

HTY Costs and Variance Explanation 2014TY to HTY by FERC Account

1 **FERC Account 810, Gas Supply Gas Used for Compressor Station**

2 **Fuel:**

3 There is a decrease in 2016 of \$958K due to Operations and Maintenance
4 Credits for Company Gas Use that were charged to Corporate Other in 2014.
5 These credits were also moved from FERC 854 Transmission Gas Used for
6 Compression Station Fuel to FERC 810 in 2015 so there is a direct offset in
7 FERC 854.

8 **FERC Account 850, Transmission Operations Supervision and**

9 **Engineering:**

10 There is a decrease in 2016 of \$1.8M due to a shift of COV and contractor
11 expenses for the TIMP assessment and MAOP programs to FERC 856
12 Transmission Mains Expenses (-\$2.4M) offset by an increase in labor (\$451K)
13 and an increase in licenses, fees, and permits (\$156K) for US DOT pipeline user
14 fees.

15 **FERC Account 854, Transmission Operations Gas for Compressor**

16 **Station Fuel:**

17 There is an increase in 2016 of \$1.2M due to an increase in Company Gas Use
18 expenses for gas compressor stations. The Company Gas Use expense is offset
19 by Operations & Maintenance Credits that are charged to FERC 810 Gas Used
20 for Compressor Station Fuel starting in 2015. There is a direct offset for this
21 variance in FERC 810 Gas Used for Compressor Station.

22

1 **FERC Account 856, Transmission Operations Mains Expenses:**

2 There is an increase in 2016 of \$7.3M due to an increase in COV and contractor
3 expense for TIMP assessments and work related to the MAP program (\$6.4M)
4 and increased work for leak survey and system inspections (\$207K). There was
5 also an increase in materials for TIMP assessments and the MAOP program
6 (\$639K).

7 **FERC Account 863, Transmission Maintenance of Mains:**

8 There is a decrease in 2016 of \$3.3M due to the end of the PSIA amortization
9 expense (\$1.8M) and a decrease in COV expenses for PSIA TIMP assessments
10 and PSIA MAOP (\$1.4M).

11 **FERC Account 870 Distribution Operations Supervision &**
12 **Engineering:**

13 There is an increase in 2016 of \$4.3M due to an overall increase in Contract
14 Labor / COV (\$2.7M, Labor (\$1.1M) and fleet (\$156K) expenses.

15 **FERC Account 871, Distribution Operations Load Dispatching:**

16 There is an increase in 2016 of \$1.1M due to the increase in labor for the Gas
17 Dispatch department (\$1.5M) offset by a decrease in labor in the Gas / Electric
18 Control Center Division (-\$330K).

19 **FERC Account 874, Distribution Operations Mains and Services**
20 **Expenses:**

21 There is an increase in 2016 of \$5.7M due to the increase in COV and contractor
22 expenses for Damage Prevention (\$4.1M) and Leak Survey work (\$1M) and an
23 increase for materials for Leak Survey (\$610K).

1 **FERC Account 878, Distributions Operations Meter and House**

2 **Regulator Expenses:**

3 There is a decrease in 2016 due to a decrease in First Set Credits (-\$300K) and
4 also a decrease in materials, repairs and installations (-\$384K).

5 **FERC Account 879, Distribution Operations Customer Installation**

6 **Expenses:**

7 There is an increase in 2016 of \$1.6M is due to an increase in Gas Emergency
8 Response and Gas Trouble labor for responses to odor complaints and other
9 customer related inquiries.

10 **FERC Account 880, Distribution Operations Other Expenses:**

11 There is an increase in 2016 of \$3.3M due to the increase in materials for non –
12 capitalized tools (\$1.6M), an increase in labor expense for training, meetings,
13 shop work and truck restocking (\$1.3M).

14 **FERC Account 887, Distribution Maintenance of Mains:**

15 There is an increase in 2016 of \$3.1M due to an increase in materials for PSIA
16 air test and tie overs (\$222K) and for Gas Emergency Response and trouble
17 repairs (\$343K). There was also an increase in COV for PSIA paving and
18 restoring services (\$786K), PSIA Leak Management Services for coated steel
19 (\$272K), PSIA shorted casing testing (\$236K), PSIA cathodic protections work
20 (\$947K), and an increase in gas main service renewal and main relocations
21 (\$561K) partially offset by an increase in damage claim revenue (\$593K).

1 **FERC Account 889, Distribution Maintenance of Meas. and Reg**

2 **Station Equipment General:**

3 The FERC 889 increase in 2016 of \$1.2M is due to an increase in COV and
4 materials for gas valve nest repairs (\$414K), and increase in materials for
5 regulator stations and valve repairs (\$77K) and reduced non-gratuitous revenue
6 (\$699K).

7 **FERC Account 893, Distribution Maintenance of Meters and House**
8 **Regulators**

9 There was an increase in 2016 of \$680K due to an increase in COV and contract
10 labor related to meter repairs (\$280K) and an increase in PSIA federal code
11 mitigation work related to meter painting and sleeve riser and replacement
12 (\$335K).