

THIS FILING IS

Item 1: ☒ An Initial (Original)
Submission

OR ☐ Resubmission No. _____

Form 2 Approved
OMB No.1902-0028
(Expires 12/31/2020)

Form 3-Q Approved
OMB No.1902-0205
(Expires 12/31/2019)



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 2018/Q1

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>2018/Q1</u>	
03 Previous Name and Date of Change (If name changed during year)			
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1111 South 103rd Street, Omaha, NE 68124			
05 Name of Contact Person Joseph M. Lillo		06 Title of Contact Person Vice President - Finance	
07 Address of Contact Person (Street, City, State, Zip Code) 1111 South 103rd Street, Omaha, NE 68124			
08 Telephone of Contact Person, Including Area Code 402-398-7333		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	
		10 Date of Report (Mo, Da, Yr)	

QUARTERLY CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

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

11 Name Joseph M. Lillo	12 Title Vice President - Finance
13 Signature /s/ Joseph M. Lillo 	14 Date Signed 05/29/2018
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Northern Natural Gas Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	End of <u>2018/Q1</u>

List of Schedules (Natural Gas Company)

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

[illegible]

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Northern Natural Gas Company			2018/Q1
Important Changes During the Quarter/Year			

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

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

1. None

2. None

3. None

4. None

5. No important extensions or reductions of the Respondent's transmission system occurred pursuant to Section 7 of the Natural Gas Act and Part 157 of the regulations of the Federal Energy Regulatory Commission from January 1 through March 31, 2018.

BLANKET CERTIFICATE ACTIVITIES

No important extensions or reductions of the Respondent's transmission system occurred pursuant to its blanket certificate granted on September 1, 1982, in Docket No. CP82-401-000 from January 1 through March 31, 2018.

§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 March 31, 2018.

6. None

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Northern Natural Gas Company			2018/Q1
Important Changes During the Quarter/Year			

7. None

8. None

9. Refer to Note 8 included in the Notes to Financial Statements on page 122.

10. None

11. None

12. Gregory E. Abel resigned as Chairman and director effective January 10, 2018. William J. Fehrman was elected Chairman and director effective January 10, 2018. Thomas A. Mertz, Vice President, Field Operations, retired effective December 31, 2017. Brian Mundt, formerly Vice President, Engineering, was elected Vice President, Field Operations, to replace him. Nicholas Marquardt was elected Vice President, Engineering effective January 8, 2018. William Sonnleitner was elected Vice President, Information Technology effective March 27, 2018, replacing Paul Maakestad.

13. Not applicable

Name of Respondent Northern Natural Gas Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q1</u>
Comparative Balance Sheet (Assets and Other Debits)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)	
1	UTILITY PLANT				
2	Utility Plant (101-106, 114)	200-201	4,243,334,910	4,224,383,452	
3	Construction Work in Progress (107)	200-201	77,652,740	72,370,196	
4	TOTAL Utility Plant (Total of lines 2 and 3)	200-201	4,320,987,650	4,296,753,648	
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		1,376,470,839	1,360,160,345	
6	Net Utility Plant (Total of line 4 less 5)		2,944,516,811	2,936,593,303	
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)		2,944,516,811	2,936,593,303	
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	36,489,341	3,737,748	
16	OTHER PROPERTY AND INVESTMENTS				
17	Nonutility Property (121)		0	0	
18	(Less) Accum. Provision for Depreciation and Amortization (122)		0	0	
19	Investments in Associated Companies (123)	222-223	0	0	
20	Investments in Subsidiary Companies (123.1)	224-225	0	0	
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)				
22	Noncurrent Portion of Allowances		0	0	
23	Other Investments (124)	222-223	0	0	
24	Sinking Funds (125)		0	0	
25	Depreciation Fund (126)		0	0	
26	Amortization Fund - Federal (127)		0	0	
27	Other Special Funds (128)		44,605,055	44,371,661	
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)		44,605,055	44,371,661	
31	CURRENT AND ACCRUED ASSETS				
32	Cash (131)		3,864,571	(4,273,862)	
33	Special Deposits (132-134)		4,883,049	2,912,440	
34	Working Funds (135)		23,400	23,900	
35	Temporary Cash Investments (136)	222-223	64,922,214	25,254,622	
36	Notes Receivable (141)		0	0	
37	Customer Accounts Receivable (142)		92,539,552	81,067,484	
38	Other Accounts Receivable (143)		387,103	875,485	
39	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		0	0	
40	Notes Receivable from Associated Companies (145)		205,000,000	175,000,000	
41	Accounts Receivable from Associated Companies (146)		8,712,980	19,167,340	
42	Fuel Stock (151)		0	0	
43	Fuel Stock Expenses Undistributed (152)		0	0	

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Comparative Balance Sheet (Liabilities and Other Credits)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
1	PROPRIETARY CAPITAL				
2	Common Stock Issued (201)	250-251	1,002	1,002	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)	252	0	0	
5	Stock Liability for Conversion (203, 206)	252	0	0	
6	Premium on Capital Stock (207)	252	0	0	
7	Other Paid-In Capital (208-211)	253	981,867,972	981,867,972	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	700,532,441	598,168,842	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0	
13	(Less) Reacquired Capital Stock (217)	250-251	0	0	
14	Accumulated Other Comprehensive Income (219)	117	0	0	
15	TOTAL Proprietary Capital (Total of lines 2 thru 14)		1,682,401,415	1,580,037,816	
16	LONG TERM DEBT				
17	Bonds (221)	256-257	400,000,000	400,000,000	
18	(Less) Reacquired Bonds (222)	256-257	0	0	
19	Advances from Associated Companies (223)	256-257	0	0	
20	Other Long-Term Debt (224)	256-257	400,000,000	400,000,000	
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0	
22	(Less) Unamortized Discount on Long-Term Debt-Dr (226)	258-259	491,657	497,219	
23	(Less) Current Portion of Long-Term Debt		199,998,258	199,996,772	
24	TOTAL Long-Term Debt (Total of lines 17 thru 23)		599,510,085	599,506,009	
25	OTHER NONCURRENT LIABILITIES				
26	Obligations Under Capital Leases-Noncurrent (227)		0	0	
27	Accumulated Provision for Property Insurance (228.1)		0	0	
28	Accumulated Provision for Injuries and Damages (228.2)		360,454	377,240	
29	Accumulated Provision for Pensions and Benefits (228.3)		19,819,182	18,719,331	
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0	
31	Accumulated Provision for Rate Refunds (229)		0	0	

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Comparative Balance Sheet (Liabilities and Other Credits)(continued)					
Line No.	Title of Account (a)	Reference Page Number (b)	Current Year End of Quarter/Year Balance	Prior Year End Balance 12/31 (d)	
32	Long-Term Portion of Derivative Instrument Liabilities		0	0	
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0	
34	Asset Retirement Obligations (230)		32,594,964	32,367,251	
35	TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34)		52,774,600	51,463,822	
36	CURRENT AND ACCRUED LIABILITIES				
37	Current Portion of Long-Term Debt		199,998,258	199,996,772	
38	Notes Payable (231)		0	0	
39	Accounts Payable (232)		41,122,313	55,079,679	
40	Notes Payable to Associated Companies (233)		0	0	
41	Accounts Payable to Associated Companies (234)		675,334	1,401,135	
42	Customer Deposits (235)		7,624,727	6,669,994	
43	Taxes Accrued (236)	262-263	92,183,430	50,853,419	
44	Interest Accrued (237)		6,772,222	12,259,722	
45	Dividends Declared (238)		0	0	
46	Matured Long-Term Debt (239)		0	0	
47	Matured Interest (240)		0	0	
48	Tax Collections Payable (241)		173,883	1,176,794	
49	Miscellaneous Current and Accrued Liabilities (242)	268	48,719,155	26,798,073	
50	Obligations Under Capital Leases-Current (243)		0	0	
51	Derivative Instrument Liabilities (244)		9,125,292	12,223,888	
52	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0	
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)		406,394,614	366,459,476	
56	DEFERRED CREDITS				
57	Customer Advances for Construction (252)		1,688,067	2,332,845	
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	437,850,272	458,225,346	
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)		620,367,366	625,662,023	
65	Accumulated Deferred Income Taxes - Other (283)		40,352,573	44,014,839	
66	TOTAL Deferred Credits (Total of lines 57 thru 65)		1,100,258,278	1,130,235,053	
67	TOTAL Liabilities and Other Credits (Total of lines 15,24,35,55,and 66)		3,841,338,992	3,727,702,176	

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 2018/Q1
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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	299,059,330	241,481,701	299,059,330	241,481,701
3	Operating Expenses					
4	Operation Expenses (401)	317-325	69,368,849	39,923,545	69,368,849	39,923,545
5	Maintenance Expenses (402)	317-325	11,914,320	9,294,206	11,914,320	9,294,206
6	Depreciation Expense (403)	336-338	18,051,563	16,968,253	18,051,563	16,968,253
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	2,141,575	2,131,030	2,141,575	2,131,030
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	15,869,566	15,633,201	15,869,566	15,633,201
15	Income Taxes-Federal (409.1)	262-263	33,950,014	46,696,547	33,950,014	46,696,547
16	Income Taxes-Other (409.1)	262-263	12,264,539	9,734,367	12,264,539	9,734,367
17	Provision of Deferred Income Taxes (410.1)	234-235	16,476,629	16,487,185	16,476,629	16,487,185
18	(Less) Provision for Deferred Income Taxes-Credit (411.1)	234-235	20,817,251	14,127,093	20,817,251	14,127,093
19	Investment Tax Credit Adjustment-Net (411.4)		0	0	0	0
20	(Less) Gains from Disposition of Utility Plant (411.6)		0	0	0	0
21	Losses from Disposition of Utility Plant (411.7)		0	0	0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0	0	0
23	Losses from Disposition of Allowances (411.9)		0	0	0	0
24	Accretion Expense (411.10)		0	0	0	0
25	TOTAL Utility Operating Expenses (Total of lines 4 thru 24)		159,219,804	142,741,241	159,219,804	142,741,241
26	Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27)		139,839,526	98,740,460	139,839,526	98,740,460

Year/Period of Report
End of 2018/Q1

1. General Information	
NAME	
DATE	
TIME	
LOCATION	
2. Description of the Incident	
What happened?	
When did it happen?	
Where did it happen?	
Who was involved?	
What was the outcome?	
3. Analysis of the Incident	
What were the causes?	
What were the contributing factors?	
What were the consequences?	
What lessons learned?	
4. Recommendations	
What actions should be taken?	
What measures should be implemented?	
What resources are needed?	
What is the timeline for implementation?	
5. Conclusion	
Summary of findings	
Final remarks	

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	299,059,330	241,481,701	0	0
3						
4	0	0	69,368,849	39,923,545	0	0
5	0	0	11,914,320	9,294,206	0	0
6	0	0	18,051,563	16,968,253	0	0
7	0	0	0	0	0	0
8	0	0	2,141,575	2,131,030	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	15,869,566	15,633,201	0	0
15	0	0	33,950,014	46,696,547	0	0
16	0	0	12,264,539	9,734,367	0	0
17	0	0	16,476,629	16,487,185	0	0
18	0	0	20,817,251	14,127,093	0	0
19	0	0	0	0	0	0
20	0	0	0	0	0	0
21	0	0	0	0	0	0
22	0	0	0	0	0	0
23	0	0	0	0	0	0
24	0	0	0	0	0	0
25	0	0	159,219,804	142,741,241	0	0
26	0	0	139,839,526	98,740,460	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)		139,839,526	98,740,460	139,839,526	98,740,460
28	OTHER INCOME AND DEDUCTIONS					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues form Merchandising, Jobbing and Contract Work (415)		0	0	0	0
32	(Less) Costs and Expense of Merchandising, Job & Contract Work (416)		5,173	2,709	5,173	2,709
33	Revenues from Nonutility Operations (417)		0	0	0	0
34	(Less) Expenses of Nonutility Operations (417.1)		0	123	0	123
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)		1,150,043	763,459	1,150,043	763,459
38	Allowance for Other Funds Used During Construction (419.1)		1,063,615	1,052,047	1,063,615	1,052,047
39	Miscellaneous Nonoperating Income (421)		864,071	1,535,758	864,071	1,535,758
40	Gain on Disposition of Property (421.1)		0	0	0	0
41	TOTAL Other Income (Total of lines 31 thru 40)		3,072,556	3,348,432	3,072,556	3,348,432
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)		0	0	0	0
44	Miscellaneous Amortization (425)		0	0	0	0
45	Donations (426.1)	340	35,546	34,124	35,546	34,124
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)		7,799	11,886	7,799	11,886
49	Other Deductions (426.5)		44,191	88,709	44,191	88,709
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)	340	87,536	134,719	87,536	134,719
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other than Income Taxes (408.2)	262-263	0	0	0	0
53	Income Taxes-Federal (409.2)	262-263	545,871	(862,595)	545,871	(862,595)
54	Income Taxes-Other (409.2)	262-263	209,047	(191,876)	209,047	(191,876)
55	Provision for Deferred Income Taxes (410.2)	234-235	396,242	3,049,209	396,242	3,049,209
56	(Less) Provision for Deferred Income Taxes-Credit (411.2)	234-235	371,250	684,288	371,250	684,288
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)		779,910	1,310,450	779,910	1,310,450
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		2,205,110	1,903,263	2,205,110	1,903,263
61	INTEREST CHARGES					
62	Interest on Long-Term Debt (427)		9,737,500	9,737,500	9,737,500	9,737,500
63	Amortization of Debt Disc. and Expense (428)	258-259	135,600	128,223	135,600	128,223
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	30,175	18,891	30,175	18,891
69	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)		222,238	246,852	222,238	246,852
70	Net Interest Charges (Total of lines 62 thru 69)		9,681,037	9,637,762	9,681,037	9,637,762
71	Income Before Extraordinary Items (Total of lines 27,60 and 70)		132,363,599	91,005,961	132,363,599	91,005,961
72	EXTRAORDINARY ITEMS					
73	Extraordinary Income (434)		0	0	0	0
74	(Less) Extraordinary Deductions (435)		0	0	0	0
75	Net Extraordinary Items (Total of line 73 less line 74)		0	0	0	0
76	Income Taxes-Federal and Other (409.3)	262-263	0	0	0	0
77	Extraordinary Items after Taxes (Total of line 75 less line 76)		0	0	0	0
78	Net Income (Total of lines 71 and 77)		132,363,599	91,005,961	132,363,599	91,005,961

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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 2018/Q1
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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		598,168,842	427,549,089
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)		132,363,599	91,005,961
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	30,000,000	
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)		700,532,441	518,555,050
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		700,532,441	518,555,050
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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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 2018/Q1
Statement of Cash Flows				
<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 78(c) on page 116)	132,363,599	91,005,961	
3	Noncash Charges (Credits) to Income:			
4	Depreciation and Depletion	20,193,138	19,099,283	
5	Amortization of (Specify)	2,705,815	2,722,416	
6	Deferred Income Taxes (Net)	(4,315,630)	4,725,013	
7	Investment Tax Credit Adjustments (Net)			
8	Net (Increase) Decrease in Receivables	8,836,510	1,112,434	
9	Net (Increase) Decrease in Inventory	(386,342)	508,203	
10	Net (Increase) Decrease in Allowances Inventory			
11	Net Increase (Decrease) in Payables and Accrued Expenses	37,800,617	49,952,586	
12	Net (Increase) Decrease in Other Regulatory Assets	9,350,540	(732,739)	
13	Net Increase (Decrease) in Other Regulatory Liabilities	(7,723,929)	1,741,110	
14	(Less) Allowance for Other Funds Used During Construction	1,063,615	1,052,047	
15	(Less) Undistributed Earnings from Subsidiary Companies			
16	Other	(37,952,203)	(12,602,691)	
17	Net Cash Provided by (Used in) Operating Activities			
18	(Total of Lines 2 thru 16)	159,808,500	156,479,529	
19				
20	Cash Flows from Investment Activities:			
21	Construction and Acquisition of Plant (including land):			
22	Gross Additions to Utility Plant (less nuclear fuel)	(28,365,597)	(19,958,351)	
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	(1,063,615)	(1,052,047)	
27	Other : Net increase (decrease) in payables and accrued expenses	(22,641,463)	(11,970,594)	
28	Cash Outflows for Plant (Total of lines 22 thru 27)	(49,943,445)	(30,876,898)	
29				
30	Acquisition of Other Noncurrent Assets (d)			
31	Proceeds from Disposal of Noncurrent Assets (d)			
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)	(9,317,897)	(4,832,983)	
39	Proceeds from Sales of Investment Securities (a)	5,785,950	2,369,979	

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 2018/Q1
Statement of Cash Flows (continued)				
Line No.	Description (See Instructions for explanation of codes) (a)	Current Year to Date Quarter/Year	Previous Year to Date Quarter/Year	
40	Loans Made or Purchased			
41	Collections on Loans			
42				
43	Net (Increase) Decrease in Receivables			
44	Net (Increase) Decrease in Inventory			
45	Net (Increase) Decrease in Allowances Held for Speculation			
46	Net Increase (Decrease) in Payables and Accrued Expenses			
47	Other:			
48	Net Cash Provided by (Used in) Investing Activities			
49	(Total of lines 28 thru 47)	(53,475,392)	(33,339,902)	
50				
51	Cash Flows from Financing Activities:			
52	Proceeds from Issuance of:			
53	Long-Term Debt (b)			
54	Preferred Stock			
55	Common Stock			
56	Other (footnote details):			
57	Net Increase in Short-term Debt (c)			
58	Other (footnote details): Issuance of promissory notes to BHE	(30,000,000)	(115,000,000)	
59	Cash Provided by Outside Sources (Total of lines 53 thru 58)	(30,000,000)	(115,000,000)	
60				
61	Payments for Retirement of:			
62	Long-Term Debt (b)			
63	Preferred Stock			
64	Common Stock			
65	Other (footnote details): Issuance of Note Receivable to BHE			
66	Net Decrease in Short-Term Debt (c)			
67				
68	Dividends on Preferred Stock			
69	Dividends on Common Stock	(30,000,000)		
70	Net Cash Provided by (Used in) Financing Activities			
71	(Total of lines 59 thru 69)	(60,000,000)	(115,000,000)	
72				
73	Net Increase (Decrease) in Cash and Cash Equivalents			
74	(Total of line 18, 49 and 71)	46,333,108	8,139,627	
75				
76	Cash and Cash Equivalents at Beginning of Period	29,759,193	60,131,610	
77				
78	Cash and Cash Equivalents at End of Period	76,092,301	68,271,237	

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			2018/Q1
Notes to Financial Statements			

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

(1) General

Northern Natural Gas Company (the "Respondent") is an indirect wholly owned subsidiary of Berkshire Hathaway Energy Company ("BHE"), a holding company that owns locally managed businesses principally engaged in the energy industry. 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 Market Area and Field Area are separated at a Demarcation Point. The System consists

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			2018/Q1
Notes to Financial Statements			

of 14,700 miles of natural gas pipelines, including 6,300 miles of mainline transmission pipelines and 8,400 miles of branch and lateral pipelines, with a Market Area design capacity of 5.9 billion cubic feet ("Bcf") per day, a Field Area delivery capacity of 1.7 Bcf per day to the Market Area and 1.3 Bcf per day to the West Texas area and over 79 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.

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

The unaudited Financial Statements do not include all of the information and disclosures required for the Respondent's annual financial statements in its 2017 FERC Form No. 2. Management believes the unaudited Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the unaudited Financial Statements as of March 31, 2018 and for the three-month periods ended March 31, 2018 and 2017. The results of operations for the three-month period ended March 31, 2018 are not necessarily indicative of the results to be expected for the full year. The Respondent has evaluated subsequent events through May 29, 2018, which is the date the unaudited Financial Statements were available to be issued.

The preparation of the unaudited Financial Statements in conformity with FERC guidelines requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the unaudited Financial Statements and the reported amounts of revenue and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Financial Statements. Note 2 of Notes to Financial Statements included in the Respondent's FERC Form No.2 for the year ended December 31, 2017 describes the most significant accounting policies used in the preparation of the unaudited Financial Statements. There have been no significant changes in the Respondent's assumptions regarding significant accounting estimates and policies during the three-month period ended March 31, 2018.

(2) New Accounting Pronouncements

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-12, which amends FASB Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging." The amendments in this guidance update the hedge accounting model to enable entities to better portray the economics of their risk management activities in the financial statements, expands an entity's ability to hedge non-financial and financial risk components and reduces complexity in fair value hedges of interest rate risk. In addition, it eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in fair value of a hedging instrument to be presented in the same income statement line as the hedged item and also eases certain documentation and assessment requirements. This guidance is effective for interim and annual reporting periods beginning after

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 2018/Q1
Notes to Financial Statements			

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 a modified retrospective approach by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption, 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.

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. In January 2018, the FASB issued ASU No. 2018-01 that provides for an optional transition practical expedient allowing companies to not have to evaluate existing land easements if they were not previously accounted for under ASC Topic 840, "Leases." 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 a modified retrospective approach, with early adoption permitted. The Respondent plans to adopt this guidance effective January 1, 2019 and is currently evaluating the impact on its Financial Statements and disclosures included within Notes to Financial Statements.

(3) Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

In November 2016, the FASB issued ASU No. 2016-18, which amends FASB 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 and 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. The Respondent adopted this guidance January 1, 2018.

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			2018/Q1
Notes to Financial Statements			

Cash equivalents consist of funds invested in money market mutual funds and other investments with a maturity of three months or less when purchased. Cash and cash equivalents exclude amounts where availability is restricted by legal requirements, loan agreements or other contractual provisions. Restricted cash and cash equivalents as of March 31, 2018 and December 31, 2017, consist substantially of escrow funds held to provide the Respondent with protection against customer credit risk. A reconciliation of cash and cash equivalents and restricted cash and cash equivalents as of March 31, 2018 and December 31, 2017, as presented in the Statements of Cash Flows is outlined below and disaggregated by the line items in which they appear on the Balance Sheets (in thousands):

	As of	
	March 31, 2018	December 31, 2017
Cash and cash equivalents	\$ 68,810	\$ 21,005
Restricted cash and cash equivalents in special deposits	1,797	2,912
Restricted cash and cash equivalents in other special funds	5,485	5,842
Total cash and cash equivalents and restricted cash and cash equivalents	\$ 76,092	\$ 29,759

(4) Income Taxes

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act ("2017 Tax Reform") impacts many areas of income tax law. The most material items include the reduction of the federal corporate tax rate from 35% to 21% effective January 1, 2018 and limitations on bonus depreciation for utility property. In March 2018, the FASB issued ASU No. 2018-05 to assist in the implementation process of the 2017 Tax Reform by allowing for calculations to be classified as provisional and subject to remeasurement. There are three different classifications for the accounting: (1) completed, (2) not complete but reasonably estimable or (3) not complete and amounts are not reasonably estimable. The Respondent has recorded the impacts of the 2017 Tax Reform and believes all the impacts to be complete with the exception of the interpretations of the bonus depreciation rules. The Respondent has determined the amounts recorded and the interpretations relating to bonus depreciation to be provisional and subject to remeasurement during the measurement period upon obtaining the necessary additional information to complete the accounting. The Respondent believes its interpretations to be reasonable, however, as the guidance is clarified estimates may change. The accounting is estimated to be completed by December 2018. Refer to footnote 8 for more information.

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:

	Three-Month Periods Ended March 31,	
	2018	2017
Federal statutory income tax rate	21.0 %	35.0 %
State income tax, net of federal tax benefit	5.8	4.8
Effects of rate making	(2.4)	—
Effective income tax rate	24.4 %	39.8 %

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			2018/Q1
Notes to Financial Statements			

(5) Employee Benefit Plans

The Respondent is a participant in benefit plans sponsored by MidAmerican Energy Company ("MEC"), an indirect wholly owned subsidiary of BHE. The MidAmerican Energy Company Retirement Plan provides pension benefits for eligible employees ("pension plan") and the MidAmerican Energy Company Welfare Benefit Plan provides certain postretirement health care and life insurance benefits for eligible retirees ("other postretirement plan") on behalf of the Respondent. The Respondent's contributions to the pension plan and other postretirement plan totaled \$0.3 million and \$0.2 million for the three-month periods ended March 31, 2018 and 2017, respectively. As of March 31, 2018, 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 \$7.1 million and \$30.6 million, respectively. As of December 31, 2017, 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 \$7.1 million and \$30.2 million, respectively. Amounts attributable to the Respondent were allocated from MEC to the Respondent in accordance with the intercompany administrative service agreement. Offsetting regulatory assets and liabilities have been recorded related to the amounts not yet recognized as a component of net periodic benefit costs that will be included in regulated rates.

(6) Risk Management and Hedging Activities

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

The Respondent has established a risk management process that is designed to identify, assess, manage, mitigate, monitor and report 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.

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

There have been no significant changes in the Respondent's accounting policies related to derivatives. Refer to Note 7 for additional information on derivative contracts.

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q1
Notes to Financial Statements			

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 not designated as hedging 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
As of March 31, 2018			
Commodity assets ⁽¹⁾	\$ 699	\$ —	\$ 699
Commodity liabilities ⁽¹⁾	(9,824)	—	(9,824)
Total derivatives - net basis⁽²⁾	\$ (9,125)	\$ —	\$ (9,125)
As of December 31, 2017			
Commodity assets ⁽¹⁾	\$ 982	\$ —	\$ 982
Commodity liabilities ⁽¹⁾	(13,206)	—	(13,206)
Total derivatives - net basis⁽²⁾	\$ (12,224)	\$ —	\$ (12,224)

- (1) The Respondent's commodity derivatives not designated as hedging contracts are included in regulated rates, and as of March 31, 2018 and December 31, 2017, a regulatory asset of \$9.1 million and \$12.2 million, respectively, was recorded related to the net derivative liability of \$9.1 million and \$12.2 million, respectively.
- (2) The net notional amounts of outstanding commodity derivative contracts with fixed price terms that comprise the mark-to-market values included above are 4 million dth of sales, net and 0.4 million dth of purchases, net of natural gas, as of March 31, 2018 and December 31, 2017, respectively.

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 open commodity derivative contracts recognized in regulatory assets, as well as amounts reclassified to earnings for the three-month periods ended March 31 (in thousands):

	2018	2017
Beginning balance	\$ 12,224	\$ 64,532
Changes in fair value recognized in regulatory assets	(99)	834
Net gains reclassified to gas operating revenues	789	191
Net losses reclassified to unamortized contract value regulatory asset	(842)	(803)
Net losses reclassified to operating expenses	(2,947)	(2,808)
Ending balance	\$ 9,125	\$ 61,946

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			2018/Q1
Notes to Financial Statements			

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.

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 March 31, 2018, 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 \$9.8 million and \$13.2 million as of March 31, 2018 and December 31, 2017, respectively. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of March 31, 2018 and December 31, 2017, the Respondent would have been required to post \$9.1 million and \$12.2 million, respectively, of collateral. The Respondent's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings, changes in legislation or regulation, or other factors.

(7) 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

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			2018/Q1
Notes to Financial Statements			

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.

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
<u>As of March 31, 2018</u>					
Assets:					
Commodity derivatives	\$ —	\$ 699	\$ —	\$ (699)	\$ —
Money market mutual funds ⁽²⁾	71,834	—	—	—	71,834
Investment funds	11,656	—	—	—	11,656
	<u>\$ 83,490</u>	<u>\$ 699</u>	<u>\$ —</u>	<u>\$ (699)</u>	<u>\$ 83,490</u>
Liabilities - commodity derivatives	<u>\$ —</u>	<u>\$ (9,824)</u>	<u>\$ —</u>	<u>\$ 699</u>	<u>\$ (9,125)</u>
<u>As of December 31, 2017</u>					
Assets:					
Commodity derivatives	\$ —	\$ 982	\$ —	\$ (982)	\$ —
Money market mutual funds ⁽²⁾	30,876	—	—	—	30,876
Investment funds	8,298	—	—	—	8,298
	<u>\$ 39,174</u>	<u>\$ 982</u>	<u>\$ —</u>	<u>\$ (982)</u>	<u>\$ 39,174</u>
Liabilities - commodity derivatives	<u>\$ —</u>	<u>\$ (13,206)</u>	<u>\$ —</u>	<u>\$ 982</u>	<u>\$ (12,224)</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

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			2018/Q1
Notes to Financial Statements			

external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by the Respondent. Market price quotations for certain major natural gas and crude oil trading hubs are generally readily obtainable for the applicable term of the Respondent's outstanding derivative contracts; therefore, the Respondent's forward price curves for those locations and periods reflect observable market quotes. The estimated fair value of these derivative contracts is a function of underlying forward commodity prices, related volatility, counterparty creditworthiness and duration of contracts. Refer to Note 6 for further discussion regarding the Respondent's risk management and hedging activities.

The Respondent's investments in money market mutual funds and investment funds are stated 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.

(8) Commitments and Contingencies

Regulatory Matters

On March 15, 2018 the Federal Energy Regulatory Commission ("FERC") issued a Notice of Proposed Rulemaking proposing a process that will allow it to determine which natural gas pipelines may be collecting unjust and unreasonable rates in light of the recent reduction in the federal corporate tax rate in the 2017 Tax Reform. Furthermore, the FERC issued a Notice of Inquiry seeking comments on the additional impacts of the 2017 Tax Reform on jurisdictional rates, particularly whether, and if so how, the FERC should address changes relating to accumulated deferred income tax amounts after the federal corporate tax rate reduction and bonus depreciation rules, as well as whether other features of the 2017 Tax Reform require FERC action. The Respondent is monitoring the proceedings and expect the impact, if any, would be prospective. The Respondent also continues to monitor developments that may impact our regulatory liabilities resulting from the 2017 Tax Reform.

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 issued a decision in February 2015, adopting a condemnation panel's recommended award of \$7.3 million. In July 2017, the Tenth Circuit Court of Appeals reversed the federal district

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			2018/Q1
Notes to Financial Statements			

court award requiring the Respondent to pay for the value of storage gas remaining in the extension area and rejected the appeals of the defendants for additional compensation for storage rights and wells that were converted to observation wells. The decision reduces the condemnation award by approximately \$6.0 million. In August 2017, the case was remanded to the federal district court for final disposition.

- 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 related to production of storage gas before the date of the certificate expansion order have been dismissed. In May 2016, the court issued an order lifting the stay that had been in place since August 2011. The trial set for June 2018 has been indefinitely postponed because of the retirement of the presiding judge. The conversion claim was voluntarily dismissed in April 2018.
- In December 2009, the Respondent filed a lawsuit in the 13th Judicial District, District Court, Pratt County, Kansas ("Pratt County State District Court") against ONEOK Field Services Company ("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 appealed the decision to the Kansas Court of Appeals and the case was transferred to the Kansas Supreme Court in October 2017. 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 Court of Appeals. 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.

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			2018/Q1
Notes to Financial Statements			

(9) Other Related Party Transactions

The Respondent provided gas transportation, storage and other services to MEC totaling \$25.1 million and \$24.5 million for the three-month periods ended March 31, 2018 and 2017, 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 \$1.6 million and \$1.4 million for the three-month periods ended March 31, 2018 and 2017, respectively. MEC also provided electricity and other services to the Respondent of \$0.2 million for each of the three-month periods ended March 31, 2018 and 2017. The Respondent reimbursed MEC \$15.4 million and \$14.6 million for the three-month periods ended March 31, 2018 and 2017, 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 \$0.4 million and \$0.3 million for the three-month periods ended March 31, 2018 and 2017, respectively. Income tax transactions with BHE resulted in net payments of \$0.1 million and \$- million for the three-month periods ended March 31, 2018 and 2017, respectively.

As of March 31, 2018 and December 31, 2017, the Respondent had net accounts payable to BHE and certain subsidiaries for intercompany transactions totaling \$0.7 million and \$1.4 million, respectively. The Respondent also had accounts receivable from affiliates of \$8.7 million and \$9.0 million as of March 31, 2018 and December 31, 2017, respectively.

The Respondent provides certain administrative and management services, including executive, financial, regulatory, legal, information technology, human resources and procurement, to Kern River Gas Transmission Company ("Kern River"), an indirect wholly owned subsidiary of BHE. The Respondent billed Kern River \$0.4 million and \$0.5 million for the three-month periods ended March 31, 2018 and 2017, respectively, for these services.

The Respondent possesses demand promissory notes from BHE. The balance of the demand promissory notes as of March 31, 2018 and December 31, 2017 was \$205.0 million and \$175.0 million, respectively. The notes contain variable interest rates based on 30-day London Interbank Offered Rate plus a fixed spread per annum. Interest income of \$0.9 million and \$0.7 million was recorded for the three-month periods ended March 31, 2018 and 2017, respectively.

(10) Subsequent Events

In April 2018, BHE issued promissory notes to the Respondent totaling \$80.0 million.

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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>2018/Q1</u>
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)	3,906,273,074		
4	Property Under Capital Leases			
5	Plant Purchased or Sold	11,669		
6	Completed Construction not Classified	336,946,986		
7	Experimental Plant Unclassified			
8	TOTAL Utility Plant (Total of lines 3 thru 7)	4,243,231,729		
9	Leased to Others			
10	Held for Future Use	103,181		
11	Construction Work in Progress	77,652,740		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Total of lines 8 thru 12)	4,320,987,650		
14	Accumulated Provisions for Depreciation, Amortization, & Depletion	1,376,470,839		
15	Net Utility Plant (Total of lines 13 and 14)	2,944,516,811		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation	1,258,164,332		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights	8,438,033		
21	Amortization of Other Utility Plant	109,765,293		
22	TOTAL In Service (Total of lines 18 thru 21)	1,376,367,658		
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)	1,376,470,839		

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>2018/Q1</u>
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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		3,906,273,074		
4				
5		11,669		
6		336,946,986		
7				
8		4,243,231,729		
9				
10		103,181		
11		77,652,740		
12				
13		4,320,987,650		
14		1,376,470,839		
15		2,944,516,811		
16				
17				
18		1,258,164,332		
19				
20		8,438,033		
21		109,765,293		
22		1,376,367,658		
23				
24				
25				
26				
27				
28		103,181		
29				
30		103,181		
31				
32				
33		1,376,470,839		

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>2018/Q1</u>
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Gas Plant in Service and Accumulated Provision for Depreciation by Function

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

Line No.	Item	Plant in Service Balance at End of Quarter	Accumulated Depreciation And Amortization Balance at End of Quarter
	(a)	(b)	(c)
1	Intangible Plant	153,736,134	78,906,745
2	Productions-Manufactured Gas		
3	Production and Gathering-Natural Gas	6,131,534	2,005,560
4	Products Extraction-Natural Gas		
5	Underground Gas Storage	475,786,050	164,669,197
6	Other Storage Plant	111,489,228	46,011,049
7	Base Load LNG Terminalling and Processing Plant	7,456,180	1,277,798
8	Transmission	3,394,970,883	1,041,596,347
9	Distribution		
10	General	93,661,720	41,900,962
11	TOTAL (total of lines 1 thru 10)	4,243,231,729	1,376,367,658

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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 2018/Q1
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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	372,007	31,251	928	49,112		354,146
2							
3	Asset retirement obligation	22,082,700	709,690				22,792,390
4							
5	Deferred FERC annual charge	1,013,603		928	337,868		675,735
6							
7	Deferred income taxes for AFUDC equity	22,551,986	369,255	254,421	8,374,323		14,546,918
8							
9	Smartpigging/hydrostatic testing	27,460,594	425,446	833,863	2,071,798		25,814,242
10							
11	Deferred unamortized loss on derivative contracts	54,848,379	742,554	483,803	2,999,200		52,591,733
12							
13	Defined benefit pension plan	7,062,647	1,532				7,064,179
14							
15	Fuel, unaccounted for, and other trackers	6,730,081	14,658,853	813,855	13,568,507		7,820,427
16							
17	Encroachment revaluation		6,392,874				6,392,874
18							
19							
20							
21							
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40	Total	142,121,997	23,331,455		27,400,808	0	138,052,644

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>2018/Q1</u>		
Other Regulatory Liabilities (Account 254)							
<p>1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).</p> <p>2. For regulatory liabilities being amortized, show period of amortization in column (a).</p> <p>3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.</p> <p>4. Provide in a footnote, for each line item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, state commission order, court decision).</p>							
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	Written off during Quarter/Period Account Credited (c)	Written off During Period Amount Refunded (d)	Written off During Period Amount Deemed Non-Refundable (e)	Credits (f)	Balance at End of Current Quarter/Year (g)
1	Penalty and Deferred Delivery Variance Charge Revenue Crediting Mechanism	1,756,767	131	1,330,604		904,888	1,331,051
2							
3	Employee benefits	30,231,160	128	186,479		505,513	30,550,194
4							
5	Encroachment revaluation	3,632,334	182.3	3,632,334			
6							
7	Carlton resolution credits	1,033,640				1,826,104	2,859,744
8							
9	Fuel, unaccounted for, and other trackers	135,453	182.3	135,453			
10							
11	Excess deferred income taxes	418,909,220	Various	17,465,281			401,443,939
12							
13	Bankruptcy proceeds	2,526,772	421	864,073		2,644	1,665,343
14							
15							
16							
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44							
45	Total	458,225,346		23,614,224	0	3,239,149	437,850,271

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 2018/Q1
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Monthly Quantity & Revenue Data by Rate Schedule

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

Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
1	Total Sales (480-488)	2,803,249			10,161,351	10,161,351
2	Transportation of Gas for Others (489.2 and 489..3)					
3	TF	39,637,654		50,542	26,512,269	26,562,811
4	TFX	86,405,583		111,089	56,146,886	56,257,975
5	GS-T	43,355		21	30,488	30,509
6	TI	4,931,133		5,902	1,175,498	1,181,400
7	ILD					
8	SMS	2,041,734			929,810	929,810
9	Less: ILD units in other rate schedules					
10	Less: SMS units in other rate schedules	-2,041,734				
11						
12						
13						
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 2018/Q1
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Monthly Quantity & Revenue Data by Rate Schedule

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

Line No.	Month 2 Quantity (g)	Month 2 Revenue Costs and Take-or-Pay (h)	Month 2 Revenue (GRI & ACA) (i)	Month 2 Revenue (Other) (j)	Month 2 Revenue (Total) (k)	Month 3 Quantity (l)	Month 3 Revenue Costs and Take-or-Pay (m)	Month 3 Revenue (GRI & ACA) (n)	Month 3 Revenue (Other) (o)	Month 3 Revenue (Total) (p)
1	1,751,853			5,869,377	5,869,377	5,079,563			14,412,099	14,412,099
2										
3	37,176,268		48,245	26,332,611	26,380,856	34,231,181		43,679	26,199,885	26,243,564
4	75,266,046		99,007	56,970,993	57,070,000	76,220,634		97,428	54,770,333	54,867,761
5	1,613		56	1,931	1,987	458		3	(273)	(270)
6	3,957,155		5,351	804,938	810,289	3,717,356		4,273	269,508	273,781
7										
8	3,036,539			952,173	952,173	2,090,597			932,852	932,852
9										
10	-3,036,539					-2,090,597				
11										
12										
13										
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Monthly Quantity & Revenue Data by Rate Schedule (continued)						
Line No.	Item (a)	Month 1 Quantity (b)	Month 1 Revenue Costs and Take-or-Pay (c)	Month 1 Revenue (GRI & ACA) (d)	Month 1 Revenue (Other) (e)	Month 1 Revenue (Total) (f)
48						
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63	Total Transportation (Other than Gathering)	131,017,725		167,554	84,794,951	84,962,505
64	Storage (489.4)					
65	FDD-1	12,704,607			2,621,351	2,621,351
66	IDD-1	1,166,934			190,725	190,725
67	PDD-1	15,835,690			1,817,214	1,817,214
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86						
87						
88						
89						
90	Total Storage	29,707,231			4,629,290	4,629,290
91	Gathering (489.1)					
92	Gathering-Firm					
93	Gathering-Interruptible					
94	Total Gathering (489.1)					
95	Additional Revenues					
96	Products Sales and Extraction (490-492)	1,569			15,579	15,579
97	Rents (493-494)					
98	Other Gas Revenues (495)				341,781	341,781
99	(Less) Provision for Rate Refunds					
100	Total Additional Revenues	1,569			357,360	357,360
101	Total Operating Revenues (Total of Lines 1,63,90,94 & 100)	163,529,774		167,554	99,942,952	100,110,506

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>2018/Q1</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										
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51										
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62										
63	116,401,082		152,659	85,062,646	85,215,305	114,169,629		145,383	82,172,305	82,317,688
64										
65	18,216,017			2,419,753	2,419,753	14,717,527			2,330,141	2,330,141
66	227,098			241,365	241,365	58,279			338,985	338,985
67	9,534,624			1,569,837	1,569,837				1,619,575	1,619,575
68										
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70										
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85										
86										
87										
88										
89										
90	27,977,739			4,230,955	4,230,955	14,775,806			4,288,701	4,288,701
91										
92										
93										
94										
95										
96	3,126			34,298	34,298					
97									3,631	3,631
98				532,982	532,982				2,043,788	2,043,788
99										
100	3,126			567,280	567,280				2,047,419	2,047,419
101	146,133,800		152,659	95,730,258	95,882,917	134,024,998		145,383	102,920,524	103,065,907

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 2018/Q1
Natural Gas Company- Gas Revenues and Dekatherms				
1. Report below in columns (b), (d) and (f) natural gas operating revenues for each prescribed account year to date				
2. In column (f) report the quantity of Dekatherms sold of natural gas year to date.				
Line No.	Title of Account (a)	Total Operating Revenues Year to Date Current Qtr (b)	Dekatherms of Natural Gas Year to Date Current Qtr (c)	
1	(480) Residential Sales			
2	(481) Commercial and Industrial Sales	3,424,530	407,654	
3	(482) Other Sales to Public Authorities			
4	(483) Sales for Resale	27,018,297	9,227,011	
5	(484) Interdepartmental Sales			
6	Total Sales (Lines 1 to 5)	30,442,827	9,634,665	
7	485 Intracompany Transfers			
8	487 Forfeited Discounts			
9	488 Miscellaneous Service Revenues			
10	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities			
11	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	252,495,498	361,588,436	
12	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities			
13	489.4 Revenues from Storing Gas of Others	13,148,946	72,460,776	
14	490 Sales of Prod. Ext. from Natural Gas			
15	491 Revenues from Natural Gas Proc. by Others			
16	492 Incidental Gasoline and Oil Sales	49,877		
17	493 Rent from Gas Property	3,631		
18	494 Interdepartmental Rents			
19	495 Other Gas Revenues	2,918,551		
20	Subtotal:	299,059,330		
21	496 (Less) Provision for Rate Refunds			
22	TOTAL	299,059,330		

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Gas Production and Other Gas Supply Expenses					
Report the amount of gas production and other gas supply expenses year to date					
Line No.	Account (a)	Year to Date (b)			
1	Production Expenses				
2	Manufactured Gas Production				
3	Total Manufactured Gas Production (700-742)				
4	Natural Gas Production and Gathering				
5	(750-760) Operation				
6	(761-769) Maintenance				
7	Total Natural Gas Production and Gathering (lines 5 and 6)				
8	Production Extraction				
9	(770-783) Operation				
10	(784-791) Maintenance				
11	Total Production Extraction (lines 9 and 10)				
12	(795-798) Exploration and Development Expenses				
13	Other Gas Supply Expenses				
14	Operation				
15	(800) Natural Gas Well Head Purchases				
16	(800.1) Natural Gas Well Head Purchases, Intra company Transfers				
17	(801) Natural Gas Field Line Purchases				
18	(802) Natural Gasoline Plant Outlet Purchases				
19	(803) Natural Gas Transmission Line Purchases	67,288,668			
20	(804) Natural Gas City Gate Purchases				
21	(804.1) Liquefied Natural Gas Purchases				
22	(805) Other Gas Purchases	(5,639,299)			
23	(805.1) (Less) Purchase Gas Cost Adjustments				
24	Total Purchased Gas (lines 15 through 23)	61,649,369			
25	(806) Exchange Gas	4,560,351			
26	Purchased Gas Expenses				
27	(807.1) Well Expense - Purchased Gas				
28	(807.2) Operation of Purchased Gas Measuring Stations				
29	(807.3) Maintenance of Purchased Gas Measuring Stations				
30	(807.4) Purchased Gas Calculations Expenses				
31	(807.5) Other Purchased Gas Expenses				
32	Total Purchased Gas Expenses (lines 27 thru 31)				
33	(808.1) Gas Withdrawn from Storage-Debit	56,101,488			
34	(808.2) (Less) Gas Delivered to Storage - Credit	91,824,772			
35	(809.1) Withdrawals of Liquefied Natural Gas for Processing - Debit				
36	(809.2) (Less) Deliveries of Natural Gas Processing - Credit				
37	Gas Used in Utility Operation - Credit				
38	(810) Gas Used for Compressor Station Fuel - Credit	21,498,812			
39	(811) Gas Used for Products Extraction - Credit				
40	(812) Gas Used for Other Utility Operations - Credit	2,094,390			
41	Total Gas Used in Utility Operations - Credit (Lines 38 thru 40)	23,593,202			
42	(813) Other Gas Supply Expense	(2,579,467)			
43	Total Other Gas Supply Expenses (Lines 24, 25, 32, 33, thru 36, 42, less 41)	4,313,767			
44	Total Production Expenses (Lines 3,7,11,12, and 43)	4,313,767			

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Natural Gas Storage, Terminating, Processing Services

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

Line No.	Account (a)	Year to Date Quarter (b)	
1	NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
2	UNDERGROUND STORAGE EXPENSES		
3	(814-826) Operations	3,904,948	
4	(830-837) Maintenance	2,094,749	
5	Total Underground Storage Expenses (Lines 3 and 4)	5,999,697	
6	OTHER STORAGE EXPENSES		
7	(840-842.3) Operations	1,344,526	
8	(843.1-843.9) Maintenance	1,003,703	
9	Total Other Storage Expenses (lines 7 and 8)	2,348,229	
10	LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING		
11	(844.1-846.2) Operations		
12	(847.1-847.8) Maintenance		
13	Total Liquefied Natural Gas Terminating and Processing (Lines 11 and 12)		
14	TRANSMISSION EXPENSES		
15	Transmission Operation Expenses		
16	(850) Operation Supervision and Engineering	1,437,249	
17	(851) System Control and Load Dispatching	2,738,852	
18	(852) Communication System Expenses	328,120	
19	(853) Compressor Station Labor and Expenses	2,673,282	
20	(854) Gas for Compressor Station Fuel	20,527,903	
21	(855) Other Fuel and Power for Compressor Stations	863,075	
22	(856) Mains Expenses	6,140,742	
23	(857) Measuring and Regulating Station Expenses	1,116,608	
24	(858) Transmission and Compression of Gas by Others		
25	(859) Other Expenses	580,241	
26	(860) Rents	70,318	
27	Total Transmission Operation Expenses (Lines 16 through 26)	36,476,390	
28	Transmission Maintenance Expenses		
29	(861) Maintenance Supervision and Engineering		
30	(862) Maintenance of Structures and Improvements	240,960	
31	(863) Maintenance of Mains	4,798,428	
32	(864) Maintenance of Compressor Station Equipment	2,751,190	
33	(865) Maintenance of Measuring and Regulating Equipment	710,632	
34	(866) Maintenance of Communication Equipment	19,779	
35	(867) Maintenance of Other Equipment	294,879	
36	Total Transmission Maintenance Expenses (Lines 29 through 35)	8,815,868	
37	Total Transmission Expenses (lines 27 and 36)	45,292,258	
38	DISTRIBUTION EXPENSES		
39	(870-881) Operation Expenses		
40	(885-894) Maintenance		
41	Total Distribution Expenses (Lines 39 and 40)		
42	Total (lines 5,9,13,37 and 41)	53,640,184	

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Gas Customer Accounts, Service, Sales, Administrative and General Expenses					
Report the amount of expenses for customer accounts, service, sales, and administrative and general expenses year to date.					
Line No.	Account (a)	Year to Date Quarter (b)			
1	(901-905) Customer Accounts Expenses				
2	(907-910) Customer Service and Information Expenses				
3	(911-916) Sales Expenses	314,031			
4	8. ADMINISTRATIVE AND GENERAL EXPENSES				
5	Operations				
6	920 Administrative and General Salaries	13,307,510			
7	921 Office Supplies and Expenses	2,406,429			
8	(Less) 922 Administrative Expenses Transferred-Credit	567,591			
9	923 Outside Services Employed	3,966,333			
10	924 Property Insurance	252,796			
11	925 Injuries and Damages	203,999			
12	926 Employee Pensions and Benefits	2,857,665			
13	927 Franchise Requirements				
14	928 Regulatory Commission Expenses	386,979			
15	(Less) 929 Duplicate Charges-Credit				
16	930.1 General Advertising Expenses				
17	930.2 Miscellaneous General Expenses	49,440			
18	931 Rents	151,627			
19	TOTAL Operation (Total of lines 6 through 18)	23,015,187			
20	Maintenance				
21	932 Maintenance of General Plant				
22	TOTAL Administrative and General Expenses (Total of lines 19 and 21)	23,015,187			

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Depreciation, Depletion and Amortization of Gas Plant (Accts 403, 403.1, 404.1, 404.2, 404.3, 405) (Except Amort of Acquisition Adjustments)					
1. Report the year to date amounts of depreciation expense, asset retirement cost depreciation, depletion and amortization, except amortization of acquisition adjustments for the accounts indicated and classified according to the plant functional groups described.					
Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Other Gas Plant (Accounts 404.1, 404.2 and 404.3) (d)	
1	Intangible Plant	0	0	1,666,760	
2	Production Plant, Manufacturing Plant	0	0	0	
3	Production and Gathering Plant - Natural Gas	996,749	0	0	
4	Products Extraction - Natural Gas	0	0	0	
5	Underground Gas Storage Plant	1,717,286	0	71,277	
6	Other Storage Plant	358,204	0	0	
7	Base Load LNG Terminaling and Processing Plant	59,029	0	0	
8	Processing Plant	0	0	0	
9	Transmission Plant	13,112,699	0	403,538	
10	Distribution Plant	0	0	0	
11	General Plant	1,807,596	0	0	
12	Common Plant	0	0	0	
13	TOTAL GAS (Lines 1 through 12)	18,051,563	0	2,141,575	

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Gas Account - Natural Gas

- The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Enter in column (c) the year to date Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Enter in column (d) the respective quarter's Dth as reported in the schedules indicated for the items of receipts and deliveries.
- Indicate in a footnote the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
- If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose.
- Indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline, and (3) the gathering line quantities that were not destined for interstate market or that were not transported through any interstate portion of the reporting pipeline.
- Indicate in a footnote the specific gas purchase expense account(s) and related to which the aggregate volumes reported on line No. 3 relate.
- Indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
- Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional information as necessary to the footnotes.

Line No.	Item (a)	Ref. Page No. of (FERC Form Nos. 2/2-A) (b)	Total Amount of Dth Year to Date (c)	Current Three Months Ended Amount of Dth Quarterly Only
01 Name of System:				
2	GAS RECEIVED			
3	Gas Purchases (Accounts 800-805)		24,053,950	24,053,950
4	Gas of Others Received for Gathering (Account 489.1)	303		
5	Gas of Others Received for Transmission (Account 489.2)	305	361,588,436	361,588,436
6	Gas of Others Received for Distribution (Account 489.3)	301		
7	Gas of Others Received for Contract Storage (Account 489.4)	307	5,561,050	5,561,050
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	1,520,033	1,520,033
11	Receipts of Respondent's Gas Transported by Others (Account 858)	332		
12	Other Gas Withdrawn from Storage (Explain)		40,920,247	40,920,247
13	Gas Received from Shippers as Compressor Station Fuel		3,780,540	3,780,540
14	Gas Received from Shippers as Lost and Unaccounted for		699,797	699,797
15	Other Receipts (Specify) (footnote details)			
16	Total Receipts (Total of lines 3 thru 15)		438,124,053	438,124,053
17	GAS DELIVERED			
18	Gas Sales (Accounts 480-484)		9,634,665	9,634,665
19	Deliveries of Gas Gathered for Others (Account 489.1)	303		
20	Deliveries of Gas Transported for Others (Account 489.2)	305	361,588,436	361,588,436
21	Deliveries of Gas Distributed for Others (Account 489.3)	301		
22	Deliveries of Contract Storage Gas (Account 489.4)	307	54,935,345	54,935,345
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		
26	Deliveries of Gas to Others for Transportation (Account 858)	332		
27	Other Gas Delivered to Storage (Explain)		6,138,681	6,138,681
28	Gas Used for Compressor Station Fuel	509	5,472,920	5,472,920
29	Other Deliveries and Gas Used for Other Operations		965,875	965,875
30	Total Deliveries (Total of lines 18 thru 29)		438,735,922	438,735,922
31	GAS LOSSES AND GAS UNACCOUNTED FOR			
32	Gas Losses and Gas Unaccounted For		(611,869)	(611,869)
33	TOTALS			
34	Total Deliveries, Gas Losses & Unaccounted For (Total of lines 30 and 32)		438,124,053	438,124,053

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Shipper Supplied Gas for the Current Quarter

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

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
1	SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	706,707	190,398	628,748	1,525,853
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	706,707	190,398	628,748	1,525,853
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	736,140	198,381	655,070	1,589,591
12	Distribution				
13	Storage			73,037	73,037
14	Total gas used in compressors	736,140	198,381	728,107	1,662,628
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	109,089	29,398	97,075	235,562
19	Distribution				
20	Storage			55,914	55,914
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	109,089	29,398	152,989	291,476
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	(43,443)	(11,707)	(38,658)	(93,808)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	(43,443)	(11,707)	(38,658)	(93,808)

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 2018/Q1
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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	4,175,352	1,125,208	3,715,533	9,016,093					805	805
5										
6										
7	4,175,352	1,125,208	3,715,533	9,016,093						
8										
9										
10										
11	4,419,414	1,190,980	3,932,715	9,543,109					854	810
12										
13			438,478	438,478					819	810
14	4,419,414	1,190,980	4,371,193	9,981,587						
15										
16										
17										
18	654,914	176,492	582,790	1,414,196					See footnote	812
19										
20			335,680	335,680					See footnote	812
21										
22	654,914	176,492	918,470	1,749,876						
23										
24										
25										
26	(227,014)	(61,177)	(202,013)	(490,204)					812	813
27										
28										
29										
30	(227,014)	(61,177)	(202,013)	(490,204)						

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 2018/Q1
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Item (a)	Month 1 Discounted rate Dth (b)	Month 1 Negotiated Rate Dth (c)	Month 1 Recourse Rate Dth (d)	Month 1 Total Dth (e)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	(95,079)	(25,674)	(84,739)	(205,492)
35	Distribution				
36	Storage			(128,951)	(128,951)
37	Total Net Excess Or (Deficiency)	(95,079)	(25,674)	(213,690)	(334,443)
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Gas to be returned to shippers				
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas				
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56	Gas to be recovered from shippers	(95,079)	(25,674)	(213,690)	(334,443)
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	(95,079)	(25,674)	(213,690)	(334,443)
SEPARATION OF FORWARDHAUL AND BACKHAUL THROUGHPUT					
66	Forwardhaul Volume in Dths for the Quarter	361,588,436			
67	Backhaul Volume in Dths for the Quarter				
68	TOTAL (Lines 66 and 67)	361,588,436			

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 2018/Q1
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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	(671,962)	(181,087)	(597,959)	(1,451,008)						
35										
36			(774,158)	(774,158)						
37	(671,962)	(181,087)	(1,372,117)	(2,225,166)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	(671,962)	(181,087)	(1,372,117)	(2,225,166)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	(671,962)	(181,087)	(1,372,117)	(2,225,166)						

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 2018/Q1
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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	662,161	195,127	711,494	1,568,782
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	662,161	195,127	711,494	1,568,782
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	798,504	235,332	857,904	1,891,740
12	Distribution				
13	Storage			104,844	104,844
14	Total gas used in compressors	798,504	235,332	962,748	1,996,584
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	133,685	39,399	143,630	316,714
19	Distribution				
20	Storage			59,692	59,692
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	133,685	39,399	203,322	376,406
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	50,121	14,772	53,850	118,743
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	50,121	14,772	53,850	118,743

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 2018/Q1
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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	2,293,045	675,799	2,463,624	5,432,468					805	805
5										
6										
7	2,293,045	675,799	2,463,624	5,432,468						
8										
9										
10										
11	2,808,337	827,664	3,017,249	6,653,250					854	810
12										
13			368,736	368,736					819	810
14	2,808,337	827,664	3,385,985	7,021,986						
15										
16										
17										
18	470,534	138,675	505,537	1,114,746					See footnote	812
19										
20			209,937	209,937					See footnote	812
21										
22	470,534	138,675	715,474	1,324,683						
23										
24										
25										
26	130,121	38,349	139,801	308,271					813	812
27										
28										
29										
30	130,121	38,349	139,801	308,271						

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 2018/Q1
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Item (a)	Month 2 Discounted rate Dth (p)	Month 2 Negotiated Rate Dth (q)	Month 2 Recourse Rate Dth (r)	Month 2 Total Dth (s)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	(320,149)	(94,376)	(343,890)	(758,415)
35	Distribution				
36	Storage			(164,536)	(164,536)
37	Total Net Excess Or (Deficiency)	(320,149)	(94,376)	(508,426)	(922,951)
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Gas to be returned to shippers				
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas				
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56	Gas to be recovered from shippers	(320,149)	(94,376)	(508,426)	(922,951)
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	(320,149)	(94,376)	(508,426)	(922,951)

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 2018/Q1
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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	(1,115,947)	(328,889)	(1,198,963)	(2,643,799)						
35										
36			(578,673)	(578,673)						
37	(1,115,947)	(328,889)	(1,777,636)	(3,222,472)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	(1,115,947)	(328,889)	(1,777,636)	(3,222,472)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	(1,115,947)	(328,889)	(1,777,636)	(3,222,472)						

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>2018/Q1</u>
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Shipper Supplied Gas for the Current Quarter

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

Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
1	SHIPPER SUPPLIED GAS (LINES 13 AND 14 , PAGE 520)				
2	Gathering				
3	Production/Extraction/Processing				
4	Transmission	524,308	181,282	680,112	1,385,702
5	Distribution				
6	Storage				
7	Total Shipper Supplied Gas	524,308	181,282	680,112	1,385,702
8	LESS GAS USED FOR COMPRESSOR STATION FUEL (LINE 28, PAGE 520)				
9	Gathering				
10	Production/Extraction/Processing				
11	Transmission	661,322	228,596	857,760	1,747,678
12	Distribution				
13	Storage			66,030	66,030
14	Total gas used in compressors	661,322	228,596	923,790	1,813,708
15	LESS GAS USED FOR OTHER DELIVERIES AND GAS USED FOR OTHER OPERATIONS (LINE 29, PAGE 520) (Footnote)				
16	Gathering				
17	Production/Extraction/Processing				
18	Transmission	98,713	34,122	128,034	260,869
19	Distribution				
20	Storage			34,968	34,968
21	Other Deliveries (specify) (footnote details)				
22	Total Gas Used For Other Deliveries And Gas Used For Other Operations	98,713	34,122	163,002	295,837
23	LESS GAS LOST AND UNACCOUNTED FOR (LINE 32, PAGE 520)				
24	Gathering				
25	Production/Extraction/Processing				
26	Transmission	(240,967)	(83,294)	(312,543)	(636,804)
27	Distribution				
28	Storage				
29	Other Losses (specify) (footnote details)				
30	Total Gas Lost And Unaccounted For	(240,967)	(83,294)	(312,543)	(636,804)

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 2018/Q1
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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	1,309,920	452,795	1,699,019	3,461,734					805	805
5										
6										
7	1,309,920	452,795	1,699,019	3,461,734						
8										
9										
10										
11	1,639,056	566,566	2,125,922	4,331,544					854	810
12										
13			163,695	163,695					819	810
14	1,639,056	566,566	2,289,617	4,495,239						
15										
16										
17										
18	244,719	84,591	317,410	646,720					See footnote	812
19										
20			86,689	86,689					See footnote	812
21										
22	244,719	84,591	404,099	733,409						
23										
24										
25										
26	(596,076)	(206,043)	(773,134)	(1,575,253)					812	813
27										
28										
29										
30	(596,076)	(206,043)	(773,134)	(1,575,253)						

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>2018/Q1</u>
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Shipper Supplied Gas for the Current Quarter (continued)

Line No.	Item (a)	Month 3 Discounted rate Dth (dd)	Month 3 Negotiated Rate Dth (ee)	Month 3 Recourse Rate Dth (ff)	Month 3 Total Dth (gg)
	NET EXCESS OR (DEFICIENCY)				
31	Other Losses				
32	Gathering				
33	Production/Extraction				
34	Transmission	5,240	1,858	6,861	13,959
35	Distribution				
36	Storage			(100,998)	(100,998)
37	Total Net Excess Or (Deficiency)	5,240	1,858	(94,137)	(87,039)
38	DISPOSITION OF EXCESS GAS:				
39	Gas sold to others				
40	Gas used to meet imbalances				
41	Gas added to system gas				
42	Gas returned to shippers				
43	Other (list)				
44	Gas to be returned to shippers				
45					
46					
47					
48					
49					
50					
51	Total Disposition Of Excess Gas				
52	GAS ACQUIRED TO MEET DEFICIENCY:				
53	System gas				
54	Purchased gas				
55	Other (list)				
56	Gas to be recovered from shippers	5,240	1,858	(94,137)	(87,039)
57					
58					
59					
60					
61					
62					
63					
64					
65	Total Gas Acquired To Meet Deficiency	5,240	1,858	(94,137)	(87,039)

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 2018/Q1
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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	22,221	7,681	28,821	58,723						
35										
36			(250,384)	(250,384)						
37	22,221	7,681	(221,563)	(191,661)						
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										
56	22,221	7,681	(221,563)	(191,661)					182.3	805
57										
58										
59										
60										
61										
62										
63										
64										
65	22,221	7,681	(221,563)	(191,661)						

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			2018/Q1
FOOTNOTE DATA			

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

2018 Dividends

January 23, 2018	\$	<u>30,000,000</u>
Total	\$	<u>30,000,000</u>

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q1
FOOTNOTE DATA			

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

	2018	2017
Regulatory assets	\$ 2,570,215	\$ 2,594,193
Debt discount and expense	135,600	128,223
Total	\$ 2,705,815	\$ 2,722,416

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

	2018	2017
Gas balancing activities	\$ (36,187,138)	\$ (10,947,137)
Price risk management activities	(2,256,646)	(1,783,770)
Deferred fuel hedges	(841,950)	(802,388)
Prepayments and other assets	1,333,531	930,604
Total	\$ (37,952,203)	\$ (12,602,691)

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

	2018	2017
Net decrease in payables and accrued expenses	\$ (22,641,463)	\$ (11,970,594)

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Northern Natural Gas Company			2018/Q1
FOOTNOTE DATA			

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

The accumulated depreciation reserve for Production & Gathering is related to Respondent's pipeline facilities located in the Gulf of Mexico offshore the coast of Texas. The balance is comprised of the following.

Plant Reserve	
Accumulated Depreciation	\$ (32,676,000)
Cost of Plant Retired	\$ (39,915,158)
Accumulated Plant Reserve	\$ (7,239,158)
Negative Salvage	
Accumulated Provision	\$ 1,515,688
Cost of Removal	\$ (603,628)
Negative Salvage Provision	\$ 912,060
Asset Retirement Obligation	
Accumulated Depreciation on ARO Capitalized	\$ 4,701,862
Asset Retirement Obligation (ARO) Allowance	
Accumulated ARO Allowance	\$ 36,679,959
Accumulated Cost of ARO Retirements	\$ (33,049,163)
Recovered in Advance	\$ 3,630,796
Accumulated Provision for Depreciation Gas Gathering	\$ 2,005,560

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: 210 Line No.: 8 Column: c

Total includes \$2,067,613 accumulated annual ARO allowance, \$2,742,455 of accumulated cost of transmission ARO retirements, and \$11,452,057 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 2018/Q1
FOOTNOTE DATA			

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

Line No.	Description	Regulatory Citation	Amortization Period
1	Deferred regulatory commission expense	RP04-155	Over 60 months
3	Asset retirement obligation	RP04-155	N/A
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	Deferred unamortized loss on derivative contracts	Orders 552 & 627	Through Dec. 2022
13	Defined benefit pension plan	AI07-1-000 & Order 710	N/A
15	Fuel and storage, unaccounted for gas, and electrical compression trackers	RP97-275	N/A
17	Encroachment revaluation	Orders 552 & 627	N/A

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q1
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	Carlton resolution credits	RP01-382	N/A
9	Fuel and storage, unaccounted for gas, and electrical compression trackers	RP97-275	N/A
11	Excess deferred income taxes	N/A	Various
13	Bankruptcy proceeds	N/A	Through Nov. 2018

Schedule Page: 278 Line No.: 11 Column: c

Accounts credited include Accounts 182.3, 190, 410.1, 410.2, 411.1, and 411.2.

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FOOTNOTE DATA			

Schedule Page: 520 Line No.: 3 Column: c
The 24,053,950 Dth represents gas purchases recorded to FERC account 803.

Schedule Page: 520 Line No.: 12 Column: c
The 40,920,247 Dth represents gas withdrawn from storage (includes third party and company owned gas).

Schedule Page: 520 Line No.: 18 Column: c
Gas Sales include 9,227,011 Dth of system operation sales that were credited to FERC account 483 Sales for Resale and 407,654 Dth that were credited to FERC account 481 Commercial and Industrial Sales.

Schedule Page: 520 Line No.: 27 Column: c
The 6,138,681 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	4,695
Work Order Adjustment	(2,539)
Gas Used in other O&M Operations	963,719
Total	<u>965,875</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 2018/Q1
FOOTNOTE DATA			

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

Gas used for other operation purposes:

		<u>Month 1</u> <u>Gas Used (Dth)</u>	<u>Month 1</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	33,241	199,562
Line Operations	856	202,321	1,214,634
Purification Underground Storage	821	13,604	81,672
Other Underground Storage Operations	817	34,725	208,472
Other Compressor Station Fuel	819	7,585	45,536
		<u>291,476</u>	<u>\$ 1,749,876</u>

Volume of gas used for other deliveries and gas used for other operations equals the volume reported on line 29 page 520, after adjusting for 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:

		<u>Month 2</u> <u>Gas Used (Dth)</u>	<u>Month 2</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	80,900	284,525
Line Operations	856	235,814	830,221
Purification Underground Storage	821	13,199	46,421
Other Underground Storage Operations	817	39,002	137,170
Other Compressor Station Fuel	819	7,491	26,346
		<u>376,406</u>	<u>\$ 1,324,683</u>

Volume of gas used for other deliveries and gas used for other operations equals the volume reported on line 29 page 520, after adjusting for 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:

		<u>Month 3</u> <u>Gas Used (Dth)</u>	<u>Month 3</u> <u>Amount (\$)</u>
LNG Compressor Station Fuel	842.1	60,280	149,440
Line Operations	856	200,589	497,280
Purification Underground Storage	821	9,322	23,110
Other Underground Storage Operations	817	18,326	45,432
Other Compressor Station Fuel	819	7,320	18,147
		<u>295,837</u>	<u>\$ 733,409</u>

Volume of gas used for other deliveries and gas used for other operations equals the volume reported on line 29 page 520, after adjusting for drip shrinkage and gas associated with work orders which are not considered shipper supplied gas.

Name of Respondent Northern Natural Gas Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q1
FOOTNOTE DATA			

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

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

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

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

Schedule Page: 521 Line No.: 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.