLC	Sierra Pacific Power Company dba NV Energy
MidAmerican Nuclear Energy Company LLC	Pinyon Pines Wind II, LLC	Solar Star 3, LLC
MidAmerican Wind Tax Equity Holdings, LLC	PNW Referral, LLC	Solar Star California XIX, LLC
Midland Escrow Services, Inc	PPW Holdings LLC	Solar Star California XX, LLC
Midwest Capital Group, Inc	PPW Staffers, LLC	Solar Star Funding, LLC
Midwest Power Transmission Arkansas LLC (f/k/a Midwest Power Transmission I	Preferred Carolinas Realty, Inc	Solar Star Projects Holdings, LLC
Midwest Power Transmission Iowa LLC	Preferred Carolinas Title Agency, LLC	Southwest Relocation, LLC
Midwest Realty Ventures, LLC	Priority Title Corporation	SSC XIX, LLC
MTL Canyon Holdings LLC	Professional Referral Organization, Inc	SSC XX, LLC
MWR Capital, Inc	Professional Referrals, Inc.	The Escrow Firm
Nebraska Land Title & Abstract Company	Pru-One, Inc.	The Kentwood Company at Cherry Creek, LLC
Nebraska Referral, Inc.	PW Fox, LLC	The Referral Company
Nevada Electric Investment Company	Quad Cities Energy Company	TIAC LLC
Nevada Power Company dba NV Energy	Real Estate Knowledge Services, L.L.C.	TitleSouth, LLC
Niguel Energy Company	Real Estate Links, LLC	TLTC LLC
NNGC Acquisition LLC	Real Estate Referral Network, Inc	Topaz Solar Farms, LLC
Norcon Holdings, Inc	Real Living Real Estate, LLC	TPZ Holding, LLC
Northern Aurora Inc	Reece & Nichols Alliance, Inc	TRMC LLC
Northern Consolidated Power, Inc	Reece & Nichols Insurance, LLC	Two Rivers, Inc
Northern Natural Gas Company	Reece & Nichols Realtors, Inc	TX Jumbo Road Wind, LLC
Novatus Texas Holdings, LLC	Reece Commercial, Inc.	VPC Geothermal LLC
NRS Referral Services, LLC	Referral Associates of Georgia, LLC	Vulcan Power Company
NV Energy, Inc. fka Sierra Pacific Resources	Referral Company of North Carolina, Inc	Vulcan/BN Geothermal Power Company
NVE Holdings, LLC	Referral Network of IL LLC	Wailuku Holding Company LLC
NVE Insurance Co, Inc.	Relocation Advantage Partners, LLC	Wailuku Investment LLC
NW Referral Services, LLC	RHL Referral Company, LLC	Wailuku River Hydroelectric Power Co, Inc.
Pacific Minerals, Inc	Roberts Brothers, Inc	Walnut Ridge Wind, LLC
PacifiCorp	Roy H. Long Realty Company, Inc	Wm Broughton, LLC
PCG Agencies, Inc.	Rubloff Insurance Agency LLC	

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

#### All Other Affiliates:

Acme Brick Company	TOHVT Development, Inc.	Cavalier Homes, Inc.
Acme Brick DFW, Inc.	TXVT Development, Inc.	Fontana Wood Products, Inc.
Acme Brick Sales Company	Van Enterprises, Inc.	CMH Homes, Inc.
Acme Ochs Brick and Stone, Inc.	VNDR Development, Inc.	CMH of KY, Inc.
Innovative Building Products, Inc	VT Insurance Acquisition Sub Inc.	CMH Parks, Inc.
Alpha Cargo Motor Express, Inc	The Ben Bridge Corporation	Chatwell, Inc.
Acme Brick Tile & Stone, Inc. (fka Brick Acquisition Company)	Ben Bridge Jeweler, Inc.	Freedom Warehouse Corp.
Acme Building Brands, Inc	Berkshire Hathaway Credit Corporation	Vanderbilt ABS Corp.
Acme Investment Company	BH Columbia Inc.	Vanderbilt Mortgage and Finance, Inc.
Acme Management Company	Berkshire Hathaway Finance Corporation	Vanderbilt SPC, Inc.
Acme Services Company, L.P.	Berkshire Hathaway Inc.	Vanderbilt Property&Casualty Insurance Co., Ltd.
Denver Brick Company	BH Credit LLC	Homefirst Agency, Inc.
Justin Industries, Inc.	Railsplitter Holdings Corporation	21st Communities, Inc.
AEG Processing Center No. 35, Inc.	Benjamin Moore & Co.	21st Mortgage Corporation
AEG Processing Center No. 58, Inc.	Complementary Coatings Corporation	Henley Holdings, LLC
Applied Processing Center No. 60, Inc.	Eco Color Company	21 SPC, Inc.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2016/Q4
FOOTNOTE DATA			

American Employers Group, Inc.	The Indecor Group, Inc.	Clayton Homes, Inc.
Applied Group Insurance Holdings, Inc.	Burlington Northern Santa Fe, LLC	CMH Capital, Inc.
Applied Investigations Inc.	FreightWise, Inc.	CMH Services, Inc.
Applied Logistics, Inc.	Transportation Technology Services, Inc.	Clayton Education Corp.
Applied Premium Finance, Inc.	Burlington Northern Santa Fe Insurance Company, Ltd.	Cort Business Services Corporation
Applied Risk Services of New York, Inc.	BNSF Logistics International, Inc.	Central States of Omaha Companies, Inc.
Applied Risk Services, Inc.	Royal Cargo Line, Inc.	Central States Indemnity Co. of Omaha
AU Holding Company, Inc.	Albacor Shipping (USA) Inc.	CSI Life Insurance Company
Applied Underwriters, Inc.	BNSF Railway Company	Roxell USA, Inc.
AU Captive Risk Assurance Co.	Bayport Systems, Inc.	CTB Credit Corp
BH, LLC	Burlington Northern Santa Fe Manitoba, Inc.	CTB Inc.
Berkshire Indemnity Group Inc.	Los Angeles Junction Railway Company	CTB International Corp
Combined Claims Services, Inc.	Star Lake Railroad Company	Ironwood Plastics Inc
Coverage Dynamics Group, Inc.	The BN and SF Railway de Mexico, S.A. de C.V.	CTB IW INC
Commercial General Indemnity, Inc.	The Zia Company	CTB Midwest Inc
California Insurance Company	Santa Fe Pacific Pipeline Holdings, Inc.	CTB MN Investments
Continental Indemnity Company	Burlington Northern Santa Fe British Columbia, Ltd.	Meyn LLC
Applied Underwriters Captive Risk Assurance Company, Inc.	Pine Canyon Land Company	International Dairy Queen, Inc.
Illinois Insurance Company	Santa Fe Pacific Insurance Company	American Dairy Queen Corporation
North American Casualty Co.	Santa Fe Pacific Railroad Company	DQF, Inc.
Promesa Health, Inc.	Western Fruit Express Company	DQGC, Inc.
Pennsylvania Insurance Company	Burlington Northern Railroad Holdings, Inc.	Unified Supply Chain, Inc.
Strategic Staff Management, Inc.	BNSF Railway International Services, Inc.	DQ Funding Corporation
Texas Insurance Company	BN Leasing Corporation	Dairy Queen Of Georgia, Inc.
121 Development, Inc.	Midwest Northwest Properties, Inc.	Karmelkorn Shoppes, Inc.
2150 Cobb Development, Inc.	Santa Fe Pacific Pipelines, Inc.	Orange Julius Of America
2701 Camelback Development, Inc.	BNSF Communications, Inc.	Dairy Queen Corporate Stores, Inc.
6991 Development, Inc.	BNSF Spectrum, Inc.	DQ Managed Stores, Inc.
Berkshire Hathaway Automotive Inc.	Borsheim Jewelry Company, Inc	DQ Wholly-Owned Stores, Inc.
BCC Development, Inc.	Brooks Sports, Inc.	DQ Joint Venture Stores, Inc.
BHA Real Estate Holdings, LLC	Total Quality Apparel Resources	PJR Management, Inc.
Borrego Holdings, Inc.	The Buffalo News, Inc.	The Fechheimer Brothers Co.
BWVT Motors, Inc.	Business Wire, Inc.	Nationwide Uniforms
Courtesy Dealership Property, Inc.	Charter Brokerage Holdings Corp.	Fruit of the Loom, Inc.
DAA Development, Inc.	DL Trading Holdings I, Inc.	Union Underwear Co., Inc
Dynamic Development, Inc.	Clayton Commercial Buildings, Inc.	Cumberland Asset Management, Inc.
FFBH Development, Inc.	CMH Hodgenville, Inc.	Fruit of the Loom Direct, Inc.
HFVBH Development, Inc.	CMH Manufacturing, Inc.	Vanity Fair, Inc.
MPP Administrators, Inc.	CMH Set and Finish, Inc.	VFI-Mexico, Inc.
MPP Co., Inc.	CMH Manufacturing West, Inc.	The BVD Licensing Corporation
MVVT Development, Inc.	AL/TEX Homes, Inc.	Russell Athletic Corporation
Old United Casualty Company	BR Agency, Inc.	Martin Mills, Inc.
PFVT Development, Inc.	Giles Industries, Inc.	Camp Manufacturing Company
SFVT Development, Inc.	Southern Energy Homes, Inc.	Leesburg Yarn Mills, Inc.
SN Management, Inc.	CMH Transport, Inc.	Rabun Apparel, Inc.

#### All Other Affiliates Continued:

FTL Regional Sales Co., Inc.	BH Shoe Holdings, Inc.	Marmon Crane Services, Inc.
Union Sales, Inc.	Vision Retailing, Inc.	Marmon Tubing, Fittings & Wire Products, Inc.
Fruit of the Loom Trading Company	American All Risk Insurance Services Inc.	Marmon Engineered Components Company
Fruit of the Loom, Inc. (Sub)	American Commercial Claims Administrators Inc	Marmon Retail Technologies Company
Forest River Financial Services, Inc.	Brookwood Insurance Company	Marmon Wire & Cable, Inc.
Forest River Holdings, Inc.	Berkshire Hathaway Homestate Insurance Company	Lockwood Street Urban Renewal Corporation
Forest River, Inc.	Continental Divide Insurance Company	Ecodyne Corporation
Forest River Manufacturing LLC	Cypress Insurance Company	J.L. Mining Company

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/Q4
FOOTNOTE DATA			

Mapletree Transportation, Inc.	Oak River Insurance Company	Fontaine Truck Equipment Company LLC
Priority One Financial Services, Inc.	Redwood Fire and Casualty Insurance Company	Marmon Retail Products, Inc.
Veritas Insurance Group, Inc.	D.I. Properties Inc.	Morgantown-National Supply, Inc.
FlightSafety Capital Corp.	ITTI Group USA Holdings, Inc.	Procrane Holdings, Inc.
FlightSafety Development Corp.	Ingersoll Cutting Tool Company	RCP Investment, Inc.
FlightSafety International Inc.	ITTI Investment Holdings, Inc.	Tucker Safety Products, Inc.
FlightSafety New York, Inc.	Iscar Metals Inc.	Marmon Retail Store Equipment LLC
FlightSafety Properties, Inc.	Taegutec Inc.	Artform International Inc.
FlightSafety Services Corporation	Tool-Flo Manufacturing, Inc.	DCI Marketing Inc.
Garan Central America Corp.	Boot Royalty Company	Cannon Equipment LLC
Garan Incorporated	Chippewa Shoe Company	Marmon Merchandising Holdings, Inc.
Garan Manufacturing Corp.	Footwear Investment Company	Marmon Beverage Technologies, Inc.
Garan Services Corp	H.J. Justin & Sons, Inc.	Cornelius Renew, Inc.
Boat Owners Association of the United States	Justin Belt Company, Inc.	3Wire Group Inc.
Criterion Insurance Agency	Justin Brands, Inc.	Cornelius Inc.
GEICO Corporation	Justin Boot Company	HG-Power Plant, Inc.
Government Employees Financial Corp.	J.S Justin, Inc.	Marmon Energy Services Company
GEICO Insurance Agency	Nocona Boot Company	UTLX Company
GEICO Products, Inc.	Tony Lama Company	Marmon Foodservice Technologies LLC
International Insurance Underwriters, Inc.	Johns Manville Corporation	Campbell Hausfeld Holdings, Inc.
Maryland Ventures, Inc..	Johns Manville, Inc.	Western Builders Supply, Inc.
Boat America Corporation	Seventeenth Street Realty, Inc.	Penn Coal Land, Inc.
Boat/U.S, Inc.	Johns Manville China, Ltd.	TRH Holding Corp.
Plaza Financial Services Co.	Jordan's Furniture, Inc.	CCC Lonestar LLC
Plaza Resources Co.	Albecca, Inc.	Marmon Holdings, Inc.
Top Five Club, Inc.	Active Organics, Inc.	Webb Wheel Products, Inc.
GEICO Marine Insurance Company	Lubrizol Inter-Americas Corporation	Perfection Hy-Test Company
GEICO Advantage Insurance Company	Lubrizol Advanced Materials China, Inc.	Marathon Suspension Systems, Inc.
GEICO Casualty Co.	The Lubrizol Corporation	Fontaine Trailer Company LLC
GEICO Choice Insurance Company	Chemtool Incorporated	Fontaine Modification Company
GEICO General Insurance Co.	Lubrizol Specialty Products, Inc.	Fontaine Fifth Wheel Company
Government Employees Insurance Co.	Lubrizol Advanced Materials Holding Corporation	Fontaine Commercial Trailer, Inc.
GEICO Indemnity Co.	Lubrizol Advanced Materials International, Inc.	Fontaine Engineered Products, Inc.
GEICO Secure Insurance Company	Lipotec Group Corp.	Marmon-Herrington Company
General Re Corporation	Lubrizol Enterprises, Inc.	Triangle Suspension Systems, Inc.
Elm Street Corporation	Lubrizol International Management Corporation	Fontaine Spray Suppression Company
GRD Holdings Corporation	Lubrizol Overseas Trading Corporation	TSE Brakes, Inc.
Gen Re Intermediaries Corporation	LSP Holding, Inc.	Union Tank Car Company
General Re New England Asset Management	MPP Pipeline Corporation	Uni-Form Components Co.
Genesis Management and Insurance Services Corporation	Noveon Hilton Davis, Inc.	Marmon Distribution Services, Inc.
General Star Management Company	Lubrizol Advanced Materials, Inc.	Railserve, Inc.
United States Aviation Underwriters, Incorporated	Lubrizol Oilfield Solutions, Inc.	Worldwide Containers, Inc.
General Re Financial Products Corporation	P Chem, Inc.	Exsif Worldwide, Inc.
General Reinsurance Corporation	Lubrizol Advanced Materials Gibraltar, Inc.	McLane Southern, Inc.
Faraday Capital Limited	Particle Sciences, Inc.	McLane Western, Inc.
Genesis Insurance Company	Syrgis Holdings, Inc.	McLane Beverage Distribution, Inc.
General Star Indemnity Company	Vesta Funding, Inc.	McLane Beverage Holding, Inc.
General Star National Insurance Company	Vesta Intermediate Funding, Inc.	McLane Minnesota, Inc.
General Re Life Corporation	ExtruMed, Inc.	McLane Ohio, Inc.
IdeaLife Insurance Company	SSP-SiMatrix Inc.	McLane Express, Inc.
Helzberg's Diamond Shops, Inc.	Lubricant Investments, Inc.	JDS Properties, Inc.
HDS Redevelopment Corporation	Warwick Chemicals USA, Inc.	Intrepid JSB, Inc.
H. H. Brown Shoe Company, Inc.	Marmon Water, Inc.	International Traders, Inc.

**All Other Affiliates Continued:**

First American Carriers, Inc.	Floors, Inc.	QS Partners LLC
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2016/Q4
FOOTNOTE DATA			

Meadowbrook Meat Company, Inc.	NFM of Kansas, Inc.	Brainy Toys, Inc.
McLane New Jersey, Inc.	LMG Ventures, LLC	OTC Brands, Inc.
Kahn Ventures, Inc.	Nebraska Furniture Mart, Inc.	OTC Direct, Inc.
Empire Distributors, Inc.	NFM SERVICES, LLC	Mindware Corporation
Empire Distributors of North Carolina, Inc.	Homemakers Plaza, Inc.	MW Wholesale, Inc.
Baroness Small Estates, Inc.	TXFM, Inc.	Oriental Trading Company, Inc.
Horizon Wine & Spirits - Nashville, Inc.	WMC Corp.	OTC Worldwide Holdings, Inc.
Horizon Wine & Spirits - Chattanooga, Inc.	First Berkshire Hathaway Life Insurance Company	Smilemakers, Inc.
Delta Wholesale Liquors, Inc.	Berkshire Hathaway Life Insurance Company of Nebraska	Smilemakers Canada Inc.
Salado Sales, Inc.	BHG Life Insurance Company	BH Media Group, Inc.
McLane Foodservice, Inc.	Ringwalt & Liesche Co.	BH Media Group Holdings, Inc.
McCarty-Hull Cigar Company, Inc.	Brilliant National Services, Inc.	Omaha World-Herald Company
Professional Datasolutions, Inc.	Soco West, Inc.	World Investments, Inc.
Claims Services, Inc.	Whittaker, Clark & Daniels, Inc.	WPLG, Inc.
M & C Products, Inc.	L.A. Terminals, Inc.	TPC European Holdings, LTD.
Transco, Inc.	BHG Structured Settlements, Inc.	TPC North America, Ltd.
McLane Company, Inc.	Resolute Management Inc.	The Pampered Chef, Ltd.
McLane Eastern, Inc.	International American Group Inc.	Precision Steel Warehouse - Charlotte
McLane Midwest, Inc.	Northern States Agency, Inc.	Precision Steel Warehouse, Inc.
McLane Suneast, Inc.	Finial Holdings, Inc.	Precision Brand Products, Inc.
McLane Mid-Atlantic, Inc.	GUARDco, Inc.	R.C. Willey Home Furnishings
C & R Insurance Services, Inc.	Affiliated Agency Operations Co.	Richline Group, Inc.
Medical Protective Finance Corporation	Hawthorn Life International, Ltd.	Hallmark Sweet, Inc.
The Medical Protective Company	Consolidated Health Plans Inc.	Stern/Leach Company
Medical Protective Insurance Services, Inc.	Affordable Housing Partners, Inc.	Rio Grande, Inc.
Princeton Advertising & Marketing Group, Inc.	Berkshire Hathaway Global Insurance Services, LLC	See's Candies, Inc
PLICO Financial, Inc	Berkshire Hathaway Specialty Concierge, LLC	Sees Candy Shops, Incorporated
PLICO	CoverYourBusiness.com Inc.	BHSF, Inc.
PLICO Sponsored Captive Insurance - Cell 1	Berkshire Hathaway Direct Insurance Company	ScottCare Corporation
PLICO Sponsored Captive Insurance Co.	WestGUARD Insurance Company	The Scott Fetzer Company
Alexander Road Insurance Agency, Inc.	Berkshire Hathaway Assurance Corporation	Campbell Hausfeld/Scott Fetzer Company
Princeton Insurance Company	EastGUARD Insurance Company	Adalet/Scott Fetzer Company
MedPro Group, Inc	National Liability & Fire Insurance Company	Western/Scott Fetzer Company
Princeton Risk Protection, Inc.	National Indemnity Company of Mid-America	Halex/Scott Fetzer Company
Red River Providers Association RPG	National Fire & Marine Insurance Company	Stahl/Scott Fetzer Company
Ridgeline Captive Management, Inc.	National Indemnity Company	SFEG Corp.
MedPro Risk Retention Services, Inc.	Atlanta International Insurance Company	Wayne/Scott Fetzer Company
Somerset Services, Inc	Berkshire Hathaway Specialty Insurance Company	Carefree/Scott Fetzer Company
Accurate Installations, Inc.	Columbia Insurance Company	Scott Fetzer Financial Group, Inc.
Benson, Ltd.	NorGUARD Insurance Company	UCFS Europe Company
Benson Industries, Inc.	Commercial Casualty Insurance Company	BH Finance, Inc.
BuilderMT, Inc.	Unione Italiana Reinsurance Company of America, Inc.	United Consumer Financial Services Company
Cubic Designs, Inc.	Finial Reinsurance Company	United Direct Finance, Inc.
Ellis & Watts Global Industries, Inc.	National Indemnity Company of the South	World Book, Inc.
Hohmann & Barnard, Inc.	AmGUARD Insurance Company	World Book Encyclopedia, Inc.
MiTek Holdings, Inc.	BNJ NetJets, Inc.	World Book/Scott Fetzer Company
HeatPipe Technology, Inc.	Executive Jet Management, Inc.	SHX Flooring, Inc.
Kova Solutions, Inc.	NetJets Aviation, Inc.	Shaw International Services, Inc.
MiTek Industries, Inc.	NetJets Europe Holdings, LLC	Pro Installations, Inc.
M&M Tradition Holdings Corp.	NetJets Inc.	Shaw Contract Flooring Services, Inc.
Miller-Sage, Inc.	NetJets International, Inc.	Spectra Contract Flooring Puerto Rico, Inc.

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Northern Natural Gas Company		/ /	2016/Q4
FOOTNOTE DATA			

Rush Air Inc  
SidePlate Systems, Inc.  
SSS Acquisition Sub, Corp  
SSS Acquisition Inc.  
TBS USA, Inc.  
TMI Climate Solutions, Inc.  
MiTek USA, Inc.  
The Wilkins Corporation  
121 Acquisition Co., LLC

NetJets Large Aircraft, Inc.  
NetJets Sales, Inc.  
NetJets Services, Inc.  
NetJets U.S., Inc.  
NJE Holdings, LLC  
NJI Sales, Inc.  
Marquis Jet Partners, Inc.  
Marquis Jet Holdings, Inc.  
DragonFly Aeronautics LLC

Shaw Industries Group, Inc.  
Shaw Industries, Inc.  
Shaw Diversified Services, Inc.  
Shaw Transport, Inc.  
Shaw Floors, Inc.  
Shaw Retail Properties, Inc.  
Shaw Funding Company  
Star Furniture Company  
CJE II

#### All Other Affiliates Continued:

Mouser Electronics, Inc.

Norvell Electronics, Inc  
Sager Electrical Supply Co. Inc

Astrex Holding Company  
Astrex Electronics, Inc  
TTI, Inc.

Gateway Underwriters Agency, Inc.  
U.S. Investment Corporation

United States Liability Insurance  
Company  
Mount Vernon Fire Insurance Company  
Mount Vernon Specialty Insurance  
Company  
Radnor Specialty Insurance Company  
U.S. Underwriters Insurance Co.  
Blue Chip Stamps, Inc.  
Montana Retail Properties, Inc.

MS Property Company  
AJF Warehouse Distributors, Inc.

XTRA Finance Corporation

XTRA Intermodal, Inc.

RENTCO Trailer Corporation  
X-L-Co., Inc.

XTRA Corporation  
XTRA Companies, Inc.  
PRECISION CASTPARTS CORP  
PRECISION MO CORP

HAMILTON AVIATION INC  
PCC STRUCTURALS INC  
Composites Horizons LLC

ATLANTIC PRECISION INC  
PCC SPECIALTY PRODUCTS INC  
JL FIBER SERVICES INC

WYMAN GORDON COMPANY  
PRECISION FOUNDERS INC  
WYMAN GORDAN INVESTMENT  
CASTINGS INC  
Shultz Steel Company  
CARLTON FORGE WORKS  
TIMET REAL ESTATE CORPORATION

NSS TECHNOLOGIES INC

METALAC FASTENERS INC  
FTI MANUFACTURING INC

FATIGUE TECHNOLOGY INC  
HOWELL PENNCRAFT, INC.  
DESIGNED METAL CONNECTIONS,  
INC.

PERMASWAGE HOLDINGS, INC.  
SPS INTERNATIONAL INVESTMENT  
COMPANY  
HUNTINGTON ALLOYS  
CORPORATION  
SPECIAL METALS CORPORATION  
CALEDONIAN ALLOYS INC

SOS METALS, INC.  
SOS METALS SAN DIEGO, LLC  
PRIMUS INTERNATIONAL INC  
PRIMUS INTERNATIONAL HOLDING  
COMPANY  
ACCRA MANUFACTURING INC  
EXACTA AEROSPACE INC

AEROSPACE DYNAMICS  
INTERNATIONAL INC  
UNIVERSITY SWAGING  
CORPORATION  
KLUNE INDUSTRIES INC  
FARROW MACHINE &  
MANUFACTURING CO INC  
PROGRESSIVE INCORPORATED  
SYNCHRONOUS AEROSPACE GROUP  
STRATOFIGHT  
COMPASS AEROSPACE NORTHWEST  
INC  
BRITAIN MACHINE INC  
WEAVER MANUFACTURING INC  
FORTNER AEROSPACE  
MANUFACTURING INC.  
HELICOMB INTERNATIONAL INC  
PROTECTIVE COATING INC  
SOUTHWEST UNITED INDUSTRIES  
INC  
PLASMA COATING CORPORATION  
KEN'S SPRAY EQUIPMENT, INC.  
A.E. COMPANY, INC.

Noranco Manufacturing (USA) Ltd.  
Andrews Laser Works Corporation  
TITANIUM METALS CORPORATION

ARCTURUS MANUFACTURING  
CORPORATION  
WYMAN GORDON FORGINGS INC  
SPECIALIZED PIPE SERVICES,  
INC.  
PCC ROLLMET INC  
RATHGIBSON HOLDING CO LLC  
Press Forge Company

Alu-Forge, Inc  
WYMAN GORDON PENNSYLVANIA  
LLC  
WYMAN GORDON FORGINGS  
CLEVELAND INC  
MCWILLIAMS FORGE COMPANY  
HACKNEY LADISH INC

TEXAS HONING INC  
AEROCRAFT HEAT TREATING CO INC  
DICKSON TESTING CO INC  
BTM MANUFACTURING LP

WYMAN SC INC  
PCC FLOW TECHNOLOGIES  
HOLDINGS INC  
ENVIRONMENT ONE  
CORPORATION  
PCC FLOW TECHNOLOGIES INC.

SPS TECHNOLOGIES LLC  
CANNON MUSKEGON CORPORATION

GREENVILLE METALS INC  
AVIBANK MANUFACTURING INC  
AAA AIRCRAFT SUPPLY  
Innovative Coatings Technology  
Corporation  
AIPCF V CHI Blocker Inc  
KLUNE HOLDINGS INC  
LJ AERO HOLDINGS INC

LJ SYNCH HOLDINGS INC  
THI ACQUISITION INC  
TIMET ASIA INC

TMCA INTERNATIONAL INC  
ELIM/STAFF  
Duracell U.S. Operations Inc

Duracell Distributing Inc.  
Duracell Manufacturing Co.  
The Duracell Company Inc.

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

**Schedule Page: 262 Line No.: 37 Column: f**

Unless otherwise indicated, amounts are reflected in Account 146 pursuant to the Tax Allocation Agreement with Berkshire Hathaway Energy Company.

**Schedule Page: 262.1 Line No.: 7 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 8 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 9 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 10 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 11 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 12 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 13 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 14 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 15 Column: f**

Amounts are reclassified from Account 142.

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

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 17 Column: f**

Amounts are reclassified from Account 142.

**Schedule Page: 262.1 Line No.: 18 Column: f**

Amounts are reclassified from Account 142.

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

Column J total	96,253,593
less Income Taxes-Federal - column (j.) line 37 (account 409.1)	(26,124,411)
less Income Taxes-State - column (j.) line 20 (account 409.1)	(12,147,931)
Amount charged to Taxes Other Than Income	57,981,251
Taxes (account 408.1) included in column (j.)	
Taxes charged to construction overhead	(77,188)
Taxes billed to others	(108,195)
Sales taxes	(713,196)
Other	36,129
Taxes reported on p. 114 line 14 column (c.)	57,118,801

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

These amounts are payroll taxes and sales and use taxes which follow the taxable item and are charged to multiple accounts.



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FOOTNOTE DATA			

**Schedule Page: 274 Line No.: 7 Column: k**

Deferred income taxes that could be included in the development of jurisdictional recourse rates:

	<u>Beginning of year</u>	<u>End of year</u>
Depreciable property	\$ 781,598,340	\$844,871,731

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Northern Natural Gas Company			2016/Q4
FOOTNOTE DATA			

**Schedule Page: 276 Line No.: 7 Column: k**

Deferred income taxes that could be included in the development of jurisdictional recourse rates:

	<u>Beginning of year</u>	<u>End of year</u>
Regulatory assets	\$ 14,254,693	\$ 14,038,474

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/Q4
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	N/A
3	Employee benefits	A107-1-000 & Order 710	N/A
5	Encroachment revaluation	Orders 552 & 627	N/A
7	Fuel and storage, unaccounted for gas, and electrical compression trackers	RP97-275	N/A
9	Carlton resolution credits	RP01-382	N/A

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

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

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

Other Revenues consist of:

Five items each less than \$250,000 \$274,194

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/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

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

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

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

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

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

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

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/Q4
FOOTNOTE DATA			

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

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

	<u>Gas Used (Dth)</u>	<u>Amount (\$)</u>
Transmission	7,639,657	\$ 16,753,278
Underground Storage	663,245	1,540,599
Total Line 1	<u>8,302,902</u>	<u>\$ 18,293,877</u>

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

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

	<u>Gas Used (Dth)</u>	<u>Amount (\$)</u>
Storage Lines Fuel	204,171	\$ 433,291
Other Underground Storage Facility Fuel	43,063	95,900
Total Line 10	<u>247,234</u>	<u>\$ 529,191</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/Q4
Northern Natural Gas Company			
FOOTNOTE DATA			

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

Production and gathering depreciation expense reported of \$3,986,906 includes \$3,983,042 of the Respondent's annual offshore FAS 143 negative salvage allowance of \$4,325,087 for offshore plant. The balance of the FAS 143 allowance of \$342,045 is included on line 8 of this schedule for transmission plant that is part of an offshore pipeline system. The accumulated reserve for the FAS 143 negative salvage is tracked in a separate sub-account to Account 108 Accumulated provision for depreciation. Actual costs incurred in the settlement of an offshore FAS 143 obligation are charged against this sub-account.

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

Transmission depreciation expense reported of \$47,655,323 includes \$342,045 of the Respondent's annual FAS 143 negative salvage allowance of \$4,325,087 for transmission plant that is part of an offshore pipeline system. The balance of the negative salvage allowance of \$3,983,042 is included on line 3 of this schedule for offshore production and gathering plant. The accumulated reserve for the FAS 143 negative salvage is tracked in a separate sub-account to Account 108 Accumulated provision for depreciation. Actual costs incurred to settle an offshore FAS 143 obligation are charged against this sub-account.

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

**Schedule Page: 338 Line No.: 2 Column: b**

All plant bases are the balances as of 12-31-16.

The depreciation rates as identified for lines 4, 7, 8, 13, 14, and 15 are consistent with General Rate Docket Nos. RP03-398 and RP04-155 consolidated stipulation and agreement dated March 25, 2005.

**Schedule Page: 338 Line No.: 2 Column: c**

The 4.64% depreciation rate for Offshore Production and Gathering facilities is applicable to those depreciable assets placed in service after 10/31/98 consistent with the General Rate Case settlement in RP98-203. For the reporting year, Respondent did not have any surviving Offshore Production or Gathering plant with an original in service date of 10/31/98 or later. All surviving offshore plant was installed prior to this date and is fully depreciated. Therefore, no depreciation expense was recognized for the year using the 4.64% rate.

In addition to the 4.64% depreciation rate, the Respondent also accrues negative salvage for interim retirements of offshore plant at an annual rate of 0.25% on all offshore depreciable plant in service. The negative salvage accrual of 0.25% was established in the settlement agreement of Respondent's RP85-206 rate case and reaffirmed in the settlement agreements for each of the subsequent rate cases filed by Respondent. The Offshore Production and Gathering basis for the 0.25% negative salvage accrual as of 12/31/16 was \$1,545,742.

**Schedule Page: 338 Line No.: 6 Column: c**

The 4.64% depreciation rate for Offshore Transmission facilities is applied to those depreciable assets placed in service after 10/31/98 consistent with the General Rate Case Settlement in RP98-203. All offshore assets installed on or prior to 10/31/98 are fully depreciated. In addition to the 4.64% depreciation rate, the Respondent also accrues for expected negative salvage to be incurred on offshore plant retirements at an annual rate of 0.25% on all offshore facilities in service. The negative salvage accrual of 0.25% was established in the settlement agreement of Respondent's RP85-206 rate case and reaffirmed in the settlement agreements for each of the subsequent rate cases filed by Respondent. The Offshore Transmission basis for the 0.25% negative salvage accrual as of 12/31/16 was \$24,187,410.

**Schedule Page: 338 Line No.: 8 Column: c**

The depreciation rate of General Plant structures is 2.75% with a plant basis of \$21,208,780 as of 12/31/16. The

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depreciation rate for Other General Plant is 10.0% with a plant basis of \$67,773,079 as of 12/31/16.

**Schedule Page: 338 Line No.: 9 Column: c**

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

**Schedule Page: 338 Line No.: 10 Column: c**

The depreciation rate for Base Load LNG Transportation plant is 10.0% with a plant basis of \$1,619,443 as of 12/31/16. The depreciation rate for Base Load LNG computer equipment is 10.0% with a plant basis of \$13,871 as of 12/31/16. The depreciation rate for Other Base Load LNG equipment is 1.25% with a plant basis of \$5,823,065 as of 12/31/16.

**Schedule Page: 338 Line No.: 11 Column: c**

For Intangible Plant related to Contributions in aid of Construction and Leasehold Improvements associated with a contract, a separate straight line amortization rate was determined based on the initial term of the contract, otherwise the rate is 10.0%. For all other Intangible Plant which includes software development and organizational costs, the amortization rate is 4.4% as stated in the consolidated rate case settlement if Docket Nos. RP03-398 and RP04-155. The plant basis on which the 4.4% rate was applied as of December 31, 2016 was \$126,721,776.

**Schedule Page: 338 Line No.: 12 Column: c**

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



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**Schedule Page: 340 Line No.: 15 Column: a**

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

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

The \$607,088 pertains to the following:

Smartpiggig/Hydro Testing (Account 182.3)	\$ 463,400	
Storage study (Account 183.2)	(11,411)	1/
Job orders (Account 186)	155,099	
	<u>\$ 607,088</u>	

1/ The credit of \$11,411 reflects the transfer of engineering payroll for preliminary design to install a heater and heat exchanger at Respondent's Wrenshall, Minnesota LNG facility originally charged to Account 182.3 Other Preliminary survey and investigation charges and then transferred to Account 107 Construction work in progress when construction began.

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

The \$10 pertains to the following:

Other deductions - O&M (Account 426.5)	\$ 3
Donations - O&M (Account 426.1)	7
	<u>\$ 10</u>

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**Schedule Page: 358 Line No.: 3 Column: c**

Accounts charged or credited for MEC: 426.1, 426.4, 426.5 and 923.

**Schedule Page: 358 Line No.: 4 Column: c**

Accounts charged or credited for MEC: 107, 816, 819, 852, 855, 856, 857, 859, 863 and 931.

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

Accounts charged or credited for BHEC: 165, 408.1, 426.1, 426.4, 426.5, 920, 923, 924 and 925.

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

Affiliate company includes affiliates of Berkshire Hathaway and Berkshire Hathaway Energy Company for goods and services accounting to \$250,000 or less.

**Schedule Page: 358 Line No.: 14 Column: a**

Amounts which are chargeable from another affiliate are assigned first by coding to the specific affiliate. These charges were based on actual labor, benefits and operational costs incurred. Amounts not directly assignable to an individual affiliate, such as work performed where multiple affiliates benefit, are assigned on the basis of allocations from Berkshire Hathaway Energy Company, MHC Inc. and MidAmerican Energy Company, as described below:

Allocator	Description
Labor and Assets	An equal weighting of each company's labor and assets expressed as a percentage of the whole ((labor % + assets %) ÷ 2) determines the portion assigned to each company. Labor is 12 months ended through December of the prior year. Assets are total assets at December 31 of the prior year. Eight combinations of this allocator are used for allocating services that benefit different companies within the holding company organization.
Legislative and Regulatory	The Legislative and Regulatory allocator is used to allocate costs incurred by the holding company's Legislative & Regulatory groups. The Legislative & Regulatory groups work on a variety of legislative and regulatory subject matter for select groups of companies within the holding company organization. The Legislative and Regulatory allocation percentages are based on the Legislative & Regulatory groups' estimation of the time and resources that are being spent on these selected companies.
Information Technology Infrastructure	Allocates costs related to shared information technology infrastructure owned by the affiliate to other benefited affiliates based on an aggregation of various measures of usage of such infrastructure including storage capacity utilized, number of servers utilized, server processing times, etc.
Employee Count	This allocator distributes costs to benefited affiliates based on employee counts at such affiliates as of the prior year-end.
Oracle Users	This allocator distributes costs of Oracle software and services based on the number of employees within each affiliate using such software and services.
Processes	This allocator distributes costs of electronic data interchange software and services based on the number of transactions within each affiliate using such software or services.
Plant	This allocator distributes costs of managing the corporate insurance function based on assets for each affiliate.

**Schedule Page: 358 Line No.: 21 Column: c**

Accounts charged or credited for MEC: 408.1, 489.2, 489.4, 493, 495, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 22 Column: c**

Accounts charged or credited for MEC: 408.1, 493, 806, 920, 921, 923 and 926.

**Schedule Page: 358 Line No.: 25 Column: c**

Accounts charged or credited for BHEC: 408.1, 426.1, 426.4, 493, 850, 864, 920, 921, 923, 926 and 930.2.

**Schedule Page: 358 Line No.: 27 Column: c**

Accounts charged or credited for Kern River: 408.1, 426.1, 850, 920, 921, 923, 926 and 930.2.

**Schedule Page: 358 Line No.: 28 Column: c**

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

**Schedule Page: 358 Line No.: 30 Column: b**

Affiliate company includes affiliates of Berkshire Hathaway and Berkshire Hathaway Energy Company for goods and services amounting to \$250,000 or less.

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**Schedule Page: 358 Line No.: 31 Column: a**

Amounts which are chargeable to another affiliate are assigned first by coding to the specific affiliate. These charges were based on actual labor, benefits and operational costs incurred. Amounts not directly assignable to an individual affiliate, such as work performed where multiple affiliates benefit, are assigned on the basis of allocations to Berkshire Hathaway Energy Company and CalEnergy Generation Operating Company, as described below:

Allocator	Description
Building space	Allocates costs for rent and building services associated with occupied building space in Northern's office building in Omaha, Nebraska to affiliates of BHEC. This allocator distributes costs to benefited affiliates based on the occupied square footage of the office building.

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**Schedule Page: 508 Line No.: 2 Column: a**

Pursuant to the Respondent's blanket certificate and Section 157.216(a) of the Commission's regulations, unit 6 totaling 2,400 horsepower was abandoned at the Cunningham underground storage facility effective December 19, 2015. The storage facility is located in Pratt County, Kansas.

**Schedule Page: 508 Line No.: 7 Column: a**

The Fort Buford, North Dakota, compressor station is operated by Bear Paw Energy, Inc.

**Schedule Page: 508.1 Line No.: 6 Column: a**

Unit 5 at the Paullina, Iowa, compressor station is classified as "Gas Plant Held For Future Use," and is also reported on Page 214 "Gas Plant Held for Future Use" of the Form 2.

**Schedule Page: 508.1 Line No.: 14 Column: a**

In accordance with the Commission Order Approving Abandonment issued July 31, 2014, in Docket No. CP14-489-000, Northern abandoned four units totaling 24,800 horsepower at the Tescott compressor station in Ottawa County, Kansas. Units 1 – 4 were abandoned effective August 28, 2015.

**Schedule Page: 508.1 Line No.: 15 Column: a**

One of the compressors at Bushton, Kansas, is operated for the Lyons, Kansas, underground storage facility.

**Schedule Page: 508.1 Line No.: 18 Column: a**

Pursuant to the Respondent's blanket certificate and Section 157.216(a) of the Commission's regulations, unit 26 totaling 6,960 horsepower at the Sublette compressor station was abandoned effective November 30, 2015. The remaining units (units 13, 14 and 24) totaling 5,400 horsepower were abandoned in June and July 2016 pursuant to the Respondent's blanket certificate and Section 157.216(a) of the Commission's regulations. The compressor station is located in Seward County, Kansas. All plant on the books associated with the compressors has been retired.

**Schedule Page: 508.2 Line No.: 3 Column: a**

Pursuant to the Respondent's blanket certificate and Section 157.208(b) of the Commission's regulations, a new compressor station with a 15,900-horsepower unit was constructed and placed in service on March 1, 2016 at the previously abandoned Kermit compressor station site in Winkler County, Texas.

**Schedule Page: 508.2 Line No.: 12 Column: a**

The Respondent owns 13.5% of the compressor installed on a platform owned and operated by Reserve Oil Incorporated in South Pelto Block 13 in the Gulf of Mexico offshore Louisiana. The Respondent does not know the ownership percentages of the other owners.

**Schedule Page: 508 Line No.: 12 Column: e**

Alexandria is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 13 Column: e**

Farmington is a electric and gas driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 15 Column: e**

Pierz is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 20 Column: e**

LaCrescent is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508.1 Line No.: 1 Column: e**

Hubbard is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 19 Column: e**

Chaffield is a electric driven compressor station. The electric fees related to compression are reported in Column (f)

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Power.

**Schedule Page: 508 Line No.: 24 Column: e**

Spring Green is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 21 Column: e**

Popple Creek is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 2 Column: e**

Cunningham is a gas and electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508.2 Line No.: 7 Column: e**

Garner is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508.2 Line No.: 8 Column: e**

Wrenshall is a gas and electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 8 Column: e**

Spencer is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

**Schedule Page: 508 Line No.: 22 Column: e**

Elk River is a electric driven compressor station. The electric fees related to compression are reported in Column (f) Power.

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**Schedule Page: 512 Line No.: 28 Column: b**

Negative amounts are due to displacement.

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**Schedule Page: 514 Line No.: 3 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
KSC81201 Greensburg to Mullinville	ANR	1.8	50.0

**Schedule Page: 514 Line No.: 6 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
NEC64201 to LES from NEM50103	Lincoln Electric System	6.3	100.0
NEC64401 to OPPD Cass county generator station	Omaha Public Power District	0.2	100.0

**Schedule Page: 514 Line No.: 9 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
SDB96601 Webster branchline	NorthWestern Corporation	10.4	100.0
SDB96701 Parkston branchline	NorthWestern Corporation	43.7	100.0
SDB97001 Parker branchline	NorthWestern Corporation	20.4	100.0
SDB97301 Marion branchline	NorthWestern Corporation	0.1	100.0
SDB97101 Menno branchline	NorthWestern Corporation	6.7	100.0

**Schedule Page: 514 Line No.: 10 Column: a**

Lines held under a title other than full ownership

<u>Designation (Identification)</u>	<u>Co-owner</u>	<u>Total Miles of Pipe</u>	<u>%</u>
TXC90401 Spearman Interconnect from PVR	Penn Virginia Resources	0.3	100.0
TXC90701 Golden Spread Pipeline	Golden Spread Electric Coop	10.0	100.0



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

The 2,573,655 Dth represents gas purchases recorded to FERC account 803.

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

The 91,311,259 Dth represents gas withdrawn from storage (includes third party and company owned gas).

**Schedule Page: 520 Line No.: 20 Column: c**

Volumes transported for others equals invoiced volumes excluding deliveries to pooling points and deferred delivery points other than Ogden, Iowa. For the purpose of calculating the total volume eligible for the ACA surcharge, begin with the deliveries of gas transported for others on page 520, line 20 and adjust that volume by eliminating the December 2015 estimate reversal in January 2016 and the transportation estimate in and for December 2016.

	<u>Amount (Dth)</u>
Line 20 Deliveries of gas transported for others	1,087,819,998
Plus December 2015 throughput estimate reversal	105,438,000
Less December 2016 throughput estimate	<u>(119,742,000)</u>
Total volume eligible for ACA surcharge	<u>1,073,515,998</u>

Gas sales volumes shown on line 18 and deliveries of contract storage gas volumes shown on line 22 are not additive to the calculation above because they are already included in the deliveries of gas transportation volumes shown on line 20.

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

The 87,589,633 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	17,047
Work Order Adjustment	13,541
Gas Used in other O&M Operations	<u>2,436,810</u>
Total	<u>2,467,398</u>

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

The 544,255 Dth represents gas purchases recorded to FERC account 803.

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

The 37,371,265 Dth represents gas withdrawn from storage (includes third party and company owned gas).

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

The 27,108,492 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	1,713
Work Order Adjustment	0
Gas Used in other O&M Operations	<u>502,604</u>
Total	<u>504,317</u>

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

Gas used for other operation purposes:

		Month 1 Gas Used (Dth)	Month 1 Amount (\$)
LNG Compressor Station Fuel	842.1	296	832
Line Operations	856	144,864	406,850
Purification Underground Storage	821	262	736
Other Underground Storage Operations	817	4,140	11,634
Other Compressor Station Fuel	819	3,081	8,658
		<u>152,643</u>	<u>\$ 428,710</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:

		Month 2 Gas Used (Dth)	Month 2 Amount (\$)
LNG Compressor Station Fuel	842.1	3,650	9,871
Line Operations	856	124,260	336,048
Purification Underground Storage	821	2,781	7,521
Other Underground Storage Operations	817	4,345	11,751
Other Compressor Station Fuel	819	3,365	9,100
		<u>138,401</u>	<u>\$ 374,291</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: gg**

Gas used for other operation purposes:

		Month 3 Gas Used (Dth)	Month 3 Amount (\$)
LNG Compressor Station Fuel	842.1	39,418	98,478
Line Operations	856	141,541	353,612
Purification Underground Storage	821	7,631	19,064
Other Underground Storage Operations	817	19,450	48,592
Other Compressor Station Fuel	819	3,520	8,794
		<u>211,560</u>	<u>\$ 528,540</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.: 44 Column: a**

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

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**Schedule Page: 521 Line No.: 56 Column: a**

All deficiency gas is to be recovered from shippers and is recorded in a volumetric tracker.

**Schedule Page: 521 Line No.: 64 Column: a**

For Balance Sheet accounts carried and resolved volumetrically, the Respondent carries the balance priced at the end of the month Northern Natural Gas Demarcation index as published in Gas Daily.

The Respondent allocated discounted, negotiated and recourse amounts for lines 11,18,and 26 based on the throughput amounts shown for transmission shipper supplied gas on line 4.

The Respondent allocated discounted and recourse amounts for lines 13 and 20 based on the amounts shown for storage shipper supplied gas on line 6.

**Schedule Page: 521 Line No.: 1 Column:**

The Respondent is a reticulated pipeline and backhaul volume service is not offered under the tariff, all volumes are reported as forwardhaul volume.

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