

**2018**

**SEMCO ENERGY  
GAS COMPANY**

**ANNUAL REPORT**

**MPSC FORM P-522**

**ANNUAL REPORT OF NATURAL GAS COMPANIES (MAJOR AND NONMAJOR)**

**IDENTIFICATION**

01 Exact Legal Name of Respondent SEMCO ENERGY GAS CO.		02 Year of Report December 31, 2018
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 1411 THIRD STREET, SUITE A, PORT HURON, MI 48060		
05 Name of Contact Person MARK A MOSES	06 Title of Contact Person VP, CHIEF FINANCIAL OFFICER & TREASURER	
07 Address of Contact Person (Street, City, State, Zip) 1411 THIRD STREET, SUITE A, PORT HURON, MI 48060		
08 Telephone of Contact Person, Including Area Code: (810) 887-4728	09 This Report is: (1) X An Original (2) A Resubmission	10 Date of Report (Mo, Da, Yr) 4/30/2019

**ATTESTATION**

The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 and including December 31 of the year of the report.

01 Name MARK A MOSES	03 Signature 	04 Date Signed (Mo, Da, Yr) 4/29/2019
02 Title VICE PRESIDENT, CHIEF FINANCIAL OFFICER & TREASURER		

PRODUCER, PURCHASER AND/OR TRANSMITTER  
OF NATURAL GAS (ACT 9 COMPANY)

**ANNUAL REPORT OF**

SEMCO ENERGY INC

(Name of Company)

TO THE

**MICHIGAN PUBLIC SERVICE COMMISSION**

FOR THE CALENDAR YEAR 2018

(Read Instructions on Last Page Carefully Before Filling Out Report)

1. Name of Company SEMCO ENERGY GAS COMPANY
2. Post Office Address 1411 Third St., Suite A, Port Huron, MI 48060
3. Organization (corporation, partnership, or individual) Corporation
4. Date of Organization June 2, 1950 Under the laws of what State? Michigan
5. Who prepared this report? (Person of firm other than regular company employee)

Signature N/A

6. If incorporated, give the titles, names, and addresses of all company officials at close of year:

	<u>Name</u>	<u>Address</u>
President	<u>M. Colleen Starring</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Secretary	<u>Sherry L Abbott</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Treasurer	<u>Mark A Moses</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Vice Pres	<u>Mark A Moses, Marc Simone, Ann Forster, Dan Forsyth</u>	

7. If not incorporated, state name and address of owner or owners and extent of their respective interests:

8. Name and address of person to whom correspondence regarding this report should be addressed:

Mark A Moses  
(Name)

Vice President, Chief Financial Officer & Treasurer  
(Title)

1411 Third St., Suite A, Port Huron, MI 48060  
(Address)

(810) 887-4728  
(Telephone)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**BALANCE SHEET - TOTAL COMPANY (ASSETS)**

<b>SEE FORM P-522</b>	Current Year	Previous Year
<b>CURRENT ASSETS</b>		
Cash		
Short-term investments		
Accounts and notes receivable		
Inventories		
Other		
<b>TOTAL CURRENT ASSETS</b>		
<b>INVESTMENTS AND OTHER ASSETS</b>		
Investments in affiliated companies		
Other		
<b>TOTAL INVESTMENTS AND OTHER ASSETS</b>		
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Property, plant, and equipment		
Less accumulated depreciation, depletion and amortization		
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>		
<b>PREPAID AND DEFERRED CHARGES</b>		
<b>TOTAL ASSETS</b>		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
BALANCE SHEET TOTAL COMPANY - LIABILITIES AND SHAREHOLDERS' EQUITY			
<b>SEE FORM P-522</b>		Current Year	Previous Year
CURRENT LIABILITIES			
Notes Payable			
Accounts Payable			
Accrued Taxes			
Long-term Debt Maturing Within One Year			
Other Current Liabilities			
TOTAL CURRENT LIABILITIES			
LONG - TERM DEBT			
OTHER LIABILITIES AND DEFERRED CREDIT			
Advances Against Future Production			
Deferred Income taxes			
Other			
SHAREHOLDERS' EQUITY			
Preferred Stock; Authorized, issued and outstanding			
Preference Stock; Authorized, issued and outstanding			
Common Stock; par value pre share \$ Authorized, issued and outstanding			
Other Equity Capital			
Paid in Capital in Excess of Par			
Retained Earnings			
TOTAL SHAREHOLDERS' EQUITY			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**STATEMENT OF INCOME - TOTAL COMPANY**

<b>SEE FORM P-522</b>	Current Year	Previous Year
<b>REVENUES - SALES AND SERVICES</b>		
Refined Petroleum		
Crude Oil		
Natural Gas		
Chemicals		
Other Products		
Services		
Other		
<b>TOTAL SALES AND SERVICES</b>		
<b>EXPENSES</b>		
Operating Expenses		
Exploration Expenses		
Selling and General Expenses		
Depreciation, Depletion, and Amortization		
Taxes Other than Income Taxes		
Income Taxes		
<b>TOTAL EXPENSES</b>		
<b>NET OPERATING INCOME</b>		
<b>OTHER INCOME AND EXPENSES</b>		
Interest and Debt Expense		
Other		
<b>NET INCOME</b>		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**STATEMENT OF INCOME - MICHIGAN OPERATIONS**

<b>SEE FORM P-522</b>	Current Year	Previous Year
REVENUES - SALES AND SERVICES		
Refined Petroleum		
Crude Oil		
Natural Gas		
Chemicals		
Other Products		
Services		
Other		
TOTAL SALES AND SERVICES		
EXPENSES		
Operating Expenses		
Exploration Expenses		
Selling and General Expenses		
Depreciation, Depletion, and Amortization		
Taxes Other than Income Taxes		
Income Taxes		
TOTAL EXPENSES		
NET OPERATING INCOME		
OTHER INCOME AND EXPENSES		
Interest and Debt Expense		
Other		
NET INCOME		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
<b>LONG - TERM DEBT</b>			
CLASS AND SERIES OF OBLIGATION  (a)	INTEREST RATE  (b)	AMOUNT OUTSTANDING  (c)	AMOUNT OUTSTANDING  (d)
<b>SEE FORM P-522</b>			
TOTALS			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**STATEMENT OF SHAREHOLDERS' EQUITY**

<b>SEE FORM P-522</b>	Common Stock  (a)	Paid-in Capital  (b)	Retained Earnings  (c)	Preferred and Preference Stock  (d)	Total  (e)
Balance January 1, 2018					
Net Income					
Cash dividends declared					
Stock cancellation, net					
Other (specify):					
Balance December 31, 2018					

Notes to Financial Statements

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS STATISTICAL DATA**

**A. GAS PRODUCERS - MICHIGAN GAS PRODUCTION**

Lease, field or pool  (a)	Direct Use or Resale (if known)  (b)	Gross Production Volume (MMCF)  (c)
NONE		

(Attach additional 8-1/2 x 11 sheets if necessary)

**B. GAS PURCHASERS - MICHIGAN PURCHASES**

Producers  (a)	Amount Purchased  (b)	Purchase Price  (c)	Amount Resold  (d)
Pilat	27,315	83,307	ALL
Rapley	42,711	123,763	ALL

NOTE: All gas volumes stated in dekatherms.

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
<b>GAS STATISTICAL DATA (CONTINUED)</b>			
Revenues from resales		267,405,056	
Number of Customers (resale or direct use)		281,407	
<b>C. GAS TRANSMITTERS - MICHIGAN OPERATIONS - TRANSMISSION LINES</b>			
Size of Line		Miles*	Original Cost
2" thru 6"		5.8	443,942
8"		41.5	2,678,584
12"		48.7	4,113,573
16"		9.0	8,259,418
*Due to a reclass to H. P. Distribution Main			
Volumes of Gas Transmitted		67,961,146	
Number of Customers Served			
Resale			
Direct Use (Industrial or Commercial or Residential)		281,407	
NOTE: All gas volumes to be at 14.73 PSIA dry pressure base.			

GENERAL INSTRUCTIONS

- 1. This form for Annual Report should be filled out and typed in duplicate and one copy returned to the office of the Michigan Public Service Commission by April 30, following the year for which made. The remaining copy should be retained by the Common Purchaser and/or Common Carrier in its permanent files in case correspondence with regard to this report becomes necessary.
- 2. Attention is called to Section 12 P.A. 1929, No. 9 which directs Common Purchasers and/or Common Carriers to make reports to the Michigan Public Service Commission, and provides penalties for those who fail, neglect or refuse to comply with the provisions of the Act.
- 3. If you file an annual report with this Commission on MPSC Form P-522, pages 2 through 7 can be omitted on this form because that information is on file with the Commission.
- 4. Additional statements inserted for the purpose of further explanation of accounts or schedules should be made on durable paper the same size as this report and securely attached.
- 5. There should always appear some notation to indicate that the questions asked have not been overlooked. The word "None" may be used against any particular item or items where that word expresses the fact.
- 6. The Oath on this page must be administered by a Notary Public or other authorized to administer oaths.

OATH

State of Michigan  
 } ss.  
 County of St. Clair

I, the undersigned, on oath do say that I am Vice President, Chief Financial Officer & Treasurer  
 (State official position as owner or officer)

of the Natural Gas Purchaser and Carrier for whom the forgoing annual report was prepared; that the same was prepared by myself or under my direction; that I have full and complete knowledge of the affairs of the said Natural Gas Purchaser and/or Carrier that I have examined the foregoing annual report and declare the same to be a correct and complete statement of the business and affairs of said Natural Gas Purchaser and/or Carrier in respect to each and every matter and thing therein set forth, to the best of my knowledge, information and belief.

*Mark A. Moses*

(Signature of person executing this report)

1411 Third St., Suite A, Port Huron, MI 48060  
 (Address)

SUBSCRIBED AND SWORN TO BEFORE ME

at 1411 Third St., Suite A, Port Huron, MI 48060

this 29th day of April 2019

*Sherry L. Abbott*

(Signature of person executing this report)

*Notary Public*

(Official Title)

My Commission expires 9/3/2023

**Sherry L. Abbott**  
**Notary Public-State of Michigan**  
**Sanilac County**

**My Commission Expires: 09-03-2023**  
**Acting in the County of St. Clair**



Ernst & Young LLP  
One Kennedy Square  
Suite 1000  
777 Woodward Avenue  
Detroit, MI 48226-5495

Tel: +1 313-628-7100  
Fax: +1 313-628-7101  
ey.com

## **Report of Independent Auditors**

To the Board of Directors, Management, and Shareholders of  
SEMCO Energy, Inc.

We have audited the accompanying financial statements of SEMCO Energy Gas Company (a division of SEMCO Energy, Inc.), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements included on pages 110 through 123.19 of the accompanying Michigan Public Service Commission Form No. P-522.

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

Management is responsible for the preparation and fair presentation of these financial statements in conformity with the financial reporting provisions of Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SEMCO Energy Gas Company (a division of SEMCO Energy, Inc.) as of December 31, 2018 and 2017, and results of its operations and its cash flows for the years then ended, on the basis of financial reporting provisions of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

## **Regulatory Basis of Accounting**

As described in Note 1 to the financial statements, the financial statements have been prepared by SEMCO Energy Gas Company (a division of SEMCO Energy, Inc.), on the basis of the financial reporting provisions of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Michigan Public Service Commission. Our opinion is not modified with respect to this matter.

## **Restriction on Use**

Our report is intended solely for the information and use of the Board of Directors, Management and Shareholders of SEMCO Energy, Inc. and for filing with the Michigan Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

April 10, 2019



RICK SNYDER  
GOVERNOR

State of Michigan  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
PUBLIC SERVICE COMMISSION  
GREG R. WHITE JOHN D. QUACKENBUSH SALLY A. TALBERG  
COMMISSIONER CHAIRMAN COMMISSIONER

MIKE ZIMMER  
DIRECTOR

## Michigan Public Service Commission Public Utility Assessment (PUA) Report for the Year-Ended 2018

Company Name: SEMCO ENERGY GAS CO  
Address: 1411 Third Street, Suite A  
City: Port Huron State: MI Zip: 48060  
Contact Person: Angela Mierendorff  
Direct Phone: 810-887-4721  
Direct E-mail: [angela.mierendorff@semcoenergy.com](mailto:angela.mierendorff@semcoenergy.com) Fax Number: 810-887-4750

**GROSS UTILITY REGULATED AND UNREGULATED OPERATING REVENUE FOR 2018:** \$299,900,191

\*\* As a regulated public utility in Michigan your firm is subject to an annual public utility assessment provided in [Public Act 299 of 1972](#). Failure to provide this information puts your firm in [violation of this act](#). Please submit the above information by **April 30, 2019** to the address listed below.

I certify that the foregoing statement is true and correct to the best of my knowledge, information and belief.

Signature: *Mark A Moses*  
Printed Name: Mark A Moses  
Title: Vice President, Chief Financial Office, & Treasurer  
Date: 4/29/2019

Mail or Deliver Hard Copy to:  
Michigan Public Service Commission  
Attn: Heather Cantin, Financial Analysis & Audit Division  
7109 W. Saginaw Hwy  
PO Box 30221  
Lansing, MI 48909

Please direct any questions or email submissions regarding this report to:  
Heather Cantin, Financial Analysis & Audit Division  
E-mail: [cantinh@michigan.gov](mailto:cantinh@michigan.gov) Phone: (517) 284-8266

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NON-MAJOR)

This form is authorized by 1919 PA 419, as amended, being MCL 460.55 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you in violation of state law.

<b>Report submitted for year ending:</b> December 31, 2018										
<b>Present name of respondent:</b> SEMCO ENERGY GAS CO										
<b>Address of principal place of business:</b> 1411 Third Street, Suite A, Port Huron MI 48060										
<b>Utility representative to whom inquires regarding this report may be directed:</b> <table><tr><td><b>Name:</b> Mark A Moses</td><td><b>Title:</b> VP, Chief Financial Officer, &amp; Treasurer</td></tr><tr><td colspan="2"><b>Address:</b> 1411 Third Street, Suite A</td></tr><tr><td><b>City:</b> Port Huron</td><td><b>State:</b> MI</td><td><b>Zip:</b> 48060</td></tr><tr><td colspan="3"><b>Telephone, Including Area Code:</b> (810) 887-4728</td></tr></table>	<b>Name:</b> Mark A Moses	<b>Title:</b> VP, Chief Financial Officer, & Treasurer	<b>Address:</b> 1411 Third Street, Suite A		<b>City:</b> Port Huron	<b>State:</b> MI	<b>Zip:</b> 48060	<b>Telephone, Including Area Code:</b> (810) 887-4728		
<b>Name:</b> Mark A Moses	<b>Title:</b> VP, Chief Financial Officer, & Treasurer									
<b>Address:</b> 1411 Third Street, Suite A										
<b>City:</b> Port Huron	<b>State:</b> MI	<b>Zip:</b> 48060								
<b>Telephone, Including Area Code:</b> (810) 887-4728										
<b>If the utility name has been changed during the past year:</b> <b>Prior Name:</b> <b>Date of Change:</b>										
<b>Two copies of the published annual report to stockholders:</b> <table><tr><td><input checked="" type="checkbox"/></td><td>]</td><td>were forwarded to the Commission</td></tr><tr><td><input type="checkbox"/></td><td>]</td><td>will be forwarded to the Commission</td></tr><tr><td colspan="3">on or about 04/29/19</td></tr></table>	<input checked="" type="checkbox"/>	]	were forwarded to the Commission	<input type="checkbox"/>	]	will be forwarded to the Commission	on or about 04/29/19			
<input checked="" type="checkbox"/>	]	were forwarded to the Commission								
<input type="checkbox"/>	]	will be forwarded to the Commission								
on or about 04/29/19										
<b>Annual reports to stockholders:</b> <table><tr><td><input type="checkbox"/></td><td>]</td><td>are published</td></tr><tr><td><input checked="" type="checkbox"/></td><td>]</td><td>are not published</td></tr></table>	<input type="checkbox"/>	]	are published	<input checked="" type="checkbox"/>	]	are not published				
<input type="checkbox"/>	]	are published								
<input checked="" type="checkbox"/>	]	are not published								

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at (517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

Michigan Public Service Commission  
Financial Analysis & Audit Division (Heather Cantin)  
7109 W Saginaw Hwy  
PO Box 30221  
Lansing, MI 48909

INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF  
NATURAL GAS UTILITIES (MAJOR AND NONMAJOR)

GENERAL INFORMATION

**I. Purpose:**

By authority conferred upon the Michigan Public Service Commission by 1919 PA 419, as amended, being MCL 460.55 et seq. and 1969 PA 306, as amended, being MCL 24.201 et seq., this form is a regulatory support requirement. It is designed to collect financial and operational information from public utilities, licensees and others subject to the jurisdiction of the Michigan Public Service Commission. This report is a nonconfidential public use form.

**II. Who Must Submit:**

Each major and nonmajor gas company, as classified by the Commission's Uniform System of Accounts must submit this form.

NOTE: Major - A gas company having annual natural gas sales over 50 million Dth in each of the 3 previous calendar years

Nonmajor - A gas company having annual natural gas sales at or below 50 million Dth in each of the 3 previous calendar years.

The class to which any utility belongs shall originally be determined by the average of its annual gas sales for the last three consecutive years. Subsequent changes in classification shall be made when the annual gas sales for each of the three years immediately preceding the years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the utility.

**III. What and Where to Submit:**

(a) **Submit an original copy of this form to:**

Michigan Public Service Commission (Financial Analysis & Audit Division)  
Revenue Requirements Section  
7109 W Saginaw Hwy, PO Box 30221  
Lansing, MI 48909

**Retain one copy of this report for your files. Also submit the electronic version of this record to Jennifer Brooks at the address below or to [brooks10@michigan.gov](mailto:brooks10@michigan.gov)**

(b) Submit immediately upon publication, one (1) copy of the latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analyst, or industry association. (Do not include monthly and quarterly reports. If reports to stockholders are not prepared, enter "NA" in column (c) on Page 5, the List of Schedules.) Mail these reports to:

Michigan Public Service Commission (Financial Analysis & Audit Division)  
Revenue Requirements  
7109 W. Saginaw Hwy, PO Box 30221  
Lansing, MI 48909

(c) For the CPA certification, submit with the original submission of the form, a letter or report prepared in conformity with current standards of reporting which will:

- (i) Contain a paragraph attesting to the conformity, in all material aspects, of the schedules and pages listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

- (ii) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority or a state or other political subdivision of the U.S. (See 18 CFR 41.10-41.12 for specific qualifications).

<u>Schedules</u>	<u>Reference Page</u>
Comparative Balance Sheet	110 - 113
Statement of Income	114 - 117
Statement of Retained Earnings	118 - 119
Statement of Cash Flows	120 - 121
Notes to Financial Statements	122 - 123

When accompanying this form, insert the letter or report immediately following the cover sheet. Use the following form for the letter or report unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of \_\_\_\_\_ for the year ended on which we have reported separately under the date of \_\_\_\_\_ we have also reviewed schedules \_\_\_\_\_ of Form P-522 for the year filed with the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- (d) Federal, state, and local governments and other authorized users may obtain additional blank copies to meet their requirements for a charge from:

Michigan Public Service Commission (Financial Analysis & Audit Division)  
Revenue Requirements Section  
7109 W Saginaw Hwy, PO Box 30221  
Lansing, MI 48909

**IV. When to Submit**

Submit this report form on or before April 30 of the year following the year covered by this report.

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform System of Accounts (USOA). Interpret all accounting words and phrases in accordance with the USOA.
- II. Enter in whole number (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required). The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances

at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to respondent, either
  - (a) Enter the words "NOT APPLICABLE" on the particular page(s), OR
  - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3, 4.
- V. Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. The copies, however, may be carbon copies or other similar means or reproduction provided the impressions are clear and readable.
- VI. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (See VIII, below).
- VII. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( ).
- VIII. When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:

Michigan Public Service Commission (Financial Analysis & Audit Division)  
Revenue Requirements Section  
7109 W Saginaw Hwy, PO Box 30221  
Lansing, MI 48909
- IX. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII. Report all gas volumes on a pressure base of 14.65 psia and a temperature base of 60° F.
- XIII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of preprinted schedules if they are in substantially the same format.

#### DEFINITIONS

- I. BTU per cubic foot - The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.65 cm. Per sec. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)

- I. Commission Authorization (Comm. Auth.) - The authorization of the Michigan Public Service Commission, or any other Commission. Name the Commission whose authorization was obtained and give the date of the authorization.
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

PRODUCER, PURCHASER AND/OR TRANSMITTER  
OF NATURAL GAS (ACT 9 COMPANY)

**ANNUAL REPORT OF**

SEMCO ENERGY INC

(Name of Company)

TO THE

**MICHIGAN PUBLIC SERVICE COMMISSION**

FOR THE CALENDAR YEAR 2018

(Read Instructions on Last Page Carefully Before Filling Out Report)

1. Name of Company SEMCO ENERGY GAS COMPANY
2. Post Office Address 1411 Third St., Suite A, Port Huron, MI 48060
3. Organization (corporation, partnership, or individual) Corporation
4. Date of Organization June 2, 1950 Under the laws of what State? Michigan
5. Who prepared this report? (Person of firm other than regular company employee)

Signature N/A

6. If incorporated, give the titles, names, and addresses of all company officials at close of year:

	<u>Name</u>	<u>Address</u>
President	<u>M. Colleen Starring</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Secretary	<u>Sherry L Abbott</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Treasurer	<u>Mark A Moses</u>	<u>1411 Third St., Suite A, Port Huron, MI 48060</u>
Vice Pres	<u>Mark A Moses, Marc Simone, Ann Forster, Dan Forsyth</u>	

7. If not incorporated, state name and address of owner or owners and extent of their respective interests:

8. Name and address of person to whom correspondence regarding this report should be addressed:

Mark A Moses (Name) Vice President, Chief Financial Officer & Treasurer (Title)

1411 Third St., Suite A, Port Huron, MI 48060 (Address) (810) 887-4728 (Telephone)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
<b>LIST OF SCHEDULES (Natural Gas Utility)</b>			
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reports for		certain pages. Omit pages where the responses are "none," "not applicable," or "NA."	
Title of Schedule  (a)	Reference Page No.  (b)	Remarks  (c)	
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>			
General Information	101		
Control Over Respondent & Other Associated Companies	M 102		
Corporations Controlled by Respondent	103		
Officers and Employees	M 104		
Directors	105		
Security Holders and Voting Powers	M 106-107		
Important Changes During the Year	108-109		
Comparative Balance Sheet	M 110-113		
Statement of Income for the Year	M 114-117		
Statement of Retained Earnings for the Year	M 118-119		
Statement of Cash Flows	120-121		
Notes to Financial Statements	122-123		
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
Gas Plant in Service	M 204-212B		
Gas Plant Leased to Others	213		
Gas Plant Held for Future Use	214		
Production Properties Held for Future Use	215		
Construction Work in Progress - Gas	216		
Construction Overheads - Gas	217		
General Description of Construction Overhead Procedure	M 218		
Accumulated Provision for Depreciation of Gas Utility Plant	M 219		
Gas Stored	220		
Nonutility Property	221		
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221		
Investments	222-223		
Investment in Subsidiary Companies	224-225		
Gas Prepayments Under Purchase Agreements	226-227		
Advances for Gas Prior to Initial Deliveries or Commission Certification	229		
Prepayments	230		
Extraordinary Property Losses	230		
Unrecovered Plant and Regulatory Study Costs	230		
Preliminary Survey and Investigation Charges	231		
Other Regulatory Assets	232		
Miscellaneous Deferred Debits	233		
Accumulated Deferred Income Taxes (Account 190)	234-235		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
<b>LIST OF SCHEDULES (Natural Gas Utility)</b>			
Title of Schedule  (a)	Reference Page No. (b)	Remarks  (c)	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>			
Capital Stock	250-251		
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
Other Paid-in Capital	253		
Discount on Capital Stock	254		
Capital Stock Expense	254		
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255		
Long Term Debt	256-257		
Unamortized Debt Expense, Premium and Discount on Long-Term Debt	258-259		
Unamortized Loss and Gain on Required Debt	260		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	M 261A-B		
Calculation of Federal Income Tax	M 261C-D		
Taxes Accrued, Prepaid and Charged During Year	262-263		
Investment Tax Credits Generated and Utilized	264-265		
Accumulated Deferred Investment Tax Credits	M 266-267		
Miscellaneous Current and Accrued Liabilities	M 266-267		
Other Deferred Credits	269		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	272-273		
Accumulated Deferred Income Taxes - Other Property	274-275		
Accumulated Deferred Income Taxes - Other	M 276A-B		
Other Regulatory Liabilities	278		
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
Gas Operating Revenues	300-301		
Rates and Sales Section	M 305A-C		
Off-System Sales - Natural Gas	M 310A-B		
Revenue from Transportation of Gas of Others - Natural Gas	312-313		
Sales of Products Extracted from Natural Gas	315		
Revenues from Natural Gas Processed by Others	315		
Gas Operation and Maintenance Expenses	M 320-325		
Number of Gas Department Employees	325		
Exploration and Development Expenses	326		
Abandoned Leases	326		
Gas Purchases	M 327, 327A-B		
Exchange Gas Transactions	328-330		
Gas Used in Utility Operations - Credit	331		
Transmission and Compression of Gas by Others	332-333		
Other Gas Supply Expenses	334		
Miscellaneous General Expenses - Gas	M 335		
Depreciation, Depletion and Amortization of Gas Plant	336-338		
Income from Utility Plan Leased to Others	339		
Particulars Concerning Certain Income Deduction and Interest Charges	340		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
<b>LIST OF SCHEDULES (Natural Gas Utility)</b>			
Title of Schedule  (a)	Reference Page No.  (b)	Remarks  (c)	
<b>COMMON SECTION</b>			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-253		
Distribution of Salaries and Wages	354-355		
Charges for Outside Professional and Other Consultative Services	357		
<b>GAS PLANT STATISTICAL DATA</b>			
Natural Gas Reserves and Land Acreage	500-501		
Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realized Value	504-505		
Compressor Stations	508-509		
Gas and Oil Wells	510		
Gas Storage Projects	M 512-513		
Distribution and Transmission Lines	M 514		
Liquefied Petroleum Gas Operations	516-517		
Distribution System Peak Deliveries	M 518		
Auxiliary Peaking Facilities	519		
System Map	522		
Footnote Data	551		
Stockholders' Report	--		
<b>MPSC SCHEDULES</b>			
Reconciliation of Deferred Income Tax Expenses	117A-B		
Operating Loss Carryforward	117C		
Notes & Accounts Receivable Summary for Balance Sheet	228A		
Accumulated Provision for Uncollectible Accounts - Credit	228A		
Receivables From Associated Companies	228B		
Materials and Supplies	228C		
Notes Payable	260A		
Payables to Associated Companies	260B		
Customer Advances for Construction	268		
Accumulated Deferred Income Taxes - Temporary	277		
Gas Operation and Maintenance Expenses (Nonmajor)	320N-324N		
Lease Rentals Charged	333A-333D		
Depreciation, Depletion and Amortization of Gas Plant (Nonmajor)	336N		
Particulars Concerning Certain Other Income Accounts	341		
Gain or Loss on Disposition of Property	342A-B		
Expenditures for Certain Civic, Political and Related Activities	343		
Common Utility Plant and Expenses	356		
Summary of Costs Billed to Associated Companies	358-359		
Summary of Costs Billed from Associated Companies	360-361		

<b>Name of Respondent</b> <b>SEMCO ENERGY Gas Co</b>	<b>This Report Is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> Resubmission	<b>Date of Report (Mo, Da, Yr)</b> <b>04/30/19</b>	<b>Year of Report</b> <b>Dec. 31, 2018</b>
<b>GENERAL INFORMATION</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p style="text-align: center;"> <b>Mark A. Moses</b>  <b>Vice President &amp; Chief Financial Officer &amp; Treasurer</b>  <b>1411 Third Street, Suite A</b>  <b>Port Huron, MI 48060</b> </p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and date organized.</p> <p style="text-align: center;"> <b>Michigan - June 2, 1950</b> </p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p style="text-align: center;"> <b>Not Applicable</b> </p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p style="text-align: center;"> <b>Michigan: Gas Utility Service</b> </p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes. . . . enter date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

<b>Name of Respondent</b> <b>SEMCO ENERGY Gas Co</b>	<b>This Report Is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> Resubmission	<b>Date of Report (Mo, Da, Yr)</b> 04/30/19	<b>Year of Report</b> Dec. 31, 2018
---	--	--	--

**CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES**

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for

whom trust was maintained, and purpose of the trust.  
 2. List any entities which respondent did not control either directly or indirectly and which did not control respondent by which were associated companies at any time during the year.  
 3. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

Effective January 1, 2000, SEMCO Energy Gas Company is a division of SEMCO Energy, Inc. SEMCO Energy, Inc. is a wholly-owned subsidiary of SEMCO Holding Corporation and an indirect wholly-owned subsidiary of AltaGas Utility Holdings (U.S) Inc.

<b>Name of Respondent</b> SEMCO ENERGY Gas Co	<b>This Report Is:</b> (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	<b>Date of Report (Mo, Da, Yr)</b> 04/30/19	<b>Year of Report</b> Dec. 31, 2018
--	--	--	--

**LIST OF SCHEDULES (Natural Gas Utility)**

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K and this report are compatible.

**DEFINITIONS**

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent

of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
<b>NONE</b>			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**OFFICERS**

- |   |  |
|---|--|
| <p>1. Report below the name, title and salary for the top five executive officers.</p> <p>2. Report in column (b) salaries and wages accrued during the year including deferred compensation.</p> <p>3. In column (c) report any other compensation provided, such as bonuses, car allowance, stock options and rights, savings contribution, etc., and explain in a footnote what the amounts represent.</p> | <p>4. If a change was made during the year in the incumbent of any position, show the name and total remuneration of the previous incumbent and the date the change in incumbency occurred.</p> <p>5. Upon request, the Company will provide the Commission with supplemental information on officers and other employees' salaries.</p> |
|---|--|

Line No.	Name and Title (a)	Base Wages (b)	Other Compensation (c)	Total Compensation (d)
1	M. Colleen Staring, President of SEMCO Energy Gas Company Division	\$331,000	\$532,254	\$863,254
2	Dan Forsyth, VP of Business Services	\$257,638	\$272,424	\$530,062
3	Mark Moses, VP, CFO, & Treasurer	\$259,435	\$293,035	\$552,470
4	Ann Forster, VP of Employee Services	\$220,540	\$260,410	\$480,950
5	Marc Simone, VP Michigan Operations	\$207,900	\$207,251	\$415,151
	(c) Other Compensation			
	Colleen Starring			
	Gross up pay taxes relating to life insurance premium		\$5,434	
	Company match contribution to 401(K) plan		\$11,000	
	Short/Long Term Incentive Plan Payment		\$505,620	
	Auto Allowance		<u>\$10,200</u>	
			\$532,254	
	Dan Forsyth			
	Gross up pay taxes relating to life insurance premium		\$5,343	
	Company match contribution to 401(K) plan		\$11,000	
	Short/Long Term Incentive Plan Payment		\$247,081	
	Auto Allowance		<u>\$9,000</u>	
			\$272,424	
	Mark Moses			
	Gross up pay taxes relating to life insurance premium		\$4,147	
	Company match contribution to 401(K) plan		\$11,000	
	Short/Long Term Incentive Plan Payment		\$268,888	
	Auto Allowance		<u>\$9,000</u>	
			\$293,035	
	Ann Forster			
	Gross up pay taxes relating to life insurance premium		\$2,269	
	Company match contribution to 401(K) plan		\$11,000	
	Short/Long Term Incentive Plan Payment		\$238,141	
	Auto Allowance		<u>\$9,000</u>	
			\$260,410	
	Marc Simone			
	Gross up pay taxes relating to life insurance premium		\$2,311	
	Company match contribution to 401(K) plan		\$11,000	
	Short/Long Term Incentive Plan Payment		\$184,940	
	Auto Allowance		<u>\$9,000</u>	
			\$207,251	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DIRECTORS**

1. Report below the information called for concerning the respondent. each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director  (a)	Principal Business Address  (b)	No. of Directors Meetings During Yr.  (c)	Fees During Year  (d)
<p>Effective 01/01/00 the Company became a division of SEMCO Energy Inc., as such, there are no longer Corporate Directors required.</p>			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**SECURITY HOLDERS AND VOTING POWERS**

1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.  
(B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.

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

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

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

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

**NOT APPLICABLE**

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

3. Give the date and place of such meeting:

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**SECURITY HOLDERS AND VOTING POWERS (Continued)**

Line No.	Name (and Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Total Votes (b)	Number of votes as of (date):		
			Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	0			
5	TOTAL number of security holders	0			
6	TOTAL votes of security holders listed below	0			
7	Not Applicable				
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
SEMCO ENERGY GAS CO	(2) A Resubmission	04/30/19	Dec. 31, 2018

**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If 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: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the 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 give reference to Commission authorization, if any was required. State also the approximate number of

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. Give reference to 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 reported on page 106, 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 due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to

1. Franchises Extended for 30 Years

<u>Extended Franchise</u>	<u>County</u>	<u>Extension Duration</u>
City of New Baltimore	Macomb	30 years
Township of Bruce	Macomb	30 years
Township of Chesterfield	Macomb	30 years
Township of Lenox	Macomb	30 years
Township of Washington	Macomb	30 years
Village of New Haven	Macomb	30 years
Township of Ray	Macomb	30 years
City of Litchfield	Hillsdale	10 years
Township of Litchfield	Hillsdale	30 years
Township of Buchanan	Berrien	30 years
City of Niles	Berrien	30 years
Village of Concord	Jackson	30 years
Township of Concord	Jackson	30 years
Township of Parma	Jackson	30 years
Township of Sandstone	Jackson	30 years
Township of Allendale	Ottawa	30 years
Township of Georgetown	Ottawa	30 years
Republic Township	Marquette	30 years
Township of Homer	Calhoun	30 years

2. Not applicable
3. Not applicable
4. Not applicable
5. Not applicable
6. Not applicable
7. Not applicable

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**IMPORTANT CHANGES DURING THE YEAR (Continued)**

8. Local Union #16201, United Steelworkers of America, received an increase of 2.5% as of 06/15/18  
 Local Union #3135, United Steelworkers of America, received an increase of 2.5% as of 04/03/18  
 Local Union #473, Utility Workers Union of America, received an increase of 2.5% as of 10/26/18  
 Local Union #445, Utility Workers Union of America, received an increase of 2.5% as of 08/03/18  
 Non-union employees received an average merit increase of 2.8% effective 01/01/19

9. Not applicable

10. Not applicable

11. As a result of the federal Tax Cut and Jobs Act of 2017, which reduced the federal income tax rate from 35% to 21%, during 2018 the Company was required to lower its rates. The company has estimated the reduction in rates reduced revenue by approximately \$7.7 million and impacted all customers with the exception of those transportation customers with special contracts.

12. Not applicable

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
---	---	---	------------------------------

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114, 118)	200-201	845,636,473	888,542,213
3	Construction Work in Progress (107)	200-201	1,117,033	10,112,118
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		846,753,506	898,654,331
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119)		(329,785,215)	(335,273,940)
6	Net Utility Plant (Enter Total of line 4 less 5)		516,968,291	563,380,391
7	Nuclear Fuel (120.1-120.4, 120.6)		0	0
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)			
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		0	0
10	Net Utility Plant (Enter Total of lines 6 and 9)		516,968,291	563,380,391
11	Utility Plant Adjustments (116)	122-123	0	0
12	Gas Stored-Base Gas (117.1)	220	0	0
13	System Balancing Gas (117.2)	220	0	0
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0
15	Gas Owed to System Gas (117.4)	220	0	0
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)	221	109,959	109,959
18	(Less) Accum. Prov. for Depr. and Amort. (122)	221	(35,693)	(37,929)
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 42)			
22	Noncurrent Portion of Allowances	---		
23	Other Investments (124)	222-223,229	5,850	5,850
24	Sinking Funds (125)			
25	Depreciation Fund (126)			
26	Amortization Fund - Federal (127)			
27	Other Funds (128)			
28	LT Portion of Derivative Assets (175)			
29	LT Portion of Derivative Assets - Hedges (176)			
30	TOTAL Other Property and Investments (Total of lines 17 thru 29)		80,116	77,880
31	CURRENT AND ACCRUED ASSETS			
32	Cash (131)	---		
33	Special Deposits (132-134)	---	827,701	0
34	Working Fund (135)	---	800	800
35	Temporary Cash Investments (136)	222-223	0	0
36	Notes Receivable (141)	228A	0	0
37	Customer Accounts Receivable (142)	228A	14,084,477	14,191,523
38	Other Accounts Receivable (143)	228A	2,752,772	3,525,941
39	(Less) Accum. Prov. for Uncoll. Acct.-Credit (144)	228A	(598,199)	(614,214)
40	Notes Receivable from Associated Companies (145)	228B	0	0
41	Accounts Receivable from Associated Companies (146)	228B	0	0
42	Fuel Stock (151)	228C	0	0
43	Fuel Stock Expenses Undistributed (152)	228C	0	0
44	Residuals (Elec) and Extracted Products (Gas) (153)	228C	0	0
45	Plant Materials and Operating Supplies (154)	228C	3,717,709	4,367,351
46	Merchandise (155)	228C	0	0
47	Other Materials and Supplies (156)	228C	0	0
48	Nuclear Material Held for Sale (157)	228C	0	0

Name of Respondent		This Report is:		Date of Report		Year of Report	
SEMCO ENERGY GAS CO		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Month, Day, Year) 4/30/2019		12/31/2018	
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)							
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)			
49	Allowances (158.1 and 158.2)	---					
50	(Less) Noncurrent Portion of Allowances	---					
51	Stores Expense Undistributed (163)	228C	197,641	151,592			
52	Gas Stored Underground-Current (164.1)	220	33,552,131	33,486,188			
53	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220	0	0			
54	Prepayments (165)	226,230	7,720,874	7,889,184			
55	Advances for Gas (166-167)	229	0	0			
56	Interest and Dividends Receivable (171)	---	0	0			
57	Rents receivable (172)	---	0	0			
58	Accrued Utility Revenues (173)	---	30,031,553	28,208,095			
59	Miscellaneous Current and Accrued Assets (174)	---	6,093,301	14,969,827			
60	Derivative Instrument Assets (175)		0	0			
61	(Less) LT Portion of Derivative Instrument Assets (175)		0	0			
62	Derivative Instrument Assets - Hedges (176)		0	0			
63	(Less) Derivative Instrument Assets - Hedges (176)		0	0			
64	TOTAL Current and Accrued Assets (Enter Total of lines 32 thru 63)		98,380,760	106,176,287			
65	DEFERRED DEBITS						
66	Unamortized Debt Expenses (181)	---	584,180	333,817			
67	Extraordinary Property Losses (182.1)	230	0	0			
68	Unrecovered Plant & Regulatory Study Costs (182.2)	230	0	0			
69	Other Regulatory Assets (182.3)	232	0	0			
70	Prelim. Survey & Invest. Charges ( Electric) (183)	---	0	0			
71	Prelim. Survey & Invest. Charges ( Gas) (183.1, 183.2)	231	0	0			
72	Clearing Accounts (184)	---	0	0			
73	Temporary Facilities	---	0	0			
74	Miscellaneous Deferred Debits (186)	233	78,078,567	70,502,006			
75	Def. Losses from Disposition of Utility Plant (187)	---	0	0			
76	Research, Devel. and Demonstration Expend. (188)	352-353	0	0			
77	Unamortized Loss on Reacquired Debt (189)	---	609,672	348,384			
78	Accumulated Deferred Income Taxes (190)	234-235	10,446,252	14,812,325			
79	Unrecovered Purchased Gas Costs (191)	---	0	0			
80	TOTAL Deferred Debits (Enter Total of lines 66 thru 79)		89,718,671	85,996,532			
81	TOTAL Assets and Other Debits (Enter Total of lines 10 - 15, 30, 64 and 80)		705,147,838	755,631,090			

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	7,480,062	7,480,062
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	97,753,343	97,753,343
7	Other Paid-In Capital (208-211)	253	0	0
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	(268,951)	(268,951)
11	Retained Earnings (215, 215.1, 216)	118-119	188,526,960	134,929,383
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	117		
15	<b>TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)</b>		<b>293,491,414</b>	<b>239,893,837</b>
16	<b>LONG-TERM DEBT</b>			
17	Bonds (221)	256-257	0	0
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	196,494,000	196,494,000
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	258-259	0	0
23	(Less) Current Portion of Long-Term Debt		0	0
24	<b>TOTAL Long-Term Debt (Enter Total of lines 17 thru 23)</b>		<b>196,494,000</b>	<b>196,494,000</b>
25	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases-Noncurrent (227)	---	0	0
27	Accumulated Prov. for Property Insurance (228.1)	---	0	0
28	Accumulated Prov. for Injuries and Damages (228.2)	---	200,000	200,000
29	Accumulated Prov. for Pensions and Benefits (228.3)	---	24,000	24,000
30	Accumulated Misc. Operating Provisions (228.4)	---	0	0
31	Accumulated Provision for Rate Refunds (229)	---	0	0
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)		0	0
35	<b>TOTAL Other Noncurrent Liabilities (Enter Total of lines 26 thru 34)</b>		<b>224,000</b>	<b>224,000</b>
36	<b>CURRENT AND ACCRUED LIABILITIES</b>			
37	Current Portion of Long-Term Debt		0	0
38	Notes Payable (231)	260A	0	0
39	Accounts Payable (232)	---	29,997,980	37,100,539
40	Notes Payable to Associated Companies (233)	260B	1,154,066	97,711,011
41	Accounts Payable to Associated Companies (234)	260A	0	0
42	Customer Deposits (235)	---	1,868,198	1,295,597
43	Taxes Accrued (236)	262-263	19,481,029	10,768,572
44	Interest Accrued (237)	---		
45	Dividends Declared (238)	---		
46	Matured Long-Term Debt (239)	---		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Month, Day, Year) 4/30/2019	Year of Report Dec. 31, 2018
---	---	---	---------------------------------

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
47	Matured Interest (240)		0	0
48	Tax Collections Payable (241)		165	8,864
49	Misc. Current and Accrued Liabilities (242)	268	5,282,436	6,873,985
50	Obligations Under Capital Leases-Current (243)		0	0
51	Derivative Instrument Liabilities (244)		0	0
52	(Less) LT Portion of Derivative Instrument Liabilities		0	0
53	Derivative Instrument Liabilities - Hedges (245)		0	0
54	(Less) LT Portion of Derivative Instrument Liabilities - Hedges		0	0
55	Federal Income Taxes Accrued for Prior Years (246)		0	0
56	State and Local Taxes Accrued for Prior Years (246.1)		0	0
57	Federal Income Taxes Accrued for Prior Years - Adjustments (247)		0	0
58	State and Local Taxes Accrued for Prior Years - Adjustments (247.1)		0	0
59	TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 58)		57,783,874	153,758,568
60	DEFERRED CREDITS			
61	Customer Advances for Construction (252)		43,562	43,561
62	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
63	Deferred Gains from Disposition of Utility Plt. (256)		0	0
64	Other Deferred Credits (253)	269	89,923,686	92,111,016
65	Other Regulatory Liabilities (254)	278	0	0
66	Unamortized Gain on Reacquired Debt (257)	260	0	0
67	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
68	Accumulated Deferred Income Taxes - Other Property (282)		60,110,037	66,264,315
69	Accumulated Deferred Income Taxes - Other (283)		7,077,265	6,841,793
70	TOTAL Deferred Credits (Enter Total of lines 61 thru 63)		157,154,550	165,260,685
71	TOTAL Liabilities and Other Credits (Enter total of lines 15, 24, 35, 59 and 70)		705,147,838	755,631,090

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Month, Day, Year) 4/30/2019	Year of Report Dec. 31, 2018
---	---	---	---------------------------------

**STATEMENT OF INCOME FOR THE YEAR**

- |  |  |
|--|--|
| <p>1. Report amounts for accounts 412 and 413, <i>Revenue and Expenses from Utility Plant Leased to Others</i>, in another utility column (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, <i>Other Utility Operating Income</i>, in the same manner as accounts 412 and 413 above.</p> <p>3. Report data for lines 7, 9 and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.</p> <p>4. Use page 122 for Important notes regarding the statement of income or any account thereof.</p> | <p>5. 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 a material refund to the utility 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 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 and gas purchases</p> <p>6. Give concise explanations concerning significant amounts of any refunds made or received during the year</p> |
|--|--|

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	299,900,191	275,767,300
3	Operating Expenses			
4	Operation Expenses (401)	320-325	204,482,898	183,469,977
5	Maintenance Expenses (402)	320-325	4,040,378	3,732,319
6	Depreciation Expenses (403)	336-338	22,438,271	21,533,536
7	Depreciation Expense for Asset Retirement Costs (403.1)		0	0
8	Amort. & Depl. Of Utility Plant (404-405)	336-338	3,280	3,280
9	Amort. Of Utility Plant Acq. Adj. (406)	336-338	0	0
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)		0	
11	Amort. Of Conversion Expenses (407.2)		2,128,137	2,248,322
12	Regulatory Debits (407.3)		0	0
13	(Less) Regulatory Credits (407.4)		0	0
14	Taxes Other Than Income Taxes (408.1)	262-263	11,678,429	10,908,876
15	Income Taxes - Federal (409.1)	262-263	8,029,214	16,162,354
16	Income Taxes - Other (409.1)	262-263	2,019,829	2,597,514
17	Provision for Deferred Income Taxes (410.1)	234,272-277	4,884,007	2,988,131
18	(Less) Provision for Deferred Income Taxes Cr. (411.1)	234,272-277	(3,177,721)	(4,212,085)
19	Investment Tax Credit Adj. - Net (411.4)	266	0	0
20	(Less) Gains from Disp. Of Utility Plant (411.6)		0	0
21	Losses from Disp. Of Utility Plant (411.7)		0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0
23	Losses from Disposition of Allowances (411.9)		0	0
24	Accretion Expense (411.10)		0	0
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		256,526,722	239,432,224
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		43,373,469	36,335,076

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report December 31,2018
---	---	---	------------------------------------

**STATEMENT OF INCOME FOR THE YEAR (Continued)**

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 expenses accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. 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 use in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (e)	Previous Year (f)	Current Year (e)	Previous Year (f)	
						1
		299,900,191	275,767,300			2
						3
		204,482,898	183,469,977			4
		4,040,378	3,732,319			5
		22,438,271	21,533,536			6
		0	0			7
		3,280	3,280			8
		0	0			9
		0	0			10
		2,128,137	2,248,322			11
		0	0			12
		0	0			13
		11,678,429	10,908,876			14
		8,029,214	16,162,354			15
		2,019,829	2,597,514			16
		4,884,007	2,988,131			17
		(3,177,721)	(4,212,085)			18
		0	0			19
		0	0			20
		0	0			21
		0	0			22
		0	0			23
		0	0			24
		256,526,722	239,432,224			25
		43,373,469	36,335,076			26

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report December 31,2018
---	---	---	------------------------------------

**STATEMENT OF INCOME FOR THE YEAR (Continued)**

Line No.	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						

Name of Respondent		This Report Is:	Date of Report	Year of Report
SEMCO ENERGY GAS CO		(1) <input checked="" type="checkbox"/> An Original	(Month, Day, Year)	
		(2) <input type="checkbox"/> A Resubmission	4/30/2019	Dec. 31, 2018
STATEMENT OF INCOME PER THE YEAR (Continued)				
Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
27	Net Utility Operating Income (Carried forward from Page 114)	-	43,373,469	36,335,076
28	Other Income and Deductions			
29	Other Income			
30	Nonutility Operating Income			
31	Revenue From Merchandising, Jobbing and Contract Work (415)		15,893	56,345
32	(Less Costs and Exp. Of Merchandising, Job & Contract Work (416)		0	0
33	Revenue From Non Utility Operations (417)		11,550	5,775
34	(Less ) Expenses of Nonutility Operations (417.1)		0	0
35	Nonoperating Rental Income (418)		0	0
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0
37	Interest and Dividend Income (419)		954,337	625,887
38	Allowance for Other Funds Used During Construction (419.1)		86,287	0
39	Miscellaneous Nonoperating Income (421)		17	345
40	Gain on Disposition of Property (421.1)		0	0
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		1,068,084	688,352
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)		(47,085)	0
44	Miscellaneous Amortization (425)	340	0	0
45	Donations (426.1)	340	(188,357)	(219,266)
46	Life Insurance (426.2)		0	0
47	Penalties (426.3)		0	0
48	Expenditures for Certain Civic, Polititcal, and Related Activities (426.4)		(223,348)	(215,033)
49	Other Deductions (426.5)		0	0
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		(458,790)	(434,299)
51	Taxes Applic. To Other Income and Deductions			
52	Taxes Other Than Income Taxes (408.2)	262-263	0	0
53	Income Taxes -- Federal (409.2)	262-263	(120,275)	(83,584)
54	Income Taxes -- Other (409.2)	262-263	(36,558)	(15,243)
55	Provision for Deferred Inc. Taxes (410.2)	234,272-277	0	0
56	(Less) Provision for Deferred Income Taxes --Cr. (411.2)	234,272-277	0	0
57	Investment Tax Credit Adj. -- Net (411.5)		0	0
58	(Less) Investment Tax Credits (420)		0	0
59	TOTAL Taxes on Other Inc. and Ded. (Total of 52 thru 58)		(156,833)	(98,827)
60	Net Other Income and Deductions (Enter Total of lines 41, 50, 59)		452,461	155,226
61	Interest Charges			
62	Interest on Long-Term Debt (427)		0	0
63	Amort. Of Debt Disc. And Expenses (428)	258-259	250,363	265,513
64	Amortization of Loss on Reacquired Debt (428.1)		261,288	261,288
65	(Less) Amort. Of Premium on Debt-Credit (429)	258-259	0	0
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0
67	Interest on Debt to Assoc. Companies (430)	340	9,441,535	9,560,294
68	Other Interest Expenses (431)	340	470,321	366,678
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr.(432)		0	0
70	Net Interest Charges (Enter Total of lines 62 thru 69)		10,423,507	10,453,773
71	Income Before Extraordinary items (Enter Total of lines 27, 60 and 70)		33,402,423	26,036,529
72	Extraordinary Items			
73	Extraordinary Income (434)		0	0
74	(Less) Extraordinary Deductions (435)		0	0
75	Net Extraordinary Items (Enter Total of line 73 less line 74)		0	0
76	Income Taxes--Federal and Other (409.3)	262-263	0	0
77	Extraordinary Items After Taxes (Enter Total of line 75 less line 76)		0	0
78	Net Income (Enter Total of Lines 71 and 77)		33,402,423	26,036,529

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE**

1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284. In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on these pages, then provide the additional information requested in instruction #3, on a separate page.

2. The charges to the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on these pages.

Line No.		Electric Utility	Gas Utility
1	Debits to Account 410 from:		
2	Account 190/191		3,243,124
3	Account 281		
4	Account 282		1,637,190
5	Account 283		133,430
6	Account 284		
7	Reconciling Adjustments		(129,737)
8	TOTAL Account 410.1 (on pages 114-115 line 17)		4,884,007
9	TOTAL Account 410.2 (on page 117 line 55)		
10	Credits to Account 411 from:		
11	Account 190/191		(1,034,802)
12	Account 281		
13	Account 282		(1,501,334)
14	Account 283		(641,585)
15	Account 284		
16	Reconciling Adjustments		
17	TOTAL Account 411.1 (on pages 114-115 line 18)		(3,177,721)
18	TOTAL Account 411.2 (on page 117 line 56)		
19	Net ITC Adjustment:		
20	ITC Utilized for the Year DR		
21	ITC Utilized for the Year CR		
22	ITC Adjustments:		
23	Adjust last year's estimate to actual per filed return		
24	Other (specify)		
25	Net Reconciling Adjustments Account 411.4*		0
26	Net Reconciling Adjustments Account 411.5**		
27	Net Reconciling Adjustments Account 420***		

\* on pages 114-15 line 19

\*\* on page 117 line 57

\*\*\* on page 117 line 58

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE (Continued)**

3. (a) Provide a detailed reconciliation of the applicable deferred income tax expense subaccount(s) reported on pages 114-117 with the amount reported on these pages.  
 (b) Identify all contra accounts (other than accounts 190 and 281-284).  
 (c) Identify the company's regulatory authority to utilize contra accounts other than accounts 190 or 281-284 for the recording of deferred income tax expense(s).

Other Utility	Total Utility	Other Income	Total Company	Line No.
				1
	3,243,124		3,243,124	2
				3
	1,637,190		1,637,190	4
	133,430		133,430	5
				6
	(129,737)		(129,737)	7
	4,884,007			8
		0		9
	(1,034,802)		(1,034,802)	10
				11
	(1,501,334)		(1,501,334)	12
	(641,585)		(641,585)	13
				14
				15
				16
	(3,177,721)			17
		0		18
				19
				20
				21
				22
				23
				24
	0			25
		0		26
		0		27

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**OPERATING LOSS CARRYFORWARD**

Fill in below when the company sustains an operating loss, loss carryback or carryforward whenever or wherever applicable.

Line No.	Year (a)	Operating Loss (b)	Loss Utilized		Year (e)	Balance Remaining (f)
			Loss Carryforward (F) or Carryback (B) (c)	Amount (d)		
1		<b>Not Applicable</b>				
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

**BLANK PAGE**  
(Next Page is 118)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

- |   |   |
|---|---|
| <p>1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.</p> <p>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).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance or retained earnings. Follow by credit, the debit, items in that order.</p> | <p>5. Show dividends for each class and series of capita stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement, attach them at page 122.</p> |
|---|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		188,526,960
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	TOTAL Credits to Retained Earnings (Acct. 439)		
9	Debit:		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (Acct. 439)		
14	Balance Transferred from Income (Account 433 Less Account 418.1)		33,402,423
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriation of Retained Earnings (Account 436)		
22	Dividends Declared - Preferred Stock (Account 437)		
23			
24			
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		

Name of Respondent SEMCO ENERGY GAS CO	Name of Respondent SEMCO ENERGY GAS CO	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	---	--	---------------------------------

**STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)**

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
29	Dividends Declared - Common Stock (Account 438)		(87,000,000)
30			
31			
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		(87,000,000)
36	Transfers from Account 216.1, Unappropriated Subsidiary Earnings		
37	Balance - End of Year (Enter Total of lines 1 thru 36)		134,929,383
38			
39			
40			
41			
42			
43	TOTAL Appropriated Retained Earnings (Account 215)		
44	TOTAL Appropriated Retained Earnings-Amortizaiton Reserve, Federal (Acct. 215.1)		
45	TOTAL Appropriated Retained Earnings (Accounts 215 & 215.1)		
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		
47	Balance - Beginning of Year (Debit or Credit)		
48	Equity in Earnings for Year (Credit) (Account 418.1)		
49	(Less) Dividends Received (Debit)		
50	Other Changes (Explain)		
51	Balance - End of Year (Enter Total of lines 47 thru 50)		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
---	---	---	------------------------------

**STATEMENT OF CASH FLOWS**

1. If the notes to the cash flow statement in the respondents annual stockholders report are applicable to this statement, such notes should be attached to page 122. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at the End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
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 on page 122 the amounts of interest paid (net of amounts capitalized) and Income taxes paid.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities:	
2	Net Income (Line 72(c) on page 117)	33,402,423
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	22,441,551
5	Amortization of Conversion Expenses	2,128,137
6	Amortization of Deferred Debt Expense	511,651
7		
8	Deferred Income Taxes (Net)	1,706,286
9	Investment Tax Credit Adjustments (Net)	
10	Net (Increase) Decrease in Receivables	(864,200)
11	Net (Increase) Decrease in Inventory	(537,651)
12	Net (Increase) Decrease in Allowances Inventory	
13	Net Increase (Decrease) in Payables and Accrued Expenses	6,273,300
14	Net (Increase) Decrease in Other Regulatory Assets	
15	Net Increase (Decrease) in Other Regulatory Liabilities	
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other: Net (Increase) Decrease in Other Working Capital	(6,395,602)
19	Net (Increase) Decrease in Other Deferred Debits	4,911,520
20	Net (Increase) Decrease in Other Deferred Credits	(4,078,964)
21	Net Cash Provided by (Used in) Operating Activities	
22	(Total of Lines 2 thru 20)	59,498,451
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plants (less nuclear fuel)	(64,614,968)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance for Other Funds Used During Construction	
31	Other:	
32	Removal costs, Net of Proceeds	(4,270,004)
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(68,884,972)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent	This Report Is:	Date of Report	Year of Report
SEMCO ENERGY GAS CO	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2019	12/31/2018

**STATEMENT OF CASH FLOWS (Continued)**

**4. Investing Activities**  
 Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122.  
 Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

**5. Codes used:**  
 (a) Net proceeds or payments.  
 (b) Bonds, debentures and other long-term debt.  
 (c) Include commercial paper.  
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.

**6. Enter on page 122 clarifications and explanations.**

Line No.	DESCRIPTION (See Instructions No. 5 for Explanation of Codes) (a)	Amounts (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	
53	Other:	
54		
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 55)	(68,884,972)
58		
59	Cash Flows from Financing Activities	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65		
66	Net Increase in Short-Term Debt (c)	
67	Other: Net Change in Notes Receivable from Associated Companies	96,386,521
68		
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	96,386,521
71		
72	Payments for Retirement of:	
73	Long-Term Debt (b)	0
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Decrease in Short-Term Debt (c)	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	(87,000,000)
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	9,386,521
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	0
87		
88	Cash and Cash Equivalents at Beginning of Year	800
89		
90	Cash and Cash Equivalents at End of Year	800

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NOTES TO FINANCIAL STATEMENTS**

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, utility Plant Adjustments, explain the origin of such amount, debits and credits during the year,

and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 15 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto.

**See Page 123 for Footnote data.**

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Note 1. Company Description and Significant Accounting Policies**

*Company Description.* The accompanying financial statements represent the operations of SEMCO Energy, Inc. which are located in various areas throughout Michigan, regulated by the Michigan Public Service Commission (“MPSC”). References to the “Company” in this document mean these operations. The Company is a division of SEMCO Energy, Inc. and references in this document to the “Parent” mean SEMCO Energy, Inc. The Parent is a direct, wholly-owned subsidiary of Semco Holding Corporation (“Semco Holding”). Semco Holding is a direct, wholly-owned subsidiary of AltaGas Utility Holdings (U.S.) Inc. (“AltaGas U.S.”). The Company is a regulated public utility headquartered in Port Huron, Michigan, and distributes and transports natural gas to approximately 306,000 customers throughout Michigan. The Company does business under the name SEMCO Energy Gas Company. The MPSC has jurisdiction over, among other things, rates, accounting procedures, and standards of service.

*Basis of Presentation.* The accompanying financial statements of the Company were prepared in accordance with the accounting requirements of the MPSC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, or “GAAP.” Differences between MPSC accounting requirements and GAAP are discussed in Note 1 (under the captions “Accounts Receivable”, “Property, Plant, Equipment and Depreciation”, “Revenue Recognition” and “New Accounting Pronouncements”) and Note 3. The accompanying financial statements do not include all of the financial statement disclosures that would be required in accordance with GAAP.

In connection with the preparation of the financial statements, management was required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

*Cash and Cash Equivalents.* Cash and cash equivalents include cash on hand, money market funds and commercial paper. The Company considers all unrestricted highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash equivalents approximates market value due to the short-term maturity of these investments.

*Restricted Cash.* At December 31, 2018, the Company had no restricted cash. At December 31, 2017, the Company had \$0.8 million of current restricted cash. Restricted cash consisted of grant money received from the Michigan Energy Assistance program to be applied against eligible customers’ balances during 2018.

*Accounts Receivable.* Trade accounts receivable are recorded at the billed amount and do not bear interest. In accordance with MPSC accounting requirements, customer accounts with credit balances are netted against accounts receivable in the accompanying financial statements. These credit balance accounts are a result of advance payments from customers who enroll in the Company’s budget payment program. This program is intended to allow customers to pay their estimated annual gas bills in equal monthly payments. As a result, customers make advance payments during the non-heating season when consumption and bills for service are generally low, and then utilize these advance payments to pay for a portion of their gas bills during the heating season, when consumption and bills for service are generally high. For GAAP purposes, these advance payments would be reflected as a liability rather than netted against accounts receivable.

The accumulated provision for uncollectible accounts is the Company’s estimate of the amount of probable credit losses in existing accounts receivable. The accumulated provision for uncollectible accounts is based primarily on the aging of receivables, though the Company also takes into consideration historical write-off experience and regional economic data. The Company reviews the accumulated provision for uncollectible accounts quarterly. Account balances are charged off against the provision when the Company determines it is probable that certain individual receivables will not be recovered. Bad debt expense was \$0.8 million and \$0.6 million for 2018 and 2017, respectively.

*Accrued Revenue.* Accrued revenue represents revenue earned in the current period, but not billed to customers until a future date, usually within one month.

*Gas in Underground Storage.* The Company’s natural gas inventory is reported at average cost. In general, commodity costs and variable transportation costs are capitalized as gas in underground storage. Fixed costs, primarily pipeline demand and storage demand charges, are expensed as incurred through the cost of gas.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*Property, Plant, Equipment and Depreciation.* The Company’s property, plant and equipment are recorded at cost. The Company records depreciation on a straight-line basis over the estimated useful lives of the related property. The lives over which the Company’s significant classes of regulated and non-regulated depreciable property are depreciated are as follows (in years):

Land .....	—
Underground gas storage property .....	56
Gas transmission property .....	31
Gas distribution property .....	36
General property .....	20

The Company’s ratio of depreciation to the average gross balance of property was approximately was 2.6% for 2018 and 2.8% for 2017.

Depreciation rates on the Company’s property are set, on an asset group basis, by the MPSC. The depreciation rates are intended to expense, over the expected life of the property, both the original cost of the property and the expected costs to remove or retire the property at the end of its useful life. The portion of depreciation expense related to expensing the original cost of the property is charged to accumulated depreciation. The portion related to expensing the expected costs to remove or retire property is known in the utility industry as negative salvage value. In accordance with MPSC accounting requirements, the accompanying financial statements reflect both of these components of depreciation expense as a charge to accumulated depreciation. Under the MPSC accounting requirements, when the regulated property is ultimately retired, or otherwise disposed of in the ordinary course of business, the original cost of the property and the actual removal costs, less salvage proceeds, are charged to accumulated depreciation. By contrast, GAAP requires the portion of depreciation expense related to expensing the original cost of the property to be charged to accumulated depreciation, while the portion related to expensing the expected costs to remove or retire the regulated property, less expected salvage proceeds, to be charged to a regulatory liability. With respect to the retirement or disposal of non-regulated property, the resulting gains or losses are recognized in income.

*Allowance for Funds Used During Construction (“AFUDC”).* AFUDC, which represents the estimated debt and equity costs of capital necessary to finance the construction of various Company projects, consists of an equity component and an interest expense component. AFUDC is a non-cash item. AFUDC is capitalized as a component of the cost of property, plant and equipment, with offsetting credits to the Statement of Income.

*Asset Retirement Obligations.* The Company accounts for asset retirement obligations under applicable accounting guidance, which requires entities to record the fair value of the cost to remove assets at the end of their useful lives, if there is a legal obligation to remove them. The term “conditional asset retirement obligation” used in applicable guidance refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is considered unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation is required to be recognized when incurred. Applicable guidance also clarifies when an entity would have sufficient information to develop a reasonable estimate of the fair value of an asset retirement obligation.

The Company has identified certain assets for which asset retirement obligations must be recognized. At December 31, 2018 and 2017, the Company estimated that the cost of retiring these assets at the date of removal would be \$23.6 million and \$18.4 million, respectively. The present value of these obligations at December 31, 2018 and 2017, was \$4.3 million and \$4.7 million, respectively. These amounts are recognized as a liability in the Other Deferred Credits line item under the Deferred Credits section in the Company’s Balance Sheet.

*Goodwill.* Goodwill represents the excess of a purchase price over the value assigned to the net identifiable assets of businesses acquired. The Company accounts for goodwill under current accounting guidance. Under this accounting guidance, the Company assesses the goodwill balance of the reporting unit for impairment annually in the fourth quarter and when events or changes in circumstances indicate the carrying amount might not be recoverable.

An annual qualitative impairment test was performed for the Company in 2018 and 2017. The tests indicated that there was no impairment of goodwill.

*Customer Advance Payments.* Customer advance payments are deposits the Company receives from customers to cover account credit risk.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*Revenue Recognition.* The Company adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective method to contracts that were not complete as at January 1, 2018. Upon the adoption of ASC 606, revenue is measured based upon the consideration specified in a contract with a customer at the time when performance obligations are satisfied. Under ASC 606, a performance obligation is a promise in a contract to transfer a distinct good or service or a series of distinct goods or services to the customer. The Company recognizes revenue when performance obligations are satisfied by transferring control over a product or service to a customer. The Company has determined control to be transferred when the product is delivered or the service is provided to the customer. For years ended December 31, 2018, and 2017, recognition of revenue for the Company subsequent to the adoption of ASC 606 is substantially similar in amount and approach to that prior to adoption. The MPSC requires revenue to be disaggregated based upon prescribed revenue accounts rather than major sources as required by GAAP. As such, disaggregated revenue for the purpose of this MPSC Form P-522 can be found beginning on page 300.

Gas revenues are primarily comprised of the supply and delivery of natural gas to residential, commercial and industrial customers. Revenues typically include three components: (i) monthly customer service fees; (ii) volumetric distribution charges; and (iii) volumetric gas commodity charges (gas sales customers only). Gas commodity charges represent the cost of gas consumed by customers and are also based on the volume of gas customers consume. As discussed in more detail in the Cost of Gas section below, the Company does not earn any income on the gas commodity charge portion of rates charged to customers. The rates charged to customers are determined through the rate-making process by the MPSC. Revenues are primarily generated through arrangements that generally do not have fixed terms and remain in effect as long as the customer consumes the gas utility service. Certain commercial and industrial customers have long-term transportation contracts, which can be cancelable. The amount of gas to be delivered under these contracts and the associated future revenue to be received are variable and generally dependent on the customers’ needs. Revenues are typically billed and received monthly. Revenues, including estimated unbilled amounts, are recognized monthly based upon volumes delivered or through the passage of time ratably based upon providing a stand-ready service. The Company has determined that the above methods represent a faithful depiction of the transfer of control to the customer. Unbilled revenues are typically determined using both estimated meter volumes and estimated usage based upon the number of unbilled days and historical temperatures. Estimated unbilled amounts recognized in revenue are subject to adjustment in the following month as actual volumes by customer class and service type are known.

*Transaction Price Allocated to the Remaining Obligations* - The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied at the end of December 31, 2018:

	2019	2020	2021	2022	2023	2024 and beyond	Total
	(in thousands)						
Transportation services	\$ 275	\$ 275	\$ 275	\$ 275	\$ 275	\$ 1,190	\$ 2,565
Other	503	503	503	3	3	14	1,529
Total	<u>\$ 778</u>	<u>\$ 778</u>	<u>\$ 778</u>	<u>\$ 278</u>	<u>\$ 278</u>	<u>\$ 1,204</u>	<u>\$ 4,094</u>

The Company applies the practical expedient available under ASC 606 and does not disclose information about the remaining performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which the Company has the right to invoice for performance completed, and (iii) contracts with variable consideration that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation. In addition, the table above does not include any estimated amounts of variable consideration that are constrained. The majority of transportation service contracts contain variable consideration whereby uncertainty related to the associated variable consideration will be resolved (usually on a daily basis) as gas is delivered.

*Cost of Gas, Gas Charges Recoverable from Customers, and Amounts Payable to Customers.* The Company operates under an MPSC-approved gas cost recovery (“GCR”) pricing mechanism. The GCR pricing mechanism is designed so that, in the absence of any cost disallowances, the Company’s cost of gas purchased is passed-through to the Company’s customers on a dollar-for-dollar basis and, therefore, the Company does not realize or recognize any income or loss on the gas cost charge portion of rates charged to customers.

The GCR mechanism allows for the adjustment of rates charged to customers for increases and decreases in the cost of gas purchased by the Company for sale to customers. The recovery of the cost of gas is subject to an MPSC review of the Company’s GCR gas purchase plans and actual gas purchases. A five year GCR gas purchase plan covering projected gas costs is filed annually with the MPSC by December 31 of each year for the upcoming April 1 to March 31 GCR period. A reconciliation case is filed by June 30 of each year to reconcile actual gas purchases during the previous April 1 to March 31 GCR period to the GCR gas purchase plan for the same period.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The Company's gas procurement practices and related decisions for gas sold to its customers are subject to an annual retrospective MPSC review in GCR reconciliation cases. These MPSC reviews create the potential for the disallowance of the Company's recovery, through its GCR rate, of some of its costs of purchased gas.

From time to time, parties in GCR cases propose cost disallowances and other adjustments, and those matters are litigated in the proceedings or resolved by settlement. The Company does not recognize potential cost disallowances or other adjustments until the Company determines that the disallowances or adjustments are probable. Disallowed costs and related adjustments are expensed in the cost of gas but are not recovered from customers in rates.

Under the GCR pricing mechanism, the gas charge portion of rates charged to customers (which is also referred to as the "GCR rate"), may not exceed the maximum allowable GCR rate established in the applicable MPSC-approved GCR plan for the 12-month GCR period in question without MPSC approval. On a monthly basis, the GCR rate charged to customers may be adjusted upward or downward but may not exceed the maximum allowable GCR rate without MPSC approval.

Any difference between actual cost of gas purchased and actual amount billed for gas costs for a particular GCR period is deferred as either an over- or under-recovery and typically included in customer GCR rates during the next GCR period. An over-recovery (Amounts Payable to Customers) occurs when the actual amount billed for gas costs through the GCR rate exceeds the actual cost of gas purchased and is reflected in Miscellaneous Current and Accrued Liabilities in the current liabilities section of the Company's Balance Sheet. An under-recovery ("Gas Charges Recoverable from Customers") occurs when the actual cost of gas purchased exceeds the actual amount billed for gas costs through the GCR rate and is reflected in Miscellaneous Current and Accrued Assets in the current assets section of the Company's Balance Sheet. At December 31, 2018, the Company had \$9.4 million in Amounts Receivable from Customers under its GCR mechanism.

*Income Taxes.* The Company is included in the consolidated federal income tax return of AltaGas Services (U.S.) Inc. ("AltaGas Services"), the parent company of AltaGas U.S. The Company's income tax expense, income taxes payable and deferred income taxes in the accompanying financial statements are computed on a stand-alone basis. For additional information, refer to Note 3.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "TJCA") was enacted, which made significant changes to the taxation of businesses, including the Company. The most significant change was the reduction in the statutory federal rate from 35% to 21%. As a result of this change, under current accounting guidance, the Company was required to remeasure all of its deferred income tax positions based upon the new statutory income tax rate of 21% at December 31, 2017. For information concerning the impact of the remeasurement on the Company's financial statements, refer to Notes 2 and 3.

*Affiliate Cost Allocations.* As discussed above, the Company is a division of the Parent. The Parent and its other divisions and subsidiaries are referred to collectively as the Company's "Affiliates." The Parent provides various services to the Company and its Affiliates, such as executive management, incentive compensation, legal, accounting, finance, treasury, tax and human resources. The Parent's costs incurred to provide these services are allocated among the Company and its Affiliates using an allocation formula that is accepted by the MPSC. These expenses are recorded on the Company's and its Affiliate's books by an adjustment to an account payable to the Parent. For additional information, refer to Note 7.

*Recently Adopted Accounting Pronouncements.* Effective January 1, 2018, the Company adopted the following Financial Accounting Standards Board ("FASB") issued *Accounting Standards Update* ("ASUs"):

- ASU No. 2014-09 *Revenue from Contracts with Customers* and all related amendments (collectively "ASC 606"). The Company adopted ASC 606 using the modified retrospective method to contracts that were not completed as at January 1, 2018. Under the modified retrospective method, the comparative information is not adjusted. The adoption of ASC 606 impacted the timing of revenue recognition in relation to contracts with take-or-pay or minimum volume commitments whereby the customers have make up rights for deficiency quantities. However, on adoption, no cumulative adjustments to opening retained earnings were required for this change in revenue recognition pattern as none of the customers had material deficiency quantities. Please also refer to the section *Revenue Recognition*, above, for further details. The adoption of this ASU did not have a material impact on the Company's financial statements.
- ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments*. The amendments in this ASU clarified the classification of certain cash flow transactions on the statement of cash flow. The adoption of this ASU did not have a material impact on the Company's financial statements.
- ASU No. 2016-16, *Income Taxes: Intra-Entity Transfers of Assets Other Than Inventory*. The amendments in this ASU revised the accounting for income tax consequences on intra-entity transfer of assets by requiring an entity to recognize current and

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

deferred tax on intra-entity transfer of assets other than inventory when the transfer occurs. The adoption of this ASU did not have a material impact on the Company's financial statements.

- ASU No. 2017-04, *Intangibles – Goodwill and Other: Simplifying the Test for Goodwill Impairment*. This ASU removed Step 2 of the goodwill impairment test, eliminating the requirement to determine the fair value of individual assets and liabilities of a reporting unit to measure the goodwill impairment. The Company early adopted this update. The adoption of this ASU did not have a material impact on the Company's financial statements.
- ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This standard was issued to improve the reporting of net benefit cost by employers that offer defined benefit pension plans and other postretirement benefit plans. The required effective date of the standard for the Company was January 1, 2018. The standard requires employers to report the service cost component of net benefit cost in the same line item on the income statement as other employee compensation costs, while presenting the other cost components separately outside of operating income. The reclassification on the Statement of Income was not adopted for regulatory reporting purposes.

In addition, under this standard, only the service cost component is eligible for capitalization as part of the cost of an asset. This change was applied prospectively upon adoption. Accordingly, for the year ended December 31, 2017, the Company capitalized a portion of the service cost component of their retirement benefits plans to plant, property, and equipment, while recognizing the other components in net income. For further details on the net periodic cost of the Company's retirement benefits plans, see Note 9, Pension Plans and Other Postretirement Benefits. The implementation of this standard did not have a material impact on the Company's net income, cash flows, or financial position.

*New Accounting Pronouncements.* From time to time, new accounting pronouncements are issued by the FASB and are adopted by the Company as of the specified effective date. Except as discussed below, the Company believes that recently-issued accounting pronouncements do not apply to the Company.

In February 2016, FASB issued ASU No. 2016-02 *Leases*, which requires lessees to recognize on the balance sheet a right-of-use asset and a lease liability. Lessor accounting remains substantially unchanged, however, the ASU modifies what qualifies as a sales-type and direct financing lease and eliminates the real estate-specific provisions included in ASC 840. The ASU also requires additional disclosures regarding leasing arrangements. In January 2018, FASB issued ASU 2018-01 "Land Easement Practical Expedient for Transition to Topic 842", providing entities with an optional election not to evaluate existing and expired land easements not previously accounted for as leases under ASC 840 using the provisions of ASC 842. In July 2018, FASB issued ASU 2018-11 "Targeted Improvements", allowing entities to report the comparative periods presented in the period of adoption under the previous lease standard (ASC 840), and recognize a cumulative-effect adjustment to the opening balance of retained earnings as of January 1, 2019. The ASU also provides a practical expedient under which lessors are not required to separate out lease and non-lease components of a contract, provided certain conditions are met. In December 2018, FASB issued ASU 2018-20 "Narrow-Scope Improvement for Lessors", allowing lessors to include and exclude certain costs from variable payments. The ASU also requires lessors to allocate certain variable payments to the lease and non-lease components when the changes in facts and circumstances on which the variable payment is based occur. The amendments to the new lease standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is in the final stages of evaluating the impact of adopting ASC 842 on its consolidated financial statements. All leases for which the Company is the lessee will be reflected on the Balance Sheet upon adoption by recording increases to Deferred Charges and Other Noncurrent Assets and an increase to Long-Term Debt and Capital Leases net of the current portion that is recorded in Current Liabilities. The increases are expected to be less than 1 percent of total assets. The Company will utilize the transition package of practical expedients, which among other things allows entities to not have to reassess whether an arrangement contains a lease under the provisions of ASC 842, as well as the transition practical expedients related to land easements and not separating out lease and non-lease components of a contract for certain classes of assets. The Company will also elect to exclude leases with terms of 12 months or less from the calculation of lease liabilities and right of use assets under the short term lease exemption.

In June 2016, FASB issued ASU No. 2016-13 *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. The amendments in this ASU replace the current "incurred loss" impairment methodology with an "expected loss" model for financial assets measured at amortized cost. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently assessing the impact of this ASU on its financial statements.

In August 2018, FASB issued ASU No. 2018-13 *Fair Value Measurement – Disclosure Framework: Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this ASU modify the disclosure requirements on fair value measurements. The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on the Company's financial statements.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

In August 2018, FASB issued ASU No. 2018-14 *Compensation – Retirement Benefits-Defined Benefit Plans – General: Disclosure Framework – Changes to the Disclosure Requirements for the Defined Benefit Plans*. The amendments in this ASU modify the disclosure requirements on defined benefit pension and other postretirement plans. The amendments in this update are effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on the Company’s financial statements.

In August 2018, FASB issued ASU No. 2018-15 *Intangibles-Goodwill and Other – Internal-Use Software: Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement (“CCA”) that is a Service Contract*. The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this ASU is not expected to have a material impact on the Company’s financial statements.

*Statements of Cash Flows.* During the year ended December 31, 2018, cash paid for interest and income taxes was \$9.9 million and \$11.8 million, respectively. During the year ended December 31, 2017, cash paid for interest and income taxes was \$9.9 million and \$10.5 million, respectively.

**Note 2. Regulatory Matters**

The Company is involved in various GCR proceedings before the MPSC, which are described in Note 1 under the caption, “Cost of Gas, Gas Charges Recoverable from Customers, and Amounts Payable to Customers.” The Company seeks to end its GCR period ending on March 31 of each year with no significant under-recovery or over-recovery of costs incurred to purchase gas for resale to customers. However, if actual gas prices near the end of the GCR period change significantly from prices in the GCR plan, a significant under-recovery or over-recovery could occur.

In January 2011, the MPSC approved a settlement increasing the base rates of the Company an estimated \$8.1 million on a normalized annual basis and an authorized return on equity of 10.35% and an overall rate of return of 7.19%, effective January 2011 (the “Settlement”). As part of the Settlement, the Company was able to initiate a Main Replacement Program (“MRP”) to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates through a surcharge. The MRP began in 2011, was expanded in 2013 and renewed for an additional five years in 2015. The anticipated annual average capital spending over the final five year period is approximately \$10.1 million.

Furthermore, the Settlement authorized the Company to defer the costs associated with replacing certain service riser valves (identified as a Rockford-Eclipse Series 125 valves) under a “Valve Replacement Program.” An investigation into a 2004 house fire in the Company’s service territory revealed this particular valve malfunctioned when it was actuated by the customer, resulting in an uncontrolled flow of gas. The gas ignited, and the resulting fire caused damage to the customer’s residence. During the following years, other riser valve failures occurred without any associated property damage or personal injuries. There were approximately 51,000 valves of this design in the distribution system. The Company has replaced all of these valves and has deferred approximately \$4.9 million of valve replacement costs as of December 31, 2018. Recovery of the deferred amounts is not guaranteed. Rather, recovery of any amounts, including carrying charges, from actions taken by the Company to address the valve issue and all associated expenditures will be subject to MPSC review in its next base rate case.

The Company is required by Michigan law to establish an Energy Waste Reduction Program (“EWRP”), formally known as the Energy Optimization Program, for their customers and to implement and fund various energy efficiency and conservation matters. The costs of the measures offered through the EWRP program are recovered through surcharges imposed on all customers of the Company. EWRP plans and reconciliations are subject to review and approval by the MPSC. The Company also has the ability to earn a performance incentive if certain EWRP goals and objectives are met annually. During 2018, the MPSC issued an order for the Company to collect \$1.4 million for the 2017 EWRP plan year performance incentive. During 2017, the MPSC issued an order for the Company to collect \$1.2 million for the 2016 EWRP plan year performance incentive.

In December 2016, the Company filed an application for a certificate of public convenience and necessity (“MCP Application”) with the MPSC seeking approval to construct, own, and operate the Marquette Connector Pipeline (“MCP”). In August, 2017, the MPSC approved the Company’s application to construct, own, and operate the MCP. The MCP is a proposed new pipeline that will connect the Great Lakes Gas Transmission Pipeline to the Northern Natural Gas Pipeline in Marquette, Michigan, which will provide system redundancy and increase deliverability, reliability and diversity of supply to SEMCO Gas’ approximately 35,000 customers in Michigan’s Western Upper Peninsula. The Company received approval for all environmental permits in September 2018 and the

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

completed Archeological Assessment has been submitted to the state's Historical Preservation Officer. Construction is expected to begin in 2019, with clearing and mobilization scheduled to begin in the first quarter of 2019 and an anticipated in-service date near the end of the fourth quarter of 2019.

On December 27, 2017, in response to the TCJA, the MPSC issued an order to all utilities in Michigan, including the Company, which directed the utilities to implement regulatory accounting for any impact of the TCJA including both current and deferred tax impacts beginning January 1, 2018. On January 19, 2018, the Company filed its response to the MPSC acknowledging the usage of regulatory accounting beginning on January 1, 2018, for the impact of the TCJA including the establishment of a regulatory liability for the excess net deferred income tax liability at December 31, 2017, estimating the reduction in the revenue requirement, and recommending a methodology to flow the benefits of the TCJA back to the ratepayers.

On February 22, 2018, the MPSC issued an order requiring utilities in Michigan to follow a 3-step approach for computing and implementing bill credits to reflect the reduction in the revenue requirements as a result of the TCJA. The first step was to establish a credit ("Credit A") through a contested case. Credit A is a forward-looking tax credit that will refund the annual tax savings relating to the reduction of the corporate tax rate from 35% to 21% on a prospective basis. The Company submitted its Credit A filing on March 29, 2018, reflecting a revenue reduction of approximately \$5.9 million on an annual basis. On April 20, 2018, the Company supplemented its Credit A filing with a proposal to reduce its MRP surcharges to reflect the impact of the TCJA on its MRP annual revenue requirement. On May 30, 2018, the MPSC issued an order approving a settlement in the Company's Credit A filing reflecting a reduction in revenues of approximately \$5.9 million and a reduction to the annual MRP revenue requirement of approximately \$0.6 million, effective July 1, 2018. Credit A will remain in place until new rates are set in the next general rate case. The second step is to establish another credit ("Credit B") through a contested case. Credit B is a backward-looking tax credit to reflect the reduction of the corporate tax rate of 35% to 21%, for the period January 1, 2018, through the date Credit A is established. The Credit B filing was required within sixty days after Credit A was implemented. On July 27, 2018, the Company filed its proposal for Credit B to address the impacts of federal corporate tax reduction arising from the TCJA on its natural gas rates from January 1, 2018, until June 30, 2018. On September 28, 2018, the MPSC issued an order approving the settlement in the Company's Credit B filing. The Company began the process of refunding approximately \$4.7 million to customers volumetrically via bill credits for three months beginning with the first billing cycle in October 2018. The third and final step is to file an application to establish the calculation for all of the remaining impacts of the TCJA no later than October 1, 2018, which is primarily the remeasurement of deferred taxes and how the amounts deferred as regulatory liabilities will flow back to ratepayers. On October 1, 2018, the Company filed its application to address the "Calculation C" effects of the TCJA, which is currently ongoing.

As required by an order issued by the MPSC during the Company's last depreciation study in September 2012, the Company filed a new depreciation study with the MPSC in September 2017, using 2016 data. On April 9, 2018, the Company and the MPSC staff entered into a settlement agreement resolving all issues in the case. On May 17, 2018, the MPSC issued an order approving the settlement agreement and new depreciation rates. The new rates reflect a \$1.9 million upward adjustment to depreciation expense when compared to the current rates and are effective on January 1, 2019. The Company is required to file a new depreciation case and updated depreciation study with the MPSC no later than September 30, 2022, using 2021 data.

*Regulatory Assets and Liabilities.* The Company is a regulated utility and, therefore, must follow accounting guidance that pertains specifically to entities subject to certain types of regulation. The Company refers to this accounting guidance for regulated entities as "regulatory accounting." Under regulatory accounting, the Company is permitted to defer expenses and income as regulatory assets and liabilities, respectively, in the Balance Sheet when it is probable that those expenses and income will be allowed in the rate-setting process in a period different from the period in which they would have been reflected in the Statement of Income by an unregulated entity. These deferred regulatory assets and liabilities are then included in the Statement of Income in the periods in which the same amounts are reflected in rates. Management's assessment of the probability of recovery or pass-through of regulatory assets and liabilities requires judgment and interpretation of laws and regulatory agency orders, rules, and rate-making conventions. If, for any reason, the Company ceases to meet the criteria for application of regulatory accounting for all or part of its operations, the regulatory assets and liabilities related to those portions ceasing to meet such criteria would be eliminated from the Balance Sheet and included in the Statement of Income for the period in which the discontinuance of regulatory accounting occurs. Criteria that give rise to the discontinuance of regulatory accounting include: (i) increasing competition that restricts the ability of the Company to charge prices sufficient to recover specific costs, and (ii) a significant change in the manner in which rates are set by regulatory agencies from cost-based regulation to another form of regulation. The Company's review of these criteria currently supports the continued application of regulatory accounting to the Company.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The following table summarizes the regulatory assets and liabilities recorded in the Balance Sheets as of December 31, 2018, and 2017:

	December 31,	
	2018	2017
Regulatory assets		
Miscellaneous current and accrued assets		
Energy optimization costs recoverable from customers	\$ -	\$ 252
Gas charges recoverable from customers	9,359	-
	\$ 9,359	\$ -
Miscellaneous deferred debits		
Unamortized costs related to postretirement benefit plans	\$ 45,722	\$ 49,666
Deferred loss on reacquired debt	348	610
Deferred environmental costs	8,759	11,077
Deferred Michigan business taxes	6,948	7,481
Asset removal costs	3,023	3,054
Other	5,557	5,436
	\$ 70,357	\$ 77,324
Regulatory liabilities		
Miscellaneous current and accrued liabilities		
Amounts payable to customers	\$ 37	\$ 476
Energy waste reduction costs payable to customers	1,203	-
Refund of current taxes payable to customers	1,003	-
	\$ 2,243	\$ 476
Other deferred credits		
Insurance recovery of environmental costs	\$ -	\$ 203
Excess deferred taxes refundable to customers	51,950	45,283
	\$ 51,950	\$ 45,486

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 3. Income Taxes**

The Company is included in the consolidated federal income tax return of AltaGas Services and in various consolidated state income tax returns of AltaGas Services. The Company is also included in AltaGas Services' filings in various local jurisdictions. The Company's income tax expense, income taxes payable and deferred income taxes reflected here and in the accompanying financial statements are computed on a stand-alone basis.

The following table presents the significant components of income tax expense:

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	(in thousands)	
Federal income tax expense (benefit):		
Current	\$ 8,149	\$ 16,246
Deferred to future periods	614	(1,720)
State income tax expense (benefit):		
Current	\$ 2,057	\$ 2,613
Deferred to future periods	1,092	496
Total income tax expense	\$ 11,912	\$ 17,635

*Reconciliation of Statutory Rate to Effective Rate.* The table below provides a reconciliation of the difference between the Company's provision for income taxes and income taxes computed at the statutory rate.

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	(in thousands)	
Net Income	\$ 33,402	\$ 26,037
Add back income tax expense	11,912	17,635
Pre-tax income	\$ 45,314	\$ 43,672
Computed federal income tax expense at statutory rate*	\$ 9,516	\$ 15,285
State income tax expense, net of federal tax benefit	2,487	2,021
Other	(91)	329
Total income tax expense	\$ 11,912	\$ 17,635

\*The statutory rate for 2018 and 2017 was 21% and 35% respectively.

*Deferred Income Taxes.* Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the Company's financial statements. In accordance with MPSC accounting requirements, deferred tax assets and liabilities are reflected in the Company's accompanying Balance Sheet in deferred debits and deferred credits. Under GAAP, the deferred taxes would be netted and shown as either a net deferred asset or net deferred liability.

At December 31, 2017, as a result of the TJCA, the Company remeasured its deferred tax assets and liabilities based upon the new statutory federal rate of 21%. This remeasurement resulted in a net reduction to deferred tax assets and liabilities in the amount of \$45.3 million. As the Company's business is subject to rate regulation, \$45.3 million of the deferred tax remeasurement was recorded as a deferred regulatory liability on the Company's Balance Sheet in accordance with regulatory accounting pronouncements as discussed in Note 2.

The amounts recorded in 2017 represented the Company's best estimates based upon interpretations of the TCJA and were pending additional interpretation of the TCJA that was yet to be issued in U.S. Treasury regulations, state regulatory guidance, and technical corrections. As a result, the amounts recorded in 2017 were considered provisional. During 2018, the Company completed its

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

accounting for the income tax effects of the TCJA. The Company's completion of the accounting for the TCJA contemplated, among other factors, the completion of certain reviews by state regulators into the benefits that should be returned to ratepayers as a result of the reduction in the federal income tax rate under the TCJA. These reviews were conducted and completed during 2018.

The table below shows the principal components of the Company's deferred tax assets (liabilities).

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	(in thousands)	
Property, plant and equipment	\$ (66,264)	\$ (62,747)
Retiree medical benefit regulatory assets	70	70
Deferred state income tax expense	(370)	(1,332)
Reserve for uncollectible accounts	166	126
Accrued vacation and payroll related accruals	859	579
Property taxes	(1,639)	(1,184)
Pensions and other postretirement plans	(1,932)	(1,598)
Gas in underground storage	(362)	(310)
Gas charge over-/-(under)-recovery	(2,517)	129
Energy waste reduction	325	-
Regulatory gross-up on excess deferred tax liabilities	13,372	9,509
Other	(2)	17
Total deferred taxes	\$ (58,294)	\$ (56,741)
Gross deferred tax liabilities	\$ (73,106)	\$ (67,187)
Gross deferred tax assets	14,812	10,447
Total deferred taxes	\$ (58,294)	\$ (56,740)

The Company accounts for uncertainty in income taxes recognized in an entity's financial statements in accordance with guidance governing accounting for income taxes. The effects of the tax positions taken by AltaGas Services that represent positions applicable to the Company on a standalone basis are reflected in the Company's financial statements. The Company had no gross unrecognized tax benefits associated with uncertain tax positions at December 31, 2018 and 2017.

AltaGas Services generally remains subject to examination for the federal consolidated returns for 2015 and subsequent years. Additionally, AltaGas Services generally remains subject to examination of the various state and local returns for a period of three to four years. In February 2018, AltaGas Services was notified that the unitary Michigan corporate income tax returns, in which the Company is included, would be under audit for all open periods, which would include the 2013 through 2016 tax returns. On January 23, 2019, the Company was notified that the Michigan audit was complete. The Company is currently not under any other tax examinations.

**Note 4. Long-Term Debt**

The Company's long-term debt relates specifically to the Parent's (a) fixed-rate senior notes ("Senior Notes") and (b) fixed-rate promissory note with Semco Holding, all of which are partially assigned to the Company. This assigned long-term debt ("Senior Notes" and "Promissory Note") bears the same maturity and interest rates as the Parent's underlying Senior Notes and Promissory Note. The following table shows the Company's long-term debt, including current maturities, if any, at December 31, 2018, and 2017:

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	(in thousands)	
Senior Notes - 5.15%	\$ 170,864	\$ 170,864
Promissory Note - 2.49%	25,630	25,630
Total long-term debt	\$ 196,494	\$ 196,494

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Note 5. Short-Term Borrowings**

The Company meets all its short-term cash needs through borrowings from the Parent. In addition, as discussed in Note 7, the Company utilizes its short-term debt arrangement with the Parent to record transactions with its Affiliates. Interest paid to the Parent is at variable rates that coincide with the weighted average variable rates that the Parent pays for its short-term bank borrowings. At December 31, 2018, and 2017, there were \$97.7 and \$1.2 million, respectively, of outstanding short-term borrowings from the Parent.

**Note 6. Financial Instruments**

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments:

*Cash, Cash Equivalents, Accounts Receivables, Payables and Notes Payable.* The carrying amount approximates fair value because of the short maturity of those instruments.

The fair values of the Company's long-term debt are estimated based on quoted market prices for the same or similar issues. The table below shows the estimated fair values of the Company's long-term debt, excluding current interest payable, as of December 31, 2018, and 2017:

	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
	(in thousands)	
Long-term debt, including current maturities		
Carrying amount	\$ 196,494	\$ 196,494
Fair value	198,532	205,234

**Note 7. Transactions with Affiliates**

As discussed in Notes 4 and 5, the Company borrows funds from the Parent to finance its short-term and long-term cash requirements. The Company's interest expense on advances from the Parent was \$9.4 million and \$9.6 million in 2018 and 2017, respectively. The Parent also allocates costs to the Company and its Affiliates as discussed in Note 1 under the caption "Affiliate Cost Allocations." Parent cost allocations to the Company for 2018 and 2017 were \$10.2 million and \$10.6 million, respectively. The majority of these cost allocations are reflected in operations and maintenance expense while smaller portions are reflected in property and other tax expense and depreciation expense. The Company provides certain operations and maintenance services to an Affiliate and revenues received by the Company for those services in 2018 and 2017 were \$0.5 million and \$0.5 million, respectively. These amounts are recorded as offsets to operations and maintenance expense. The Company records all of the above described Affiliate transactions through its short-term debt arrangement with the Parent rather than through a trade account payable or receivable.

**Note 8. Pension Plans and Other Postretirement Benefits**

The Company participates in the Parent's defined benefit pension plans and other postretirement benefit plans. The periodic benefit cost associated with each of the Parent's plans is pro-rated between the Company and its Affiliates based on each Affiliate's respective number of participants in a particular plan as a percent of the total participants in the plan. Plan contributions are also pro-rated between the Company and its Affiliates in the same manner. The Company's pro-rated, or direct, net periodic benefit costs and plan contributions are recorded directly on the Company's books as an adjustment to the Company's accrued pension and other postretirement benefit costs. These pro-rated items are not part of the cost allocations from the Parent, which are discussed in Note 1 under the caption "Affiliate Cost Allocations." However, the Parent's pro-rata share of these items is allocated to the Company and its Affiliates in the manner discussed in Note 1.

*Pensions.* The Parent has defined benefit pension plans for eligible employees ("Pension Plans"). Benefits under the Pension Plans are generally based upon years of service or a combination of years of service and compensation during the final years of employment. The Parent's and its Affiliate's funding policy is to contribute amounts annually to fund the Pension Plans based upon actuarial and economic assumptions intended to achieve adequate funding of projected benefit obligations. The Parent also has a Supplemental Executive Retirement Plan, or SERP, which is an unfunded defined benefit pension plan. Effective in March 2008, the SERP was closed to additional participants and SERP benefit accruals for participants ceased.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

In each of 2018 and 2017, the Parent and its Affiliates expensed pension costs of \$4.9 million and \$7.1 million, respectively. The Company's direct share of pension costs for 2018 and 2017 was \$3.5 million and \$4.7 million, respectively. The pension costs of the Parent and its Affiliates for 2018 and 2017, includes \$1.7 million (\$1.2 million for the Company) and \$1.7 million (1.2 million for the Company), respectively, for the amortization of regulatory assets related to pension costs. The Parent and its Affiliates contributed \$5.0 million to fund the Pension Plans during 2018. The Company's direct share of these contributions was \$3.8 million. The Parent and its Affiliates estimate they will contribute \$7.6 million to fund the Pension Plans in 2019.

*Other Postretirement Benefits.* The Parent has postretirement benefit plans ("Postretirement Plans") that provide certain medical and prescription drug benefits to eligible retired employees, their spouses and covered dependents. Benefits are based on a combination of the retiree's age and years of service at retirement. The Company and its Affiliates account for retiree medical benefits in accordance with current accounting guidance. This guidance requires the full accrual of such costs during the years that the employee renders service to the Company until the date of full eligibility.

In 2018 and 2017, the Parent and its Affiliates expensed retiree medical and prescription drug costs of \$0.1 million and \$(0.2) million, respectively. The Company's direct share of retiree medical and prescription drug costs for 2018 and 2017 was \$(0.9) million and \$(0.7) million, respectively. The retiree medical and prescription drug expense of the Parent and its Affiliates for 2018 and 2017, includes \$0.4 million (\$0.3 million for the Company) and \$0.4 million (\$0.3 million for the Company), respectively, for the amortization of regulatory assets related to retiree medical and prescription drug costs. The Parent and its Affiliates did not contribute to its Postretirement Plans or to cover retiree medical and prescription drug costs during 2018. As well, the Company's direct share of was zero as well. The Company and Affiliates estimate it will contribute less than \$0.2 million to fund its Postretirement Plans or to cover retiree medical and prescription drug costs in 2019.

The Parent uses a measurement date of December 31 for all of its plans. The following tables provide various information regarding the Company and its Affiliates Pension Plans and Postretirement Plans:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(in thousands)			
Components of net periodic benefit cost				
Service cost	\$ 6,291	\$ 6,135	\$ 1,690	\$ 1,341
Interest cost	8,853	8,977	2,433	2,263
Expected return on plan assets	(14,960)	(13,030)	(4,194)	(3,618)
Amortization of net loss	2,973	3,318	323	31
Amortization of prior service costs	48	48	(649)	(649)
Amortization of regulatory asset	1,668	1,668	411	411
Net periodic benefit cost	<u>\$ 4,873</u>	<u>\$ 7,116</u>	<u>\$ 14</u>	<u>\$ (221)</u>

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(in thousands)			
Accumulated postretirement benefit obligation, end of year	\$ (208,201)	\$ (218,550)	N/A	N/A
<b>Change in projected benefit obligation</b>				
Projected benefit obligation at beginning of year	\$ 241,839	\$ 216,165	\$ 66,125	\$ 53,902
Service cost (excluding administrative expenses)	5,632	5,460	1,639	1,292
Interest cost	8,853	8,977	2,433	2,262
Actuarial (gain) loss	(22,446)	17,896	(10,396)	11,130
Benefits paid	(6,980)	(6,659)	(2,272)	(2,461)
Projected benefit obligation at end of year	<u>\$ 226,898</u>	<u>\$ 241,839</u>	<u>\$ 57,529</u>	<u>\$ 66,125</u>
<b>Change in plan assets</b>				
Fair value of assets at beginning of year	\$ 198,356	\$ 169,138	\$ 56,424	\$ 50,009
Actual return on plan assets	(10,004)	29,180	(2,686)	8,485
Company contributions	4,954	7,328	-	439
Benefits paid	(6,980)	(6,659)	(2,335)	(2,461)
Administrative expenses paid	(660)	(631)	(50)	(48)
Fair value of assets at end of year	<u>\$ 185,666</u>	<u>\$ 198,356</u>	<u>\$ 51,353</u>	<u>\$ 56,424</u>
Funded status	<u>\$ (41,232)</u>	<u>\$ (43,483)</u>	<u>\$ (6,176)</u>	<u>\$ (9,701)</u>
Amounts recorded as:				
Other noncurrent assets	\$ -	\$ -	\$ 419	\$ -
Other noncurrent liabilities	(507)	(507)	-	-
Pension and other postretirement costs (noncurrent liabilities)	(40,725)	(42,976)	(6,595)	(9,701)
	<u>\$ (41,232)</u>	<u>\$ (43,483)</u>	<u>\$ (6,176)</u>	<u>\$ (9,701)</u>
Items not yet recognized as a component of net periodic benefit costs				
Net prior service cost (credit)	\$ 189	\$ 237	\$ (3,785)	\$ (4,434)
Net loss	53,605	54,060	6,385	10,225
	<u>\$ 53,794</u>	<u>\$ 54,297</u>	<u>\$ 2,600</u>	<u>\$ 5,791</u>
The above amounts are reflected in the consolidated statements of financial position as follows:				
Regulatory assets / liabilities	\$ 53,428	\$ 53,768	\$ 2,600	\$ 5,791
Accumulated comprehensive income	366	529	-	-
	<u>\$ 53,794</u>	<u>\$ 54,297</u>	<u>\$ 2,600</u>	<u>\$ 5,791</u>

The following table shows the portion of the unrecognized prior service cost and unrecognized loss associated with the Parent's Pension Plans and Postretirement Plans that is reflected in the Company's accompanying Balance Sheets:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(In thousands)			

The above amounts are reflected in the balance sheets as follows:

Regulatory assets .....	\$ 39,709	\$ 40,262	\$ 2,048	\$ 3,915
-------------------------	-----------	-----------	----------	----------

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*Assumptions.* The following tables provide the assumptions used to determine the benefit obligations and the net periodic benefit costs for the Parent's Pension Plans and Postretirement Plans for 2018 and 2017:

	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Assumptions and dates used at disclosure				
Discount rate	4.40% (1)	3.70% (3)	4.50%	3.70%
Compensation increase rate	4.00%	4.00%	N/A	N/A
Current year trend - medical	N/A	N/A	6.38%	6.65%
Ultimate year trend	N/A	N/A	5.00%	5.00%
Year of Ultimate trend rate	N/A	N/A	2024	2024
Measurement date	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Census date	01/01/2018	01/01/2017	01/01/2018	01/01/2017
Assumptions used to determine expense				
Discount rate	3.70% (2)	4.20% (4)	3.70%	4.20%
Long-term rate of return on assets	7.60%	7.70%	7.60%	7.40%
Compensation increase rate	4.00%	4.00%	N/A	N/A
Current year trend - medical	N/A	N/A	6.65%	6.93%
Ultimate year trend	N/A	N/A	5.00%	5.00%
Year of Ultimate trend rate	N/A	N/A	2024	2024

- (1) 2018 Discount rate for the SERP was 4.10%. All other plans assumed a 4.40% discount rate.  
(2) 2018 Discount rate for the SERP was 3.40%. All other plans assumed a 3.70% discount rate.  
(3) 2017 Discount rate for the SERP was 3.40%. All other plans assumed a 3.70% discount rate.  
(4) 2017 Discount rate for the SERP was 3.70%. All other plans assumed a 4.20% discount rate.

The discount rate is determined by reference to the Towers Watson U.S. Rate: Link Yield Curve, other long-term corporate bond measures and the expected cash flows of the plans. The duration of the securities underlying those indexes reasonably matches the expected timing of anticipated future benefit payments.

The expected long-term rate of return on plan assets is established based on the Company and its Affiliates' expectations of asset returns for the investment mix in its plans (with some reliance on historical asset returns for the plans). The expected returns of various asset categories are blended to derive an appropriate long-term assumption.

The Company and its Affiliates' expected long-term rate of return on pension plan assets is 7.15 percent. For 2018, the actual rate of return was (5.2) percent, and for 2017, the actual return was 16.0 percent. The expected rate of return is an assumption about long-term asset performance that the Company and its Affiliates reviews annually for reasonableness and appropriateness.

*Plan Assets.* The weighted-average asset allocations of the Company and its Affiliates' Pension Plans and its Postretirement Plans at December 31, 2018, and 2017 are presented in the following table:

December 31,	Percentage Allocation			
	Pension Benefits		Other Postretirement Benefits	
	2018	2017	2018	2017
Asset Category				
Equity securities	64.5%	66.3%	64.8%	66.5%
Debt securities	35.1%	33.4%	35.1%	33.4%
Other	0.4%	0.3%	0.1%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

The Company and its Affiliates have a target asset allocation of 67% equities and 33% debt instruments for funding the Pension and Postretirement Plans. Year-end pension contributions and cash held for retiree pension payments also impact the actual allocation compared to the target allocation.

The primary goal of the Company and its Affiliates' funding approach is to ensure that pension and other postretirement liabilities are met. Emphasis is placed on the long-term characteristics of individual asset classes and the benefits of diversification across multiple asset classes. The approach incorporates an assessment of the proper long-term level of risk for the plans, considering factors such as the long-term nature of the related liabilities, the current funded status of the plans, and the impact of asset allocation on the volatility and magnitude of contributions and expense.

Accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs, such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

All of the plan assets are identified as level 1 input as the fair market values are based on the quoted market prices or are cash equivalents which are equal to fair market value.

The table below provides the fair values of the Company and its Affiliate's pension and postretirement benefits trust plan assets as of December 31, 2018 and 2017.

Description	December 31,	
	2018	2017
	(in thousands)	
Domestic equities	\$ 115,651	\$ 126,299
International equities	37,307	42,682
Fixed income securities	83,328	85,124
Cash & cash equivalents (a)	733	674
Total	<u>\$ 237,019</u>	<u>\$ 254,779</u>

(a) Cash and cash equivalents are predominantly held in money market funds.

*Estimated Future Benefit Payments.* The following benefit payments of the Company and its Affiliate's, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Other Postretirement Benefits		Net Benefits
		Gross Benefits	Less Medicare Part D Subsidy	
		(in thousands)		
2019	\$ 8,088	\$ 2,347	\$ 158	\$ 2,189
2020	8,919	2,484	167	2,317
2021	9,746	2,642	174	2,468
2022	10,516	2,813	181	2,632
2023	11,146	2,930	190	2,740
Years 2024 - 2028	63,864	15,610	1,094	14,516

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*401(k) Plan.* The Company participates in the Parent's defined contribution plan, commonly referred to as a 401(k) plan, covering eligible employees. The 401(k) plan contains provisions for Company matching contributions. The amount expensed for the Company's share of the match provision was \$1.4 million in 2018 and \$1.3 million in 2017.

**Note 9. Commitments and Contingencies**

As discussed in Note 1, the Company is a division of the Parent. The Parent, being the legal entity, generally enters into various contracts on behalf of its divisions, which commits itself and its divisions to future obligations. As a result, commitments and contingencies of the Parent and its other divisions may, in certain circumstances, require the use of Company assets in order to be satisfied and therefore be considered commitments and contingencies of the Company. In this Note, commitments and contingencies related specifically to the Company are discussed by reference to the "Company" and commitments and contingencies related to the Parent and its divisions, including the Company, are discussed by reference to the "Parent."

*Lease Commitments.* The Parent leases buildings, vehicles and equipment. These leases are classified as operating leases in accordance with the applicable accounting guidance. A significant portion of the Parent's vehicles are leased. Leases on the majority of the Parent's new vehicles are for a minimum of twelve months. The Parent has the right to extend each vehicle lease annually and to cancel the extended lease at any time.

The Parent's future minimum lease payments that have initial or remaining non-cancellable lease terms in excess of one year at December 31, 2018, totaled \$5.9 million consisting of (in millions):

2019	\$	1.0
2020	\$	0.8
2021	\$	0.6
2022	\$	0.5
2023	\$	0.4
Thereafter	\$	2.6

The Parent's total lease payments were approximately \$3.2 million and \$3.6 million in 2018 and 2017, respectively. The annual future minimum lease payments are less than the lease payments incurred in 2018 and 2017, because most of the vehicle leases at December 31, 2018, were on a month-to-month basis and therefore were subject to cancellation at any time. However, management expects to renew or replace substantially all of these leases.

*Commitments for Natural Gas Supplies, Transmission and Storage.* The Parent enters into contracts to purchase natural gas and natural gas transportation and storage services from various suppliers. These contracts, which have expiration dates that range from 2019 to 2024, are used to assure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. The Parent's estimated gas purchase contractual obligations as of December 31, 2018, totaled \$1,178.7 million, consisting of (in millions):

2019	\$	283.6
2020	\$	281.7
2021	\$	260.5
2022	\$	237.5
2023	\$	111.0
Thereafter	\$	4.4

*Guarantees.* The Parent has issued letters of credit through financial institutions for the benefit of third parties that have extended credit or have financial exposure to the Company and its Affiliates. At December 31, 2018, the outstanding letters of credit amounted to \$0.5 million. Under the terms of these letters of credit, if the Parent does not pay amounts when due under the covered contracts, the beneficiary of the letter of credit may present its claim for payment to the financial institution, which will, in turn, request payment from the Parent. If the Parent does not make the requested payment, the financial institution will make the payment, effectively guaranteeing the Parent's payment. The letters of credit are entered into on a short-term basis, normally every six-to-twelve months, and are then renewed for another short-term period. At December 31, 2018, the scheduled expiration dates for these letters of credit range from August 30, 2019 to November 9, 2019.

**SEMCO ENERGY GAS COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*Environmental Issues.* Prior to the construction of major interstate natural gas pipelines, gas for heating and other uses was manufactured from processes involving coal, coke or oil at manufactured gas plants (“MGP”). Residual byproducts of these processes may have caused environmental conditions that require investigation and remediation at these MGP sites. The Company is subject to federal, state and local laws and regulations that require, among other things, the investigation and, if necessary, the remediation of contamination associated with these sites, irrespective of fault, legality of initial activity, or ownership, and which may impose liability for damage to natural resources.

The Company is responsible for two such sites where gas was manufactured by previous owners. The Company has complied with the applicable Michigan Department of Environmental Quality (“MDEQ”) requirements, which mandate that current landowners mitigate risks to human health from the byproducts of MGP operations and notify the MDEQ and adjacent property owners of potential contaminant. As of December 31, 2018, SEMCO Gas has completed the investigation and remediation at these two sites and has received No Further Action (“NFA”) letters from the MDEQ for both sites. The Company will continue to monitor these sites in the future as required by NFA letters. As a result of the NFA letters received to date, the Company believes that the likelihood of any further liability at either site is remote and based upon the current circumstances, the Company cannot reasonably estimate an amount to include as a liability in the Company’s Consolidated Statements of Financial Position at December 31, 2018. However, if applicable environmental laws change that require further investigation and remediation to be performed at the sites in the future, the Company could incur a material liability. This liability would be offset by a corresponding regulatory asset.

In accordance with an MPSC accounting order, the Company’s environmental investigation and remediation costs associated with these MGP sites are deferred and amortized over ten years. Rate recognition of the related amortization expense does not begin until the costs are subject to review by the MPSC in a base rate case.

*Self-Insurance.* The Company is self-insured for health care costs up to \$125,000 per subscriber annually. Insurance coverage is carried for costs in excess of this amount. The Company incurred self-insured health care expense of approximately \$4.4 million and \$3.7 million for the years ended December 31, 2018 and 2017, respectively. Estimated claims incurred but not reported were \$1.1 million and \$1.0 million as of December 31, 2018, and 2017, respectively, and are included in other current liabilities in the Company’s Balance Sheets.

*Other Contingencies.* In the ordinary course of business, the Company and its Affiliates may be a party to lawsuits and administrative proceedings before various courts and government agencies. The Company and its Affiliates also may be involved in private dispute resolution proceedings. These lawsuits and proceedings may involve personal injury, property damage, contractual issues and other matters (including alleged violations of federal, state and local laws, rules, regulations and orders). Management cannot predict the possibility of any such potential claims, the outcome or timing of any pending or threatened litigation, nor actual or possible claims. Except as otherwise stated, management believes that, taking into account reserves established for various matters and the availability of insurance coverage, resulting liabilities, if any, will not have a material adverse impact upon the Company and its affiliates financial position, cash flow, or results of operations.

**Note 10. Subsequent Events**

Under current accounting guidance, the Company is required to disclose events that occur after the balance sheet date but before financial statements are issued or are available to be issued. These are known as subsequent events. Subsequent events have been reviewed through March 10, 2019, the date these financials were available to be issued.

There were no subsequent events requiring an adjustment to or disclosure in the Company’s financial statements.

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	Plant in Service (Classified)	821,077,300	
4	Property Under Capital Leases	0	
5	Plant Purchased or Sold	0	
6	Completed Construction not Classified - ARO	1,867,335	
7	Experimental Plant Unclassified	0	
8	TOTAL (Enter Total of lines 3 thru 7)	822,944,635	
9	Leased to Others	0	
10	Held for Future Use	151,723	
11	Construction Work in Progress	10,112,118	
12	Acquisition Adjustments	65,445,856	
13	TOTAL Utility Plant (Enter Total of line 8 thru 12)	898,654,331	
14	Accum. Prov. for Depr., Amort., & Depl.	(335,273,940)	
15	Net Utility Plant ( Enter Total of line 13 less 14)	563,380,391	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	(334,371,040)	
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights	0	
20	Amort. of Underground Storage Land and Land Rights	0	
21	Amort. of Other Utility Plant	(292,425)	
22	TOTAL In Service (Enter Total of lines 18 thru 21)	(334,663,465)	
23	Leased to Others		
24	Depreciation	0	
25	Amortization and Depletion	0	
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	0	
27	Held for Future Use		
28	Depreciation - ARO	(610,475)	
29	Amortization	0	
30	TOTAL held for Future Use (Enter Total of lines 28 and 29)	(610,475)	
31	Abandonment of Leases (Natural Gas)	0	
32	Amort. of Plant Acquisition Adj.	0	
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	(335,273,940)	

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
SEMCO ENERGY GAS CO	(2) A Resubmission	04/30/19	Dec. 31, 2018

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
821,077,300					3
0					4
0					5
1,867,335					6
0					7
822,944,635					8
0					9
151,723					10
10,112,118					11
65,445,856					12
898,654,331					13
(335,273,940)					14
563,380,391					15
					16
					17
(334,371,040)					18
0					19
0					20
(292,425)					21
(334,663,465)					22
					23
0					24
0					25
0					26
					27
(610,475)					28
0					29
(610,475)					30
0					31
0					32
(335,273,940)					33

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106)**

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

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1		1. Intangible Plant		
2	301	Organization	86,511	
3	302	Franchises and Consents	499,936	18,670
4	303	Miscellaneous Intangible Plant		
5		TOTAL Intangible Plant	586,447	18,670
6		2. Production Plant		
7		Manufactured Gas Production Plant		
8	304.1	Land	0	
9	304.2	Land Rights		
10	305	Structures and Improvements	0	
11	306	Boiler Plant Equipment		
12	307	Other Power Equipment		
13	308	Coke Ovens		
14	309	Producer Gas Equipment		
15	310	Water Gas Generating Equipment		
16	311	Liquefied Petroleum Gas Equipment		
17	312	Oil Gas Generating Equipment		
18	313	Generating Equipment-Other Processes		
19	314	Coal, Coke and Ash Handling Equipment		
20	315	Catalytic Cracking Equipment		
21	316	Other Reforming Equipment		
22	317	Purification Equipment		
23	318	Residual Refining Equipment		
24	319	Gas Mixing Equipment		
25	320	Other Equipment		
26		TOTAL Manufactured Gas Production Plant	0	0

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					1
			86,511	301	2
29,576			489,029	302	3
			0	303	4
29,576	0	0	575,539		5
					6
					7
			0	304.1	8
			0	304.2	9
			0	305	10
			0	306	11
			0	307	12
			0	308	13
			0	309	14
			0	310	15
			0	311	16
			0	312	17
			0	313	18
			0	314	19
			0	315	20
			0	316	21
			0	317	22
			0	318	23
			0	319	24
			0	320	25
0	0	0	0		26

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
27		Natural Gas Production & Gathering Plant		
28	325.1	Producing Lands		
29	325.2	Producing Leaseholds	0	
30	325.3	Gas Rights	0	
31	325.4	Rights-of-Way		
32	325.5	Other Land		
33	325.6	Other Land Rights		
34	326	Gas Well Structures		
35	327	Field Compressor Station Structures		
36	328	Field Measuring and Regulating Station Structures	0	
37	329	Other Structures		
38	330	Producing Gas Wells-Well Construction	0	
39	331	Producing Gas Wells-Well Equipment	0	
40	332	Field Lines	0	
41	333	Field Compressor Station Equipment	0	
42	334	Field Measuring and Regulating Station Equipment	0	
43	335	Drilling and Cleaning Equipment		
44	336	Purification Equipment	0	
45	337	Other Equipment	0	
46	338	Unsuccessful Exploration & Development Costs		
47		TOTAL Production and Gathering Plant	0	0
48		Products Extraction Plant		
49	340.1	Land		
50	340.2	Land Rights		
51	341	Structures and Improvements		
52	342	Extraction and Refining Equipment		
53	343	Pipe Lines		
54	344	Extracted Products Storage Equipment		
55	345	Compressor Equipment		
56	346	Gas Measuring and Regulating Equipment		
57	347	Other Equipment		
58		TOTAL Products Extraction Plant	0	0
59		TOTAL Natural Gas Production Plant	0	0
60		SNG Production Plant (Submit Supplemental Statement)		
61		TOTAL Production Plant	0	0
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land	620,431	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					27
			0	325.1	28
			0	325.2	29
			0	325.3	30
			0	325.4	31
			0	325.5	32
			0	325.6	33
			0	326	34
			0	327	35
			0	328	36
			0	329	37
			0	330	38
			0	331	39
			0	332	40
			0	333	41
			0	334	42
			0	335	43
			0	336	44
			0	337	45
			0	338	46
0	0	0	0		47
					48
				340.1	49
				340.2	50
				341	51
				342	52
				343	53
				344	54
				345	55
				346	56
				347	57
					58
0	0	0	0		59
					60
0	0	0	0		61
					62
					63
			620,431	350.1	64

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Acct. No.	Account  (a)	Balance at Beginning of Year  (b)	Additions  (c)
65	350.2	Rights-of-Way	0	
66	351	Structures and Improvements	2,474,206	17,073
67	352	Wells	8,821,956	0
68	352.1	Storage Leaseholds and Rights	1,375,354	
69	352.2	Reservoirs	0	
70	352.3	Non-Recoverable Natural Gas	0	
71	353	Lines	548,724	0
72	354	Compressor Station Equipment	9,181,387	175,784
73	355	Measuring and Regulating Equipment	3,242,906	59,162
74	356	Purification Equipment	0	
75	357	Other Equipment	151,723	
76	358	Gas in Underground Storage-Noncurrent	7,706,223	
77		TOTAL Underground Storage Plant	34,122,909	252,019
78		Other Storage Plant		
79	360.1	Land		
80	360.2	Land Rights		
81	361	Structures and Improvements		
82	362	Gas Holders		
83	363	Purification Equipment		
84	363.1	Liquefaction Equipment		
85	363.2	Vaporizing Equipment		
86	363.3	Compressor Equipment		
87	363.4	Measuring and Regulating Equipment		
88	363.5	Other Equipment		
89		TOTAL Other Storage Plant	0	0
90		Base Load Liquefied NG Terminating and Processing Plant		
91	364.1	Land		
92	364.1a	Land Rights		
93	364.2	Structures and Improvements		
94	364.3	LNG Processing Terminal Equipment		
95	364.4	LNG Transportation Equipment		
96	364.5	Measuring and Regulating Equipment		
97	364.6	Compressor Station Equipment		
98	364.7	Communication Equipment		
99	364.8	Other Equipment		
100		TOTAL Base Load LNG Terminating and Processing	0	0
101				
102		TOTAL Natural Gas Storage and Processing Plant	34,122,909	252,019

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
			0	350.2	65
			2,491,279	351	66
			8,821,956	352	67
			1,375,354	352.1	68
			0	352.2	69
			0	352.3	70
			548,724	353	71
87,524			9,269,647	354	72
52,147			3,249,921	355	73
			0	356	74
			151,723	357	75
			7,706,223	358	76
139,671	0	0	34,235,256		77
					78
			0	360.1	79
			0	360.2	80
			0	361	81
			0	362	82
			0	363	83
			0	363.1	84
			0	363.2	85
			0	363.3	86
			0	363.4	87
			0	363.5	88
0	0	0	0		89
					90
			0	364.1	91
			0	364.1a	92
			0	364.2	93
			0	364.3	94
			0	364.4	95
			0	364.5	96
			0	364.6	97
			0	364.7	98
			0	364.8	99
0	0	0	0		100
					101
139,671	0	0	34,235,256		102

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
103		4. Transmission Plant		
104	365.1	Land	193,810	
105	365.2	Land Rights	180,920	
106	365.3	Rights-of-Way	0	
107	366	Structures and Improvements	1,248,908	13,161
108	367	Mains	15,446,062	49,456
109	368	Compressor Station Equipment	0	
110	369	Measuring and Regulating Station Equipment	14,332,784	1,416
111	370	Communication Equipment	0	
112	371	Other Equipment	0	
113		TOTAL Transmission Plant	31,402,484	64,033
114		5. Distribution Plant		
115	374.1	Land	193,647	
116	374.2	Land Rights	3,234,376	139,536
117	375	Structures and Improvements	3,582,179	471,768
118	376	Mains	297,519,903	13,896,496
119	377	Compressor Station Equipment	0	0
120	378	Measuring and Regulating Station Equip.-Genral	16,101,352	1,513,140
121	379	Measuring and Regulating Station Equip.-City Gate	7,937,771	1,068,481
122	380	Services	213,256,396	10,945,537
123	381	Meters	54,564,643	6,961,670
124	382	Meter Installations	57,288,869	3,051,890
125	383	House Regulators	11,200,812	796,243
126	384	House Regulator Installations	0	
127	385	Industrial Measuring and Regulating Station Equip.	5,145,450	69,974
128	386	Other Property on Customer's Premises	0	
129	387	Other Equipment	22,003	
130		TOTAL Distribution Plant	670,047,404	38,914,736
131		6. General Plant		
132	389.1	Land	368,163	667,118
133	389.2	Land Rights	0	
134	390	Structures and Improvements	6,331,223	13,548,186
135	391	Office Furniture and Equipment	2,503,095	200,322
136	391.1	Computers and Computer Related Equipment	16,317,213	973,719
137	392	Transportation Equipment	1,094,118	0
138	393	Stores Equipment	298,459	32,140
139	394	Tools, Shop and Garage Equipment	6,771,417	354,771
140	395	Laboratory Equipment	0	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					103
			193,810	365.1	104
			180,920	365.2	105
			0	365.3	106
			1,262,069	366	107
			15,495,518	367	108
			0	368	109
36,048	69,032		14,367,184	369	110
			0	370	111
			0	371	112
36,048	69,032	0	31,499,500		113
					114
			193,647	374.1	115
			3,373,912	374.2	116
507	-118,783		3,934,657	375	117
1,000,805	2,385		310,417,979	376	118
			0	377	119
283,123	0		17,331,369	378	120
12,290	777		8,994,739	379	121
1,316,862	-60,630		222,824,441	380	122
1,760,723			59,765,590	381	123
495,223	161		59,845,697	382	124
65,631			11,931,424	383	125
			0	384	126
	-51,179		5,164,245	385	127
			0	386	128
			22,003	387	129
4,935,164	-227,269	0	703,799,707		130
					131
			1,035,281	389.1	132
0			0	389.2	133
136,299	335,636		20,078,746	390	134
387,929			2,315,488	391	135
2,694,631	103,484		14,699,785	391.1	136
19,730			1,074,388	392	137
16,361			314,238	393	138
1,227,399	-103,484		5,795,305	394	139
			0	395	140

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
141	396	Power Operated Equipment	1,553,515	514,998
142	397	Communication Equipment	6,326,385	216,560
143	398	Miscellaneous Equipment	71,791	8,205
144		SUBTOTAL (Lines 132 thru 143)	41,635,378	16,516,019
145	399	Other Tangible Property		
146		TOTAL General Plant	41,635,378	16,516,019
147		TOTAL (Accounts 101 and 106)	777,794,622	55,765,476
148	101.1	Property Under Capital Leases		
149	102	Gas Plant Purchased (See Instruction 8)		
150	(LESS) 102	Gas Plant Sold (See Instruction 8)		
151	103	Experimental Gas Plant Unclassified		
152		TOTAL GAS PLANT IN SERVICE	777,794,622	55,765,476

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)**

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
			2,068,513	396	141
2,712,111	-142,164		3,688,670	397	142
31,391			48,605	398	143
7,225,851	193,472	0	51,119,019		144
				399	145
7,225,851	193,472	0	51,119,019		146
12,366,310	35,235	0	821,229,023		147
				101.1	148
				102	149
				(102)	150
				103	151
12,366,310	35,235	0	821,229,023		152

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS PLANT LEASED TO OTHERS (Account 104)**

1 Report below the information called for concerning gas plant leased to others.      2. In column (c) give the date of Commission authorization of the lease of gas plant to others.

Line No.	Name of Lessee (Designate associated companies with an asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year
1	<b>NONE</b>				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS PLANT HELD FOR FUTURE USE (Account 105)**

1 Report separately each property held for future use 2. For property having an original cost of \$250,000 or more at end of the year having an original cost of \$250,000 or more, previously used in utility operations, now held for future use, Group other items of property held for future use. give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (per Pages 500-501)			
2	Depleted gas wells, well facilities, and base gas held for future storage use	09/30/83	Unknown	151,723
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**PRODUCTION PROPERTIES HELD FOR FUTURE USE (Account 105.1)**

1. Report separately each property held for future use at use, give in column (a), in addition to other required end of the year having an original cost of \$250,000 or more. Group information, the date that utility use of such property was other items of property held for future use. discontinued, and the date the original cost was transferred to Account 105.1.

2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future

Line No.	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (per Pages 500-501)			
2	<b>NONE</b>			
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	TOTAL			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)**

1. Report below descriptions and balances at end of year of projects in process of construction (107).  
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,  
 Development, and Demonstration (see Account 107 of the Uniform System of Accounts).  
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project  (a)	Construction Work in Progress-Gas (Account 107)  (b)	Estimated Additional Cost of Project  (c)
1			
2	Amortized:		
3	Franchises/Consents	3,231	17,158
4			
5			
6	Storage:		
7	Compressor Stn Equip	63,561	15,875
8			
9			
10	Transmission:		
11	Land Rights	1,344,238	3,626,251
12	M&R Stn S&I	15,755	30,214
13	Lines	5,020,174	143,699,495
14	M&R Stn Eq	46,916	4,328,004
15			
16			
17	Distribution:		
18	Land Rights	12,000	22,000
19	Structures & Improvements	92,959	92,830
20	Mains	364,594	2,575,909
21	M&R Stn Equip	134,307	138,321
22	M&R Stn Equip-City Gates	45,622	112,785
23	Unallocated Accrued Payroll	950,302	0
24			
25			
26	General:		
27	Land	1,894	508,106
28	Structures & Improvements	1,371,804	1,119,902
29	Furniture	52,128	37,872
30	Computer Equip	592,633	1,301,091
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	TOTAL	10,112,118	157,625,813

Name of Respondent SEMCO ENERGY GAS CO		This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
<b>CONSTRUCTION OVERHEADS - GAS</b>				
<p>1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.</p> <p>2. On page 218 furnish information concerning construction overheads.</p> <p>3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should</p>		<p>explain on page 218 the accounting procedures employed on the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.</p> <p>4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then pro-rated to construction jobs.</p>		
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)	
1				
2	Administrative and General Expense Allocation	6,132,000	38,206,676	
3				
4	Supervision & Engineering Expense Allocation	4,502,727	27,220,572	
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46	TOTAL	10,634,727		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

1. For each construction overhead: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

ADMINISTRATIVE AND GENERAL:

- (a) Overhead charges are intended to cover salaries and expenses of officers, managers, and general office employees, and other general and administrative expenses applicable to construction.
- (b) Periodically, studies are made to determine the administrative and general expenses applicable to construction.
- (c) All construction job orders closed in 2018 were charged with a portion of overhead on a gross charge basis.
- (d) A variable numerator allocation was applied to all non-extraordinary, pertinent construction on a annual basis.
- (e) No differentiation on construction type. However, extraordinary construction was pulled out of the allocation and assigned a reasonable rate
- (f) Overhead is directly assigned to the created fixed assets

SUPERVISION AND ENGINEERING:

- (a) Overhead charges are intended to cover the cost of supervision and directing construction activities including wages and expenses of engineers, superintendents, draftsmen, inspectors, clerks, and others reporting to and responsible to the Engineering and Operation Departments.
- (b) The supervision and engineering expenses are accumulated on an actual time and actual cash applicable to construction basis.
- (c) All construction job orders closed in 2018 for "CONSTRUCTED ASSETS" were charged with a portion of overhead on a gross charge basis.
- (d) A variable numerator allocation was applied to all non-extraordinary, pertinent construction on a annual basis.
- (e) No differentiation on construction type. However, extraordinary construction was pulled out of the allocation and directly charged
- (f) Overhead is directly assigned to the created fixed assets

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108 & 110)**

- |  |   |
|--|---|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-211, column (d), excluding retirements of nondepreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|--|---|

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	(329,785,215)	(329,785,215)		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	(22,265,610)	(22,265,610)		
4	(403.1) Deprec. and Deplet. Expense	0	0		
5	(413) Exp. of Gas Plt. Leas. to Others	0	0		
6	Transportation Expenses-Clearing	0	0		
7	Other Clearing Accounts	0	0		
8	Other Accounts (Specify): (404) (421)	0	0		
9					
10	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9)	(22,265,610)	(22,265,610)		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	12,366,311	12,366,311		
13	Cost of Removal - Production Plt		0		
14	Cost of Removal - Underground Storage Plt	24,006	24,006		
15	Cost of Removal - Amortized Plt		0		
16	Cost of Removal - Transmission Plt		0		
17	Cost of Removal - Distribution Plt	4,163,588	4,163,588		
18	Cost of Removal - General Plt	51,492	51,492		
19	Salvage (Credit)	(39,942)	(39,942)		
20	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	16,565,454	16,565,454		
21	Other: Misc Adjmts, including Salvage	(32,262)	(32,262)		
22	Net RWIP carryover between '18 and '17	70,861	70,861		
23	ARO CY Adjmt	172,831	172,831		
24	Balance End of Year (Enter Total of lines 1, 10, 15, & 16)	(335,273,940)	(335,273,940)		

**Section B. Balances at End of Year According to Functional Classifications**

25	Production - Manufactured Gas	0	0		
26	Production and Gathering - Natural Gas	0	0		
27	Transportation	0	0		
28	Underground Gas Storage	(15,993,400)	(15,993,400)		
29	Franchise / Leaseholds	(292,425)	(292,425)		
30	Base Load LNG Terminating & Proc. Plt.	0	0		
31	Transmission	(21,752,299)	(21,752,299)		
32	Distribution	(281,689,593)	(281,689,593)		
33	General	(15,546,223)	(15,546,223)		
34	TOTAL (Enter total of lines 20 thru 28)	(335,273,940)	(335,273,940)		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS STORED (ACCOUNT 117, 164.1, 164.2 AND 164.3)**

1. If during the year adjustment was made to the stored gas inventory (such as to correct cumulative inaccuracies of gas measurements), furnish in a footnote an explanation of the reason for the adjustment, the Mcf and dollar amount of adjustment, and account charged or credited.

2. Give in a footnote a concise statement of the facts and the accounting performed with respect to any encroachment of withdrawals during the year, or restoration of previous encroachment, upon native gas constituting the "gas cushion" of any storage reservoir.

3. If the company uses a "base stock" in connection with its inventory accounting, give a concise statement of the basis of establishing such "base stock" and the inventory basis and the accounting performed with respect to any encroachment of withdrawals upon "base stock," or restoration of previous encroachment, including brief particulars of any such accounting during the year.

4. If the company has provided accumulated provision for stored gas which may not eventually be fully recovered from any storage project, furnish a statement showing: (a) date of Commission authorization of such accumulated provision, (b) explanation of circumstances requiring such provision, (c) basis of provision and factors of calculation, (d) estimated ultimate accumulated provision accumulation, and (e) a summary showing balance of accumulated provision and entries during year.

5. Report pressure base of gas volumes as 14.73 psia at 60 F.

Line No.	Description (a)	Noncurrent (Account 117) (b)	Current Account 164.1 (c)	LNG (Account 164.2) (d)	LNG (Account 164.3) (e)	Total (f)
1	Balance at Beginning of Year	7,706,223	33,552,131			41,258,354
2	Gas Delivered to Storage (contra Account)		42,373,673			42,373,673
3	Gas Withdrawn from Storage (contra Account)	-	42,439,616			42,439,616
4	Other Debits or Credits (Net)	-				-
5	Balance at End of Year	7,706,223	33,486,188			41,192,411
6	Mcf	3,159,419	12,583,250			15,742,669
7	Amount Per Mcf	2.4391	2.6612			2.6166

State basis of segregation of inventory between current and noncurrent portions:

(1) Dollars and quantity for Noncurrent are accounted for in account 358.000; reference pages 208/209.

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NONUTILITY PROPERTY (Account 121)**

- |   |   |
|---|---|
| <p>1. Give a brief description and state the location of non-utility property included in Account 121.</p> <p>2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.</p> <p>3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.</p> <p>4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property. These items are separate and dis-</p> | <p>tinct from those allowed to be grouped under instruction No. 5.</p> <p>5. Minor items (5% of the Balance at the End of the Year, for Account 121) may be grouped.</p> <p>6. Natural gas companies which have oil property should report such property by State, classified as to (a) oil lands and land rights, (b) oil wells, and (c) other oil property. Gasoline plants and other plants for the recovery of products from natural gas are classifiable as gas plant and should be reported as such and not shown as Nonutility Property.</p> |
|---|---|

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1				
2	HSE,BARN 6911 Angling Rd Cottrellville, MI	83,148	0	83,148
3				
4				
5				
6	Land - Parcel #16 on 6 1/2 Mile Rd Emmett, MI	17,425	0	17,425
7	Land - Parcel #18 on 6 1/2 Mile Rd Emmett, MI	7,957	0	7,957
8	Land - Parcel #26 on 6 1/2 Mile Rd Emmett, MI	1,429	0	1,429
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25		109,959	0	109,959

**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)**

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	(35,693)
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify): 403 Depreciation	(2,236)
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	(2,236)
8	Net Charges for Plant Retired	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	0
13	Other Debit or Credit Items (Describe):	
14	Trnfr cost of asset retired and accum dep to NBV acct to offset gain	
15	Balance, End of Year (Enter Total of lines 1, 7, 12, and 14)	(37,929)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**INVESTMENTS (Account 123, 124, 136)**

1. Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board

of Directors, and included in Account 124, Other Investments, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment  (a)	Book Cost at Beginning of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)  (b)	Purchases or Additions During Year  (c)
1			
2	Battle Creek Country Club Stock	5,850	
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39	TOTALS	5,850	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**INVESTMENTS (Account 123, 124, 136) (Continued)**

Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (r the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year  (d)	Principal Amount or No. of Shares at End of Year  (e)	Book Cost at End of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)  (f)	Revenues for Year  (g)	Gain on Loss from Investment Disposed of  (h)	Line No.
		5,850			1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
		5,850			39

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)**

1. Report below investments in Accounts 123.1, Investments in Subsidiary Companies.  
 2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).  
 (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.

(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.  
 3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	<b>NONE</b>			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	<b>TOTAL</b>			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)**

4. For any securities, notes, or accounts that were pledged, designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.

5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.

7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includible in column (f).

8. Report on Line 42, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
	NONE	0		1
		0		2
		0		3
		0		4
		0		5
		0		6
		0		7
		0		8
		0		9
		0		10
		0		11
		0		12
		0		13
		0		14
		0		15
		0		16
		0		17
		0		18
		0		19
		0		20
		0		21
		0		22
		0		23
		0		24
		0		25
		0		26
		0		27
		0		28
		0		29
		0		30
		0		31
		0		32
		0		33
		0		34
		0		35
		0		36
		0		37
		0		38
		0		39
		0		40
		0		41
	0	0		42

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS**

1. Report below the information called for concerning gas prepayments as defined in the text of Account 165, Prepayments. (Report advances on page 229.)  
 2. If any prepayment at beginning of year (or incurred during year) was canceled, forfeited, or applied to another purpose, state in a footnote gas volume and dollar amount, period when such prepayment was incurred, and accounting disposition of prepayment amount. Give a concise explanation of circumstances causing forfeiture or other disposition of the repayment.

Line No.	Name of Vendor (Designate associated companies with an asterisk)  (a)	Seller FERC Rate Schedule No. (b)	BALANCE BEGINNING OF YEAR	
			Mcf (14.73 psia at 60 F) (c)	Amount (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	TOTAL			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (Continued)**

3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy (and any explanation the respondent chooses to make).

4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.

BALANCE END OF YEAR		PREPAYMENTS IN CURRENT YEAR			Make-up Period expiration date (j)	Line No.
Mcf (14.73 psia at 60 F) (e)	Amount (f)	Cents per Mcf (g)	Mcf (14.73 psia at 60 F) (e)	Percent of Year's required take (f)		
NONE						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41
0						42

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET**

Show separately by footnote the total amount of notes employees included in Notes Receivable (Account 141) and accounts receivable from directors, officers and and Other Accounts Receivable (Account 143).

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)		
2	Customer Accounts Receivable (Account 142)	14,084,477	14,191,523
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	2,752,772	3,525,941
4	TOTAL	16,837,249	17,717,464
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144)	-598,199	-614,214
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	16,239,050	17,103,250
7		0	
8			
9			
10			
11			
12			
13			
14			

**ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)**

1. Report below the information called for concerning this accumulated provision.
2. Explain any important adjustments to subaccounts.
3. Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	598,199	0			598,199
2	Prov. for uncollectibles for current year	809,007				809,007
3	Accounts written off	(1,476,058)	0			(1,476,058)
4	Coll. of accounts written off	683,066	0			683,066
5	Adjustments (explain): _____					0
6	Balance end of year	614,214	0			614,214
7						
8						
9						
10						
11						

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**RECEIVABLES FROM ASSOCIATED COMPANIES ( Accounts 145, 146 )**

- |   |   |
|---|---|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on account and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|---|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2						
3	Under current software system receivables and payables are netted against one another.					
4	Please refer to Page 260B for details.					
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL	0	0	0	0	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**MATERIAL AND SUPPLIES**

1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material. Nonmajor companies may report total on line 4.

2. Give an explanation of important inventory adjustments during the year (on a supplemental page) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected-debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.

Line No.	Account  (a)	Balance Beginning of Year  (b)	Balance End of Year  (c)	Dept. or Departments Which Use Material  (d)
1	Fuel Stock (Account 151)			
2	Fuel Stock Expense Undistributed (Account 152)			
3	Residuals and Extract Products (Account 153)			
4	Plant Materials & Operating Supplies (Account 154)	3,717,709	4,367,351	
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations & Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)			
10	Assigned to - Other			
11	TOTAL Account 154 (Enter total of lines 5 through 10)	3,717,709	4,367,351	Services/Operation
12	Merchandise (Account 155)			
13	Other Material & Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities)			
15	Stores Expense Undistributed (Account 163)	197,641	151,592	
16				
17				
18				
19				
20	TOTAL Materials & Supplies (Per Balance Sheet)	3,915,350	4,518,943	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**ADVANCES FOR GAS PRIOR TO INITIAL DELIVERIES OR COMMISSION CERTIFICATION**  
(Accounts 124, 166 and 167)

1. Report below the information called for concerning all advances for gas, as defined in the text of Account 166, Advances for Gas Exploration, Development and Production, and 167, Other Advances for Gas, whether reported in Accounts 166, 167, or reclassified to Account 124, Other Investments. List Account 124 items first.

2. In column (a), give the date the advance was made, the payee (designate associated companies with an asterisk) a brief statement of the purpose, (exploration, development, production, general loan, etc.) and the estimated date of repayment. Do not use the term indefinite in reporting estimated date of repayment.

3. If the beginning balance shown in column (c) does not agree with prior year's ending balance, column (g), provide a detailed explanation in a footnote. Show all Advances made during the year in column (d) and all repayments or other credits in column (e) separately by account, as reported in column (f).

Line No.	Date of Advance, Payee, Purpose and Estimated Date of Repayment (a)	Account Number (124, 166 or 167) (b)	Balance at Beginning of Year (c)	Advances During Year (d)	Repayments or Other Credits During Year (e)	Accounts Charged (f)	Balance at End of Year (g)
1	<b>NONE</b>						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.      2. Report all payments for undelivered gas on line 5 and complete pages 226 to 227 showing particulars (details) for gas prepayments.

Line No.	Nature of Prepayment (a)	Balance at End of Year (in Dollars) (b)
1	Prepaid Insurance	749,725
2	Prepaid-Workers Comp	97,188
3	Prepaid Rents	
4	Prepaid Taxes (pages 262-263)	6,069,141
5	Prepaid Interest	
6	Gas Prepayments (pages 226-227)	
7	Miscellaneous Prepayments	973,130
8	<b>TOTAL</b>	<b>7,889,184</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	<b>NONE</b>					
2						
3						
4						
5						
6						
7						
8						
9	<b>TOTAL</b>					

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2, and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	<b>NONE</b>					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	<b>TOTAL</b>					

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)**

1. Report below particulars (details) concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation. included in Account 183.1, Preliminary Natural Gas Survey and Investigation Charges, and Account 183.2, Other Preliminary Survey and Investigation Charges.

2. For gas companies, report separately amounts

3. Minor items (less than \$250,000) may be grouped by classes.

Line No.	Description and Purpose of Project  (a)	Balance at Beginning of Year  (b)	Debits  (c)	CREDITS		Balance at End of Year  (f)
				Account Charged  (d)	Amount  (e)	
1	NONE					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL					0

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)		This Report Is: (1) X An Original  (2) A Resubmission		Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
<b>OTHER REGULATORY ASSETS</b>					
<p>1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).</p> <p>2. For regulatory assets being amortized, show period of amortization in column (a).</p> <p>3. Minor items (amounts less than \$50,000) may be grouped by classes.</p> <p>4. Give the number and name of the account(s) where each amount is recorded.</p>					
Line No.	Description and Purpose of Other Regulatory Assets  (a)	Debits  (b)	CREDITS		Balance at End of Year  (e)
			Account Charged  (c)	Amount  (d)	
1	SEE PAGE 233				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent		This Report Is:		Date of Report	Year of Report	
SEMCO ENERGY GAS CO		(1) X An Original		(Mo, Da, Yr)	Dec. 31, 2018	
		(2) A Resubmission		04/30/19		
<b>MISCELLANEOUS DEFERRED DEBITS (Account 186)</b>						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits.						
2. For any deferred debit being amortized, show period						
3. Minor items (less than \$50,000) may be grouped by classes.						
of amortization in column (a).						
Line No.	Description of Miscellaneous Deferred Debits	Balance at Beginning of Year	Debits	CREDITS		Balance at End of Year
				Account Charged	Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2						
3	Manuf Gas Plt Clean Up 2007	-8	8	407.2		0
4	Manuf Gas Plt Clean Up 2008	133,804		407.2	133,804	0
5	Manuf Gas Plt Clean Up 2009	434,164		407.2	217,107	217,057
6	Manuf Gas Plt Clean Up 2010	953,065		407.2	318,996	634,069
7	Manuf Gas Plt Clean Up 2011	2,136,734		407.2	534,192	1,602,542
8	Manuf Gas Plt Clean Up 2012	1,161,487		407.2	232,296	929,191
9	Manuf Gas Plt Clean Up 2013	1,388,422		407.2	231,396	1,157,026
10	Manuf Gas Plt Clean Up 2014	3,574,073		407.2	510,588	3,063,485
11	Manuf Gas Plt Clean Up 2015	644,658		407.2	60,580	564,078
12	Manuf Gas Plt Clean Up 2016	629,787		407.2	69,984	559,803
13	Manuf Gas Plt Clean Up 2017	21,077		407.2	2,112	18,965
14	Manuf Gas Plt Clean Up 2018	0	12,737	407.2		12,737
15	Reg Asset - Benefit Plans	5,487,560		VAR	1,521,973	3,965,587
16	Reg Asset - ARO	3,054,473	432,403	VAR	463,769	3,023,107
17	Reg Asset-MBT Dfd Taxes	424,734		410	141,588	283,146
18	Reg Asset-MBT FAS 109	7,056,773		VAR	392,037	6,664,736
19	Reg Asset-Svc Valve Replacem	4,851,577	29,540	VAR		4,881,117
20	Reg Asset - FAS 158	44,178,241	6	253	2,421,480	41,756,767
21	Def Kansas Ad Valorem Taxes	584,249	49,450			633,699
22	Rate Case - 2019	0	42,165	VAR		42,165
23						
24						
25	Regulatory Assets	76,714,869	566,309		7,271,902	70,009,277
26						
27						
28	Other Deferred Charges	0	2,549	VAR		2,548
29	Deposits	50,000				50,000
30	Notes Receivable - Other	121,019		VAR	121,019	0
31	Intangible Assets - Pen Gas	24,327		404	3,280	21,047
32	Marquette Pipeline	1,168,351	4,620,717	131	5,789,068	0
33	Def Db FAS 158 Benefits	0	419,134	VAR		419,134
34						
35						
36						
37						
38						
39	Misc Deferred Debits	1,363,697	5,042,400		5,913,368	492,729
40						
41						
42						
43						
44						
45						
46						
47						
48						
49	Misc. Work in Progress					
50	DEFERRED REGULATORY COMM. EXPENSES (SEE PAGES 350-351)					
51	TOTAL	78,078,567				70,502,006

**BLANK PAGE**

**INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF  
MAJOR AND NONMAJOR GAS UTILITIES**

**TAX SCHEDULES**

**I. Purpose:**

The Commission will permit the option to adopt FERC reporting requirements if the company agrees to file the MPSC information on a historical test-year basis in a rate case or upon request of the Commission Staff. For the following pages:

<b>A. Accumulated Deferred Income Taxes</b>	<b>234-235</b>
<b>B. Reconciliation of Reported Net Income With Taxable Income For Federal Income Taxes</b>	<b>261A-B</b>
<b>C. Calculation of Federal Income Tax</b>	<b>261C-D</b>
<b>D. Taxes Accrued, Prepaid and Charged During Year</b>	<b>262-263</b>
<b>E. Accumulated Deferred Income Taxes</b>	<b>272-277</b>

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

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

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5	Other			
6	TOTAL Electric (Enter Total of lines 2 thru 5)			
7	Gas			
8	Accum. Deferred Income Taxes	10,644,022	(2,538,080)	850,359
9	Deferred State Taxes - Michigan	(197,770)	(705,044)	184,443
10				
11				
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter Total of lines 8 thru 15)	10,446,252	(3,243,124)	1,034,802
17	Other (Specify)			
18	TOTAL (Account 190) (Enter Total of lines 6, 16 & 17)	10,446,252	(3,243,124)	1,034,802
19	Classification of Total:			
20	Federal Income Tax	10,644,022	(2,538,080)	850,359
21	State Income Tax	(197,770)	(705,044)	184,443
22	Local Income Tax			

**NOTES**

In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

3. If more space is needed, use separate pages and classification, significant items for which deferred taxes are being provided. Indicate as required.

4. In the space provided below, identify by insignificant amounts listed other Other.

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
		186, 282, 284	5,557,962			14,514,263	8
		186, 282, 284	1,016,433			298,062	9
							10
							11
							12
							13
							14
							15
			6,574,395		0	14,812,325	16
							17
							18
			6,574,395		0	14,812,325	19
							20
			5,557,962		0	14,514,263	20
			1,016,433		0	298,062	21
							22

NOTES (Continued)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**CAPITAL STOCK (Account 201 and 204)**

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Exchange  (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Common Stock	1,000,000	\$10.00	
2	Common Stock	100	\$1.00	
3	Common Stock - No Par	500,000	\$83.77	
4				
5	Cumulative Preferred			
6	Not Designated as a Series	50,000		
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**CAPITAL STOCK (Accounts 201 and 204) (Continued)**

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.  
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.  
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
747,703	\$7,477,030					1
100	\$100					2
35	\$2,932					3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41
						42

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION,  
PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK**  
(Accounts 202 and 205, 203 and 206, 207, 212)

- |  |  |
|--|--|
| <p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions</p> | <p>under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.</p> <p>4. For payment on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated value of stocks without par value.</p> |
|--|--|

Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
1	Account 207.10 :		
2	Balance	-	97,753,343
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46	TOTAL		97,753,343

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**OTHER PAID-IN CAPITAL (Account 208-211, inc.)**

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

(a) Donations Received From Stockholders (Account 208) - State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and give brief explanation of the

capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

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

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

Line No.	Item (a)	Amount (b)
1	<b>NONE</b>	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DISCOUNT ON CAPITAL (Account 213)**

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged.  
 2. If any changes occurred during the year in the balance with respect to any class or series of stock, attach a statement

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	<b>NONE</b>	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	TOTAL	

**CAPITAL STOCK EXPENSE (Account 214)**

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1	Common Stock	268,951
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	TOTAL	268,951

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**SECURITIES ISSUED OR ASSUMED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series

of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 15 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

NONE

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**LONG TERM DEBT (Accounts 221, 222, 223 and 224)**

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.  
3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.  
4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

Line No.	Class and Series of Obligation and Name of Stock Exchange  (a)	Nominal Date of Issue  (b)	Date of Maturity  (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent)  (d)
1	Long Term			
2				
3				
4				
5	2.49% Promissory Note	2017	2022	25,630,000
6				
7	5.15% Senior Notes	2010	2020	170,864,000
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38	TOTAL			196,494,000

Name of Respondent SEMCO ENERGY GAS CO		This Report Is: (1) X An Original  (2) A Resubmission		Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)					
<p>5. In a supplemental statement, give explanatory particulars (details) for Account 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.</p> <p>7. If the respondent has any long-term securities which</p>			<p>have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>8. If interest expense was incurred during the year on any obligation retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.</p> <p>9. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>		
INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year	Line No.
Rate (in %)	Amount	Reacquired Bonds (Acct. 222)	Sinking and Other Funds		
(d)	(e)	(f)	(g)	(h)	
2.49%	638,187				1
5.15%	8,799,496				2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
	9,437,683				38

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)**

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.  
2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.  
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt  (a)	Principal Amount of Debt Issued  (b)	Total Expenses, Premium or Discount  (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	<b>5.15% Senior Notes</b>	170,864,000	5,141,000	12/31/10	4/30/20
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT(Account 181, 225, 226) (Cont)

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

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

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

Balance at Beginning of Year  (f)	Debits During Year  (g)	Credits During Year  (h)	Balance at End of Year  (i)	Line No.
584,180		250,363	333,817	1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain or loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	Account 189					
2						
3						
4						
5						
6	Variable Rate Bank Term Loan	5/31/2010	176,005,000		609,672	348,384
7						
8						
9				Total	609,672	348,384
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NOTES PAYABLE (Accounts 231)**

- |  |   |
|--|---|
| <p>1. Report the particulars indicated concerning notes payable at end of year.</p> <p>2. Give particulars of collateral pledged, if any.</p> <p>3. Furnish particulars for any formal or informal compensating balance agreement covering open lines of credit.</p> | <p>4. Any demand notes should be designated as such in column (d).</p> <p>5. Minor amounts may be grouped by classes, showing the number of such amounts.</p> |
|--|---|

Line No.	Payee (a)	Purpose for which issued (b)	Date of Note (c)	Date of Maturity (d)	Int. Rate (e)	Balance End of Year (f)
1	<b>NONE</b>				%	\$
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
	TOTAL					

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**PAYABLES TO ASSOCIATED COMPANIES (Accounts 233, 234)**

- |  |  |
|--|--|
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> | <p>4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p align="center">* See definition on page 226B</p> |
|--|--|

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1						
2	SEMCO ENERGY, Inc.*	1,154,066	412,679,788	509,236,733	97,711,011	3,852
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24	*The Total Balance for year end is reported as a payable on Page 112 Line 40. All cash receipts and cash disbursements					
25	for SEMCO Energy Gas Co. are managed through cash accounts on the books of SEMCO Energy, Inc. As a result, this					
26	balance represents the net cash position of SEMCO Energy Gas Co. and will fluctate based upon cash needs.					
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
	TOTAL	1,154,066	412,679,788	509,236,733	97,711,011	3,852

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/19	Year of Report Dec. 31, 2018
--	--	---	---------------------------------

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

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

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

Line No.	Details (a)	Amount (b)
1	Net Income for the Year (Page 117, line 78(c))	33,402,423
2	<b>Reconciling Items for the Year</b>	
3		
4	<b>Taxable Income Not Reported on Books</b>	
5	Contribution in Aid of Construction	5,154,844
6	Capitalized Interest	80,641
7		
8		
9	<b>Deductions Recorded on Books Not Deducted for Return</b>	
10	Federal Income Tax Expense	8,763,476
11	Deferred Manufacturing Gas Plant & Environmental Clean Up	2,115,400
12	Energy Optimization	1,454,957
13	Deferred Michigan State Tax Expense	975,263
14	Reserve for Injuries & Survivor Benefits	300,000
15	Meals & Entertainment, Other Permanent Differences	104,808
16	Accrued Vacation	68,486
17	Bad Debt	16,014
18		
19	<b>Income Recorded on Books Not Included in Return</b>	
20	Interest Income - AFUDC	86,287
21		
22		
23		
24	<b>Deductions on Return Not Charged Against Book Income</b>	
25	Gas Cost Recovery	9,798,069
26	Tax Depreciation, Gain & Losses, & Removal Costs	2,532,630
27	Pension, Retiree Medical & Accrued Benefits - IBNR	525,153
28	Property Taxes	433,339
29	Gas in Storage (FIFO Adjustment)	191,934
30	Amortization Rate Case	42,165
31	Goodwill Amortization, Amortization Of Non-compete, & Other Intangibles	18,682
32	Section 263A Adjustment	965
33		
34		
35	Federal Tax Net Income	38,807,088
36		
37	<b>Show Computation of Tax:</b>	
38		
39	Tax on Line 35 @ 21%	8,149,489
40		
41		

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES**

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

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

Line No.	SUBSTITUTED FERC FORM NO. 2, PAGE 261	TOTAL AMOUNT
1	Utility net operating income (page 114 line 24)	
2	Allocations: Allowance for funds used during construction	
3	Interest expense	
4		
5	Net income for the year (page 117 line 72)	
6	Allocation of Net income for the year	
7	Add: Federal income tax expenses	
8		
9	Total pre-tax income	
10		
11	Add: Taxable income not reported on books:	
12		
13		
14		
15	Add: Deductions recorded on books not deducted from return:	
16		
17		
18		
19	Subtract: Income recorded on books not included in return:	
20		
21		
22		
23	Subtract: Deductions on return not charged against book income:	
24		
25		
26	Federal taxable income for the year	

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
SEMCO ENERGY GAS CO (MPSC Division)	(1) X An Original  (2) A Resubmission	04/30/19	Dec. 31, 2018

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL  
INCOME TAXES (continued)

group member, and basis of allocation, assignment, or sharing of the consolidation tax among the group members.

3. Allocate tax able income between utility and other income as required to allocate tax expense between 409.1 and 409.2

4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.

UTILITY	OTHER	Line No.
		1
		2
		3
		4
		5
		6
		7
		8
		9
		10
SUBSTITUTED FERC FORM NO. 2, PAGE 261		11
		12
		13
		14
		15
		16
		17
		18
		19
		20
		21
		22
		23
		24
		25
		26

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**CALCULATION OF FEDERAL INCOME TAX**

Line No.		TOTAL AMOUNT
1	Estimated Federal taxable income for the current year (page 261)	38,807,088
2		
3	Show computation of estimated gross Federal income tax applicable to line 1:	
4	Tax on Line 1 @ 21%	8,149,489
5		
6		
7		
8	TOTAL	8,149,489
9		
10	Allocation of estimated gross Federal income tax from line 8	
11	Investment tax credits estimated to be utilized for the year (page 264 col (c))	
12		
13	Adjustment of last year's estimated Federal income tax to the filed tax return:	
14		
15	Last year's gross Federal income tax expense per the filed return	9,223,537
16	Last year's estimated gross Federal income tax expense	16,245,938
17	Increased (decreased) gross Federal income tax expense	(7,022,401)
18		
19	Last year's investment tax credits utilized per the filed return	
20	Last year's investment tax credits estimated to be utilized	
21	Increased (decreased) investment tax credits utilized	
22		
23	Additional Adjustments (specify)	
24	Prior year adjustment	7,022,401
25	Miscellaneous/rounding	
26		
27	Total Current Federal Income Tax	8,149,489
28	Expense:	
29	409.1 (page 114, line 15)	8,029,214
30	409.2 (page 117, line 53(c))	120,275

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

CALCULATION OF FEDERAL INCOME TAX (continued)

UTILITY	OTHER	Line No.
		1
		2
		3
		4
		5
		6
		7
		8
		9
		10
		11
		12
		13
		14
	9,223,537	15
	16,245,938	16
	(7,022,401)	17
		18
		19
		20
		21
		22
		23
	7,022,401	24
		25
		26
	8,149,489	27
		28
	8,029,214	29
		30
	120,275	

Name of Respondent <b>SEMCO ENERGY GAS CO</b> (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner that

Line No.	Kind of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236)  (b)	Prepaid Taxes (Incl. in Account 165)  (c)
		1	Federal Income Tax
2	FICA	0	
3	Federal Unemployment Tax (FUTA)	71	
4	General Tax Allocated to/from Parent	0	
5	Payroll Taxes Allocated to Affiliates	0	
6	State Sales, Use & Excise Tax	659,572	
7	State Unemployment Tax (SUTA)	351	
8	Michigan Single Business Tax (MSBT)	23,470	
9	Property Tax		5,635,802
10	City Income Tax	(61,130)	
11	State Income Tax	2,612,757	
12			
13			
14			
15			
16			
17			
18	<b>TOTAL</b>	<b>19,481,029</b>	<b>5,635,802</b>

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

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Departments (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
	1		8,029,214	
2		2,230,764		
3		18,213		
4		141,994		
5		(204,459)		
6		(53,942)		
7		116,943		
8		0		
9		9,428,916		
10		0		
11		2,019,829		36,558
12				
13				
14				
15				
16				
17				
18	<b>TOTAL</b>	<b>21,727,472</b>		<b>156,833</b>

#

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (j) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
8,149,489	9,223,537	(7,022,401)	8,149,489		1
2,230,764	2,230,764		0		2
18,213	17,945		339		3
141,994	141,994		0		4
(204,459)	(204,459)		0		5
11,666,473	11,728,449		597,596		6
116,943	114,873		2,421		7
0	0		23,470		8
9,428,916	9,862,255			6,069,141	9
0	0		(61,130)		10
2,056,387	2,588,205	(24,552)	2,056,387		11
					12
					13
					14
					15
					16
					17
33,604,720	35,703,563	(7,046,953)	10,768,572	6,069,141	18

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

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)**

1. Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and non-utility operations. Explain by footnote any corrections to the account balances shown in column (h). Include in column (i) the average period over which the tax credits are amortized. 2. Fill in columns for all line items as appropriate.

Line No.	Account Subdivisions (a)	Subaccount Number (b)	Balance at Beginning of Year (c)	Deferred for Year	
				Account Number (d)	Amount (e)
1	Gas Utility				
2	3%				
3	4%				
4	7%				
5	8%				
6	10%				
7					
8					
9					
10					
11					
12					
13					
14					
15	JDITC				
16					
17					
18					
19					
20	TOTAL		0		
21	Other				
22	3%				
23	4%				
24	7%				
25	8%				
26	10%				
27					
28					
29					
30					
31					
32	JDITC				
33					
34					
35	TOTAL				

NOTES

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)**

Allocations to Current Year's Income		Adjustments  (h)	Balance at End of Year  (i)	Average Period of Allocation to Income  (j)	Line No.
Account Number (f)	Amount (g)				
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
			0		20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35

NOTES (Continued)

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Give description and amount of other current and accrued liabilities as of the end of year.  
2. Minor items may be grouped by classes, showing number of items in each class.

Line No.	Item (a)	Balance at End of Year (b)
1		
2		
3	Accrue Liab - Vacations	1,848,684
4	Accrued Gas Gift Cert	1,075
5	Accrue CWIP Vacations	688,097
6	Accr Liab-SHARP Holding	231,942
7	Accrue Benefits - IBNR	1,080,000
8	Accrue CWIP PR Acct	262,205
9	Accr Liab-Workers Comp	400,000
10	Accr Liab-MAP Program	0
11	Accr Liab-SVdP MAP	-58,860
12	Accr Liab-SWP MAP	-6,370
13	Accr Liab-THAW MAP	-240,756
14	Accr Liab-SA MAP	-270
15	Accr Liab-UWJ MAP	-670
16	Accr Liab-CAA MAP	-120
17	Accr Liab-UWSE MAP	-280
18	Accr Liab-TN MAP	-150
19	Accr Liab-Imbalances	178,194
20	Accr Liab-Int Cust Deposit	-17
21	Accr Liab-THAW	357
22	Accr Liab-Other	247,770
23	Accr Liab-Energy Optimization	1,202,778
24	Accr Liab-Tax Rate Reduction	1,003,129
25	Gas Charges Payable to Customers	37,247
26		
27	TOTAL	6,873,985

**CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)**

Line No.	List advances by department (a)	Balance at End of Year (b)
28	Customer Advance for Construction	43,561
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46	TOTAL	43,561

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**OTHER DEFERRED CREDITS (Accounts 253)**

1. Report below the particulars (details) called for concerning other deferred credits.  
2. For any deferred credit being amortized, show the period of amortization.  
3. Minor items (less than \$10,000) may be grouped by classes.  
4. For any undelivered gas obligations to customers under take-or-pay clauses of sale agreements, show the total amount on this page and report particulars (details) called for by page 267. Show also on this page, but as a separate item, any advance billings or receipts for gas sales or service classified in Account 253 but not related to take-or-pay arrangements.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Accrued Pension	-2,121,846	Var	5,432,291	3,907,199	-3,646,938
2	Uncashed Checks	0	Var	34,127	34,127	0
3	Retiree Medical	-2,815,415	926/186	7,041,097	6,573,379	-3,283,134
4	Asset Retirement Obligation	4,667,161	404	766,025	378,832	4,279,968
5	FAS 158 Unfnd Benefits	44,178,247	186	2,002,346	0	42,175,901
6	Environmental Clean Up	0	186			0
7	GCC Deposits	529,639	131	91,828	197,537	635,348
8	Regulatory Liabilities	45,485,900	407	202,911	6,666,882	51,949,871
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	89,923,686		15,570,625	17,757,956	92,111,016

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.  
2. For Other (Specify), include deferrals relating to other

Line No.	Account  (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5				
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12				
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of lines 8, 15, and 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

**Not Applicable**

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Acct. 281) (Continued)

income and deductions  
3. Use separate pages as required.

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21

NOTES (Continued)

Not Applicable

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)**

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

Line No.	Account  (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	50,630,031	637,725	(1,187,205)
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)	50,630,031	637,725	(1,187,205)
6	Other (Specify)			
7	Deferred State Taxes - Michigan	9,480,006	999,465	(314,129)
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	60,110,037	1,637,190	(1,501,334)
10	Classification of TOTAL			
11	Federal Income Tax	50,630,031	637,725	(1,187,205)
12	State Income Tax	9,480,006	999,465	(314,129)
13	Local Income Tax			

NOTES

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

income and deductions  
3. Use separate pages as required.

Changes During Year		ADJUSTMENTS				Balance at End of Year  (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
							1
							2
			-	253,284	5,952,287	56,032,838	3
							4
			-		5,952,287	56,032,838	5
							6
				283,284	66,135	10,231,477	7
							8
			0		6,018,422	66,264,315	9
							10
			0		5,952,287	56,032,838	11
			0		66,135	10,231,477	12
							13

NOTES (Continued)

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)**

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

Line No.	Account  (a)	Balance at Beginning of Year (b)	Changes During Year	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6	Other			
7	TOTAL Electric (Enter Total of lines 2 thru 6)			
8	Gas			
9				
10				
11				
12	Other - Federal	6,083,227	103,779	(514,661)
13	Other - Michigan	994,038	29,651	(126,924)
14	TOTAL Gas (Enter Total of lines 9 thru 13)	7,077,265	133,430	(641,585)
15	Other (Specify)			
16	TOTAL (Account 283) (Enter Total of lines 7, 14, 15)	7,077,265	133,430	(641,585)
17	Classification of TOTAL			
18	Federal Income Tax	6,083,227	103,779	(514,661)
19	State Income Tax	994,038	29,651	(126,924)
20	Local Income Tax			

NOTES

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)**

3. Provide in the space below, the order authorizing the use of the account for each item. Include amounts relating to insignificant items listed under Other.

4. Fill in all columns for all items as appropriate.  
5. Use separate pages as required.

Changes During Year		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. Credited (g)	Amount (h)	Acct. Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
		253,284	(253,083)			5,419,262	12
				282,284	525,765	1,422,530	13
			(253,083)		525,765	6,841,792	14
							15
			(253,083)		525,765	6,841,792	16
			(253,083)		0	5,419,262	18
			-		525,765	1,422,530	19
							20

NOTES (Continued)

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**ACCUMULATED DEFERRED INCOME TAXES - TEMPORARY (Account 284)**

1. Report the information called for below concerning each item included in this account at year end.

Line No.	Description of Item  (a)	Balance at End of Year  (b)	Date of Filing for Commission Approval  (c)	Case Number  (d)
1	Electric			
2				
3				
4				
5				
6				
7	TOTAL Electric (Enter Total of lines 2 thru 6)			
8	Gas			
9				
10				
11				
12				
13				
14	TOTAL Gas (Enter Total of lines 9 thru 13)			
15	Other (Specify)			
16	TOTAL (Account 284) (Enter Total of lines 7, 14, 15)	0		
17	Classification of TOTAL			
18	Federal Income Tax			
19	State Income Tax			
20	Local Income Tax			

NOTES

**Not Applicable**

Name of Respondent SEMCO ENERGY GAS CO (MPSC Division)	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
--	--	--	---------------------------------

**OTHER REGULATORY LIABILITIES**

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).  
2. For regulatory assets being amortized, show period of amortization in column (a).  
3. Minor items (amounts less than \$50,000) may be grouped by classes.  
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Liabilities  (a)	DEBITS		Credits  (d)	Balance at End of Year  (e)
		Account Credited  (b)	Amount  (c)		
1					
2	Excess Deferred Income Taxes			6,666,882	51,949,871
3	Insurance Refund-2018	407	202,911		0
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL		202,911	6,666,882	51,949,871

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS OPERATING REVENUES (ACCOUNT 400)**

- |   |  |
|---|--|
| <p>1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.</p> <p>2. Natural Gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that were separate meter readings are added for billing purposes, one customer should be counted for each group of</p> | <p>meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on them basis, give the Btu contents of the gas sold and the sales converted to Mcf.</p> <p>5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously reported</p> |
|---|--|

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	480 Residential Sales	181,946,521	168,811,274
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	77,280,163	69,570,733
5	Large (or Ind.) (See Instr. 6)	8,178,372	6,909,799
6	482 Other Sales to Public Authorities		
7	484 Interdepartmental Sales		677
8	TOTAL Sales to Ultimate Customers	267,405,056	245,292,483
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	267,405,056	245,292,483
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	267,405,056	245,292,483
13	<b>OTHER OPERATING REVENUES</b>		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts	1,211,145	1,112,876
16	488 Misc. Service Revenues	2,568,136	2,431,891
17	489 Rev. from Trans. of Gas of Others	23,509,546	23,467,941
18	490 Sales of Prod. Ext. from Nat. Gas		
19	491 Rev. from Nat. Gas Proc. by Others		
20	492 Incidental Gasoline and Oil Sales		
21	493 Rent from Gas Property	251,160	12,840
22	494 Interdepartmental Rents		
23	495 Other Gas Revenues	4,955,148	3,449,268
24	TOTAL Other Operating Revenues	32,495,135	30,474,816
25	TOTAL Gas Operating Revenues	299,900,191	275,767,299
26	(Less) 485 Provision for Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	299,900,191	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	259,226,684	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	8,178,372	
30	Sales for Resale		
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales	0	
33	TOTAL (Same as Line 10, Columns (b) and (d))	267,405,056	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS OPERATING REVENUES (ACCOUNT 400) (Continued)**

figures, explain any inconsistencies in a footnote. per day of normal requirements. (See Account 481 of the  
6. Commercial and Industrial Sales, Account 481, may be Uniform System of Accounts. Explain basis of classification  
classified according to the basis of classification (Small or in a footnote.)  
Commercial, and Large or Industrial) regularly used by the 7. See pages 108-109, Important changes During Year, for  
respondent if such basis of classification is not generally greater important new territory added and important rate increases  
than 200,000 Mcf per year or approximately 800 Mcf or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
26,376,636	23,713,024	257,861	255,647	2
				3
13,779,724	12,249,745	23,113	22,888	4
1,580,045	1,345,143	433	443	5
				6
				7
41,736,405	37,307,912	281,407	278,978	8
				9
41,736,405	37,307,912	281,407	278,978	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
40,156,360				29
1,580,045				30
				31
				32
41,736,405				33

NOTES

Demand Contracts

<u>Name</u>	<u>Revenue</u>
DTE #1	271,518
DTE #2	278,505
Mirant	499,000

**BLANK PAGE**

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400)**

- |   |  |
|---|--|
| <p>1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.</p> <p>2. Natural Gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that were separate meter readings are added for billing purposes, one customer should be counted for each group of</p> | <p>meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>4. Report quantities of natural gas sold in Mcf (14.73 psia at 60 degrees F). If billings are on them basis, give the Btu contents of the gas sold and the sales converted to Mcf.</p> <p>5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously reported</p> |
|---|--|

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	489 Residential Sales	6,011,126	5,923,176
3	489 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	3,267,962	3,347,258
5	Large (or Ind.) (See Instr. 6)		
6	TOTAL Sales to Ultimate Customers	9,279,088	9,270,434
7			
8	<b>OTHER OPERATING REVENUES</b>		
9			
10	489 Other Choice Revenues		
11	TOTAL Other Operating Revenues	9,279,088	9,270,434
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	9,279,088	
25	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	0	
26	Year End Reconciliation		
27	Other Choice Revenue	0	
28			
29	TOTAL (Same as Line 10, Columns (b) and (d))	9,279,088	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400) (Continued)**

figures, explain any inconsistencies in a footnote. per day of normal requirements. (See Account 481 of the  
 6. Commercial and Industrial Sales, Account 481, may be Uniform System of Accounts. Explain basis of classification  
 classified according to the basis of classification (Small or in a footnote.)  
 Commercial, and Large or Industrial) regularly used by the 7. See pages 108-109, Important changes During Year, for  
 respondent if such basis of classification is not generally greater important new territory added and important rate increases  
 than 200,000 Mcf per year or approximately 800 Mcf or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
1,888,136	1,672,543	19,419	19,023	2
				3
1,836,446	1,720,951	2,534	2,633	4
				5
3,724,582	3,393,494	21,953	21,656	6
				7
3,724,582	3,393,494	21,953	21,656	8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
3,724,582				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
				54
				55
				56
				57
				58
				59
				60
				61
				62
				63
				64
				65
				66
				67
				68
				69
				70
				71
				72
				73
				74
				75
				76
				77
				78
				79
				80
				81
				82
				83
				84
				85
				86
				87
				88
				89
				90
				91
				92
				93
				94
				95
				96
				97
				98
				99
				100

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**RATE AND SALES SECTION**

**DEFINITIONS OF CLASSES OF SERVICE AND INSTRUCTIONS PERTAINING TO STATEMENTS ON SALES DATA**

In the definitions below, the letters preceding the captions distinguish the main classes from the subclasses. Show the data broken into the subclasses if possible, but if not, report data under the main classes, drawing a dash through the subclasses.

When gas measured through a single meter is used for more than one class of service as here defined, as for example, for both commercial and residential purposes, assign the total to the class having the principal use.

Average Number of Customers. Number of customers should be reported on the basis of number of meters, plus number of flat-rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for code group of meters so added. The average number of customers means the average of the 12 figures at the close of each month.

Thousands of Cubic Feet or Therms Sold. (indicate which one by crossing out the one that does not apply). Give net figures, exclusive of respondent's own use and losses.

Revenues. This term covers revenues derived from (a) Sale of Gas (exclusive of forfeited discounts and penalties) and (b) Other Gas Revenues, such as rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, servicing of customers' installations and miscellaneous gas revenues.

- AB. Residential Service. This class includes all sales of gas for residential uses such as cooking, refrigeration, water heating, space heating and other domestic uses.
  - A. Residential Service This class includes all sales of gas for residential use except space heating.
  - B. Residential Space Heating. This class includes all sales of gas for space heating including gas for other residential uses only when measured through the same meter.
- CD. Commercial Service. This class includes service rendered primarily to commercial establishments such as restaurants, hotels, clubs, hospitals, recognized rooming and boarding houses, apartment houses (but not individual tenants therein), garages, churches, warehouses, etc.
  - C. Commercial Service. This class includes all sales of gas for commercial use except space heating.
  - D. Commercial Space Heating. This class includes all sales of gas for space heating including gas for other commercial uses only when measured through the same meter.
- E. Industrial Service. This class includes service rendered primarily to manufacturing and industrial establishments where gas is used principally for large power, heating and metallurgical purposes.
- F. Public Street and Highway Lighting. Covers service rendered to municipalities or other governmental units for the purpose of lighting streets, highways, parks and other public places.
- G. Other Sales to Public Authorities. Covers service rendered to municipalities or other governmental units for lighting, heating, cooking, water heating and other general uses.
- H. Interdepartmental Sales. This class includes gas supplied by the gas department to other departments of the utility when the charges therefor are at tariff or other specific rates.
- I. Other Sales. This class includes all service to ultimate consumers not included in the foregoing described classifications.
- \* A - I. Total Sales to Ultimate Customers. This is the total of the foregoing described classifications.
- J. Sales to Other Gas Utilities for Resale. This class includes all sales of gas to other gas utilities or to public authorities for resale to ultimate consumers.
- K. Other Gas Revenue. Revenues derived from operations of the respondent other than sales of gas. They include rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, services of customers' installations and miscellaneous gas revenues, such as fees and charges for changing, connecting and disconnecting service, profit on sales of materials and supplies not ordinarily purchased for resale, commission on sales or distribution of others' gas (sold under rates filed by such others), management or supervision fees, sale of steam (except where the respondent furnishes steam-heating service) and rentals from leased property on customers' premises.
- \* A - K. Total Gas Operating Revenues. The total of all the foregoing accounts.

Separate Schedules for Each State. Separate schedules in this section should be filed for each state in which the respondents operates.

Estimates. If actual figures are not available for the schedules in this section, give estimates. Explain the methods used and the factual basis of the estimates, using supplementary sheets, if necessary.

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**625-A. SALES DATA FOR THE YEAR**  
(For the State of Michigan)

Line No.	Class of Service (a)	Average Number of Customers per Month (b)	Gas Sold Mcf* (c)	Revenue (Show to nearest dollar) (d)	AVERAGES		
					Mcf* per Customer (e)	Revenue per Customer (f)	Revenue per Mcf* (g)
1	AB. Residential Service			\$		\$	\$
2	A. Residential Service	2,424	211,935	1,526,432	87.43	629.72	7.20
3	B. Residential Space Heating Service	255,437	26,164,701	180,420,089	102.43	706.32	6.90
4	CD. Commercial Service						
5	C. Commercial Service, except space heating	789	569,831	3,085,390	722.22	3,910.51	5.41
6	D. Commercial Space Heating	22,324	13,209,893	74,194,773	591.74	3,323.54	5.62
7	E. Industrial Service	433	1,580,045	8,178,372	3,649.06	18,887.70	5.18
8	F. Public Street & Highway Lighting						
9	G. Other Sales to Pubic Authorities						
10	H. Interdepartmental Sales						
11	I. Other Sales						
12	A - I. Total Sales to Ultimate Consumers	281,407	41,736,405	267,405,056	148.31	950.24	6.41
13	J. Sales to Other Gas Utilities for Resale						
14	A - J. TOTAL SALES OF GAS	281,407	41,736,405	267,405,056	148.31	950.24	6.41
15	K. Other Gas Revenues						
16	A - K. TOTAL GAS OPERATING REVENUE	281,407	41,736,405	267,405,056	148.31	950.24	6.41

\* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60 F. Give two decimals.

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/3019	Year of Report  Dec. 31, 2018
---	--	---	-------------------------------------

**625-B. SALES DATA BY RATE SCHEDULES FOR THE YEAR**

1. Report below the distribution of customers, sales and revenues for the year by individual rate schedules. (See definition on first page of this section).

2. Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.

3. Column (b) - Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.

4. Column (c) - Using the classification shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g. (A) for Residential Service, (B) Heating Service, etc.

5. Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 625-A.

6. Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.

7. When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it was effective.

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Average Number of Customers per Month (d)	Mcf Sold (e)	Revenue (Show to nearest dollar) (f)
1	Residential Service Rate					
2		Non-Heat	A	2,424	211,935	1,526,432
3		Heat	B	255,437	26,164,701	180,420,089
4						
5	Commercial and Industrial Service Rate					
6		Comm & Ind Non-Heat	C	789	569,831	3,085,390
7		Comm & Ind Heat	DTE	22,757	14,789,938	82,373,145
8		Other	K	0	0	0
9						
10						
11						
12						
13						
14						
15						
16						
17						
18	TOTALS			281,407	41,736,405	267,405,056

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**625-B. CUSTOMER CHOICE SALES DATA BY RATE SCHEDULES FOR THE YEAR**

1. Report below the distribution of customers, sales and revenues for the year by individual rate schedules. (See definition on first page of this section).

2. Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.

3. Column (b) - Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.

4. Column (c) - Using the classification shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g. (A) for Residential Service, (B) Heating Service, etc.

5. Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 625-A.

6. Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.

7. When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it was effective.

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Average Number of Customers per Month (d)	Mcf Sold (e)	Revenue (Show to nearest dollar) (f)
1			A			
2	General Gas Rate	Residential - Heat	B	19,419	1,888,136	6,352,883
3			C			
4	General Gas Rate	Commercial - Heat	D	2,534	1,836,446	3,473,249
5			E			
6			E			
7			D			
8			H			
9			K			
10						
11						
12						
13						
14						
15						
16						
17						
18	TOTALS			21,953	3,724,582	9,826,132

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**OFF-SYSTEM SALES - NATURAL GAS**

Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule Sales.

Line No.	Name (a)	Point of Delivery (City or town AND State) (b)	Account (c)	Mcf of Gas Sold (Approx. B.T.U. per Cubic Ft.) (d)
1	<b>NONE</b>			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

OFF-SYSTEM SALES - NATURAL GAS (Continued)

Revenue for Year (See Instr. 5)  (e)	Average Revenue per Mcf (in cents)  (f)	Peak Day Delivery to Customers			Line No.
		Date  (g)	Mcf		
			Noncoin- cidental (h)	Coin- cidental (i)	
<b>NONE</b>					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
---	---	---	------------------------------

**REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES - NATURAL GAS (Account 489.1)**

- |   |  |
|---|--|
| <p>1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas.</p> <p>3. Enter the average number of customers per company and/or by rate schedule.</p> | <p>4. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule.</p> |
|---|--|

Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Number of Transportation Customers (b)	Average Number of Customers per Month (c)	Distance Transported (in miles) (d)
1	None			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
<b>TOTAL</b>				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
---	---	---	------------------------------

**REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION  
OR DISTRIBUTION FACILITIES -- NATURAL GAS (Accounts 489.2, 489.3)**

1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas.
3. Enter the average number of customers per company and/or by rate schedule.
4. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedules.

Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Number of Transportation Customers  (b)	Average Number of Customers per Month  (c)	Distance Transported (in miles)  (d)
1				
2	TR-1/ST	119	120	Local
3				
4	TR-2/LT	53	52	Local
5				
6	TR-3/XLT	8	8	Local
7				
8	GS-1	2	2	Local
9				
10	GS-2	14	13	Local
11				
12	GS-3	53	52	Local
13				
14	Michigan Technological University U-16522	1	1	Local
15				
16	Graphic Packaging / Altivity U-14882 & U-16874	1	1	Local
17				
18	Kelloggs U-14882 & U-16874	1	1	Local
19				
20	Post Foods / Kraft U-14882 & U-16874	1	1	Local
21				
22	Rock-Tenn U-14882 & U-16874	1	1	Local
23				
24	Gas Customer Choice	21,698	21,953	Local
25				
26				
27				
28				
29			22,205	
30				
<b>TOTAL</b>				

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
--	---	---	------------------------------

**REVENUES FROM TRANSPORTION OF GAS OF OTHERS THROUGH GATHERING  
FACILITIES -- NATURAL GAS (Account 489.1) (Cont'd)**

4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.  
 5. Enter Mcf at 14.65 psia dry at 60 degrees F.  
 6. Minor items (less than 1,000,000 Mcf) may be grouped.

"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."

Mcf of Gas Received (e)	Mcf of Gas Delivered (f)	Revenue (g)	Average Revenue per Mcf of Gas Delivered (in cents) (h)	FERC Tariff Rate Schedule Designation (i)	Line No.
None					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
---	---	---	------------------------------

**REVENUES FROM TRANSPORTION OF GAS OF OTHERS THROUGH TRANSMISSION  
OR DISTRIBUTION FACILITIES -- NATURAL GAS (Account 489.2, 489.3) (Cont'd)**

4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.  
5. Enter Mcf at 14.65 psia dry at 60 degrees F.  
6. Minor items (less than 1,000,000 Mcf) may be grouped.

"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."

Mcf of Gas Received (e)	Mcf of Gas Delivered (f)	Revenue (g)	Average Revenue per Mcf of Gas Delivered (in cents) (h)	FERC Tariff Rate Schedule Designation (i)	Line No.
					1
	3,551,450	3,778,970	1.0641		2
					3
	9,145,514	4,992,339	0.5459		4
					5
	5,448,809	3,056,689	0.5610		6
					7
	544	3,310	6.0870		8
					9
	33,666	65,813	1.9549		10
					11
	398,570	623,898	1.5653		12
					13
	332,855	200,586	0.6026		14
					15
	1,203,779	468,010	0.3888		16
					17
	415,843	280,812	0.6753		18
					19
	726,546	309,328	0.4258		20
					21
	1,155,798	450,703	0.3899		22
					23
	3,724,582	9,279,088	2.4913	Gas Customer Choice	24
					25
					26
					27
					28
					29
					30
	26,137,956	23,509,546	0.8994		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/19	Year of Report Dec. 31, 2018
---	--	---	---------------------------------

**REVENUES FROM STORING GAS OF OTHERS--NATURAL GAS (Account 489.4)**

1. Report below particulars (details) concerning revenue from storage (by respondent) of natural gas for others. Subdivide revenue by intrastate or interstate entities.

2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.

3. Enter the average number of customers per company and/or by rate schedule.

4. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule.

Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Average Number of Customers per Month (b)	Mcf Of Gas Injected (c)
1	None		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
<b>TOTAL</b>			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 4/30/19	Year of Report Dec. 31, 2018
---	--	---	---------------------------------

**REVENUES FROM STORING OF GAS OF OTHERS--NATURAL GAS (Acct. 489.4) (Cont'd)**

4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.  
 5. Enter Mcf at 14.65 psia at 60 degrees F.  
 6. Minor items (less than 1,000,000 Mcf) may be grouped.

Mcf of Gas Withdrawn  (d)	Revenue  (f)	Average Revenue per Mcf of Gas Injected/Withdrawn (in cents) (g)	FERC Tariff Rate Schedule Designation (h)	Line No.
None				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**SALES OF PRODUCT EXTRACTED FROM NATURAL GAS (Account 490)**

1. Report particulars (details) concerning sales of gasoline, butane, propane, and other products extracted from natural gas, including sales of any such products which may have been purchased from others for resale.

2. If the purchasers are numerous, it is permissible to group the sales by kind of product. Show the number of purchasers grouped. Show separately, however, sales to associated companies or to companies which were associated at the time the applicable sales contracts were made.

Line No.	Name of Purchaser (Designate associated companies with an asterisk)  (a)	Name of Product  (b)	Quantity (in gallons)  (c)	Amount of Sales (in dollars)  (d)	Sales Amount per Gallon (in cents) (d / c) (e)
1	<b>NONE</b>				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					

**REVENUES FROM NATURAL GAS PROCESSED BY OTHERS (Account 491)**

1. Report particulars (details) concerning royalties and other revenues derived from permission granted to others for the right to remove products from the respondent's natural gas.

2. If the respondent's natural gas is processed by other's for removal of saleable products and no revenue therefrom is derived by the respondent, complete only columns (a) and (b) below, and include the date of contract in column (a).

Line No.	Name of Processor and Description of Transaction (Designate associated companies with an asterisk)  (a)	Mcf of Respondent's Gas Processed (14.73 psia at 60 F) (b)	Revenue (in dollars) (c)
1	<b>NONE</b>		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (Submit Supplemental Statement)	0	0
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Wells Expenses	141,539	153,810
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses	270	1,038
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Enter Total of lines 7 thru 17)	141,809	154,848
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements	563	0
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment	27,051	627
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	25,811	556
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Enter Total of lines 18 thru 28)	53,425	1,183
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 thru 29)	195,234	156,031
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Other		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	(Less) 782 Extracted Products Used by the Utility -- Credit		
46	783 Rents		
47	TOTAL Operation (Enter Total of lines 33 thru 46)	0	0

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
	<b>B2. Products Extraction (Continued)</b>		
48	Maintenance		
49	784 Maintenance Supervision and Engineering		
50	785 Maintenance of Structures and Improvements		
51	786 Maintenance of Extraction and Refining Equipment		
52	787 Maintenance of Pipe Lines		
53	788 Maintenance of Extracted Products Storage Equipment		
54	789 Maintenance of Compressor Equipment		
55	790 Maintenance of Gas Measuring and Reg. Equipment		
56	791 Maintenance of Other Equipment		
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	0	0
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	0	0
59	<b>C. Exploration and Development</b>		
60	Operation		
61	795 Delay Rentals		
62	796 Nonproductive Well Drilling		
63	797 Abandoned Leases		
64	798 Other Exploration		
65	TOTAL Exploration and Development (Enter Total of lines 61 and 64)	0	0
	<b>D. Other Gas Supply Expenses</b>		
66	Operation		
67	800 Natural Gas Well Head Purchases		
68	801 Natural Gas Field Line Purchases	185,967	195,150
69	802 Natural Gas Gasoline Plant Outlet Purchases		
70	803 Natural Gas Transmission Line Purchases	157,392,571	138,811,858
71	803.1 Off-System Gas Purchases		
72	804 Natural Gas City Gate Purchases		
73	804.1 Liquefied Natural Gas Purchases		
74	805 Other Gas Purchases		
75	(Less) 805.1 Purchases Gas Cost Adjustments		
76	(Less) 805.2 Incremental Gas Cost Adjustments		
77	TOTAL Purchased Gas (Enter Total of lines 67 and 76)	157,578,538	139,007,008
78	806 Exchange Gas		
79	Purchased Gas Expenses		
80	807.1 Well Expenses - Purchased Gas		
81	807.2 Operation of Purchased Gas Measuring Stations	262,793	277,500
82	807.3 Maintenance of Purchased Gas Measuring Stations		
83	807.4 Purchased Gas Calculations Expense		
84	807.5 Other Purchased Gas Expenses		
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 and 84)	262,793	277,500
86	808.1 Gas Withdrawn from Storage - Debit	42,439,616	38,660,011
87	(Less) 808.2 Gas Delivered to Storage - Credit	-42,373,674	-41,213,404
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit		
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit		
90	(Less) Gas Used in Utility Operations - Credit		
91	810 Gas Used for Compressor Station Fuel - Credit	-202,810	-240,813
92	811 Gas Used for Products Extraction - Credit		
93	812 Gas Used for Other Utility Operation - Credit	-970,228	-925,814
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)	-1,173,038	-1,166,627
95	813 Other Gas Supply Expenses	0	0
95a	813.1 Synthetic Gas Supply Expenses		
95b	813.2 Gas Cost Recovery Expenses - Royalties		
96	TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95a, 95b)	156,734,235	135,564,488
97	TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96)	156,929,469	135,720,519

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
SEMCO ENERGY GAS CO		(1) X An Original  (2) A Resubmission	04/30/19	Dec. 31, 2018
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering			
102	815 Maps and Records			
103	816 Wells Expenses	73,423	78,363	
104	817 Lines Expenses	3,407	870	
105	818 Compressor Station Expenses	195,047	198,185	
106	819 Compressor Station Fuel and Power	453,231	498,200	
107	820 Measuring and Regulating Station Equipment	40,325	29,411	
108	821 Purification Expenses			
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses	100	100	
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Enter Total of lines 101 thru 113)	765,533	805,129	
115	Maintenance			
116	830 Maintenance Supervision and Engineering			
117	831 Maintenance of Structures and Improvements	20,258	8,366	
118	832 Maintenance of Reservoirs and Wells	37,880	37,139	
119	833 Maintenance of Lines	4,976	12,704	
120	834 Maintenance of Compressor Station Equipment	76,176	100,580	
121	835 Maintenance of Measuring and Regulating Station Equipment	8,457	10,792	
122	836 Maintenance of Purification Equipment			
123	837 Maintenance of Other Equipment	7,238	746	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	154,985	170,327	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	920,518	975,456	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 thru 133)	0	0	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures and Improvements			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	0	0	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminaling and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses		
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Equipment		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	(Less) 845.5 Wharfage Receipts - Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Enter Total of lines 149 thru 164)	0	0
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment		
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment		
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment		
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	0	0
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	0	0
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 177)	920,518	975,456
178	3. TRANSMISSION EXPENSES		
179	Operation		
180	850 Operation Supervision and Engineering		
181	851 System Control and Load Dispatching		
182	852 Communication System Expenses		
183	853 Compressor Station Labor and Expenses		
184	854 Gas for Compressor Station Fuel	482	555
185	855 Other Fuel and Power for Compressor Stations		
186	856 Mains Expenses	1,972	2,823
187	857 Measuring and Regulating Station Expenses	239,065	170,461
188	858 Transmission and Compression of Gas by Others		
189	859 Other Expenses	127,575	275,922
190	860 Rents		
191	TOTAL Operation (Enter Total of lines 180 thru 190)	369,094	449,761

Name of Respondent		This Report Is:	Date of Report	Year of Report
SEMCO ENERGY GAS CO		(1) X An Original	(Mo, Da, Yr)	Dec. 31, 2018
		(2) A Resubmission	04/30/19	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account		Amount for Current Year	Amount for Previous Year
	(a)		(b)	(c)
3. TRANSMISSION EXPENSES (Continued)				
192	Maintenance			
193	861	Maintenance Supervision and Engineering		
194	862	Maintenance of Structures and Improvements	1,955	36,701
195	863	Maintenance of Mains	21,039	5,777
196	864	Maintenance of Compressor Station Equipment	12,428	0
197	865	Maintenance of Measuring and Reg. Station Equipment	67,021	24,274
198	866	Maintenance of Communication Equipment	0	0
199	867	Maintenance of Other Equipment	0	56
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)		102,443	66,808
201	TOTAL Transmission Expenses (Total of lines 191 and 200)		471,537	516,569
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870	Operation Supervision and Engineering	667,821	617,325
205	871	Distribution Load Dispatching	402,763	401,186
206	872	Compressor Station Labor and Expenses		
207	873	Compressor Station Fuel and Power		
208	874	Mains and Services Expenses	3,424,025	3,151,019
209	875	Measuring and Regulating Station Expenses - General	488,771	428,033
210	876	Measuring and Regulating Station Expenses - Industrial	71,602	85,730
211	877	Measuring and Regulating Station Expenses - City Gate Check Station	592,297	523,865
212	878	Meter and House Regulator Expenses	886,804	909,540
213	879	Customer Installations Expenses	1,216,067	1,114,992
214	880	Other Expenses	2,612,734	2,785,819
215	881	Rents	33,085	53,082
216	TOTAL Operation (Enter Total of lines 204 thru 215)		10,395,969	10,070,591
217	Maintenance			
218	885	Maintenance Supervision and Engineering	119	3,933
219	886	Maintenance of Structures and Improvements	0	250
220	887	Maintenance of Mains	1,000,907	929,100
221	888	Maintenance of Compressor Station Equipment	196	0
222	889	Maintenance of Meas. and Reg. Sta. Equip. - General	282,419	226,265
223	890	Maintenance of Meas. and Reg. Sta. Equip. - Industrial	116,728	117,588
224	891	Maintenance of Meas. and Reg. Sta. Equip. - City Gate Check Station	201,747	225,574
225	892	Maintenance of Services	948,247	958,884
226	893	Maintenance of Meters and House Regulators	1,132,976	986,956
227	894	Maintenance of Other Equipment	9,633	16,441
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)		3,692,972	3,464,991
229	TOTAL Distribution Expenses (Total of lines 216 and 228)		14,088,941	13,535,582
230	5. CUSTOMER ACCOUNTS EXPENSE			
231	Operation			
232	901	Supervision	1,324,734	1,240,388
233	902	Meter Reading Expenses	668,404	610,408
234	903	Customer Records and Collection Expenses	3,480,747	3,287,541
235	904	Uncollectible Accounts	809,007	630,993
236	905	Miscellaneous Customer Accounts Expenses	200	15,002
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)		6,283,092	5,784,332

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS OPERATION AND MAINTENANCE EXPENSES (Continued)**

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
239	Operation		
240	907 Supervision		
241	908 Customer Assistance Expenses		
242	909 Informational and Instructional Expenses		
243	910 Miscellaneous Customer Service and Informational Expenses		
244	TOTAL Customer Service and Informational Expenses (Lines 240 thru 243)	0	0
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision		
248	912 Demonstrating and Selling Expenses		
249	913 Advertising Expenses		
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	0	0
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Supervision	9,365,581	9,350,010
255	921 Office Supplies and Expenses	5,392,073	4,779,662
256	(Less) (922) Administrative Expenses Transferred - Cr.	-6,132,000	-6,012,000
257	923 Outside Services Employed	10,028,117	10,538,778
258	924 Property Insurance	1,256,456	1,320,281
259	925 Injuries and Damages	4,000	
260	926 Employee Pensions and Benefits	8,709,351	9,155,411
261	927 Franchise Requirements		
262	928 Regulatory Commission Expenses	872,685	711,308
263	(Less) (929) Duplicate Charges - Cr.		
264	930.1 General Advertising Expenses	278,950	367,291
265	930.2 Miscellaneous General Expenses	-290,269	-888
266	931 Rents	308,221	430,976
267	TOTAL Operations (Enter Total of lines 254 thru 266)	29,793,165	30,640,829
268	Maintenance		
269	935 Maintenance of General Plant	36,554	29,009
270	TOTAL Administrative and General Exp. (Total of lines 267 and 269)	29,829,719	30,669,838
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	208,523,276	187,202,296

**NUMBER OF GAS DEPARTMENT EMPLOYEES**

1. The data on number of employees should be reported for the payroll period ending nearest to December 31, or any payroll period ending 60 days before or after December 31.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction

employees in a footnote.

3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1	Payroll Period Ended (Date)	12/20/18
2	Total Regular Full-Time Employees	400
3	Total Part-Time and Temporary Employees	
4	Total Employees	400

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**EXPLORATION AND DEVELOPMENT EXPENSES (Accounts 795, 796, 798)  
(Except Abandoned Leases, Account 797)**

1. Report below exploration and development costs for the year, exclusive of Account 797, Abandoned Leases, according to the prescribed accounts shown by the column headings.  
2. Provide subheadings and subtotals for exploration and development costs for each State.  
3. Explain in a footnote any differences between the amounts reported in column (f) and the amount shown on page 231, Preliminary Survey and Investigation Charges, for clearance to Account 798 during the year from Account 183.1, Preliminary Natural Gas Survey and Investigation Charges.

Line No.	Field (a)	County (b)	Delay Rentals (Account 795) (c)	Nonproductive Well Drilling (Account 796)		Other Exploration Costs (Account 798) (f)	Total (g)
				Number of Wells (d)	Amount (e)		
1	<b>NONE</b>						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27	<b>TOTAL</b>						

**ABANDONED LEASES (Account 797)**

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10	<b>TOTAL</b>	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)**

<p>1. Report particulars of gas purchases during the year in the manner prescribed below.</p> <p>2. Provide subheadings and totales for prescribed accounts as follow:</p> <p style="padding-left: 40px;">800 Natural Gas Well Head Purchases. 801 Natural Gas Field Line Purchases. 802 Natural Gas Gasoline Plant Outlet Purchases. 803 Natural Gas Transmission Line Purchases. 803.1 Off - System Gas Purchases. 804 Natural Gas City Gate Purchases. 804.1 Liquefied Natural Gas Purchases. 805 Other Gas Purchases.</p> <p>Purchases are to be reportee in account number sequence, e.g. all ppurchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchaes should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of accounts, or any differences reconciled.</p> <p>In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.</p> <p>3. Purchaes may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If ftow or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.</p> <p>4. Purchases of less that 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional deatils when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.</p>	<p>5. Column instructions are as follows:</p> <p><u>Column (b)</u> - Report the names of all sellers. Abbreviations may be used where necessary.</p> <p><u>Column (c)</u> - Give the name of the producing field only for purchaes at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.</p> <p><u>Colums (d) and (e)</u> - Designate the state and country where the gas is received. Where gas is received in more than on county, use the name of the county having the largest volume and by footnote list the other counties involved.</p> <p><u>Column (f)</u> - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir that the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterick (*) in Column (f).</p> <p><u>Column (g)</u> - Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Coumn (h)</u> - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid in prior years.</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p>
---	---

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 & 805) (Continued)

Line No.	Account No. (a)	Name of Seller (Designate Associated Companies) (b)	Name of Producing Field or Gasoline Plant (c)	State (d)
1				
2		Information will be made available upon request		
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				

Name of Respondent SEMCO ENERGY GAS CO		This Report Is: (1) X An Original  (2) A Resubmission		Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018	
GAS PURCHASES (Account 800, 801, 802, 803, 803.1, 804, 804.1, & 805) (Continued)						
County (e)	Date of Contract (f)	Approx. Btu Per Cu. ft. (g)	Gas Purchased-Mcf (14.73 psia 60 F) (h)	Cost of Gas (i)	Cost Per Mcf (cents) (j)	Line No.
Information will be made available upon request						1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas)**

1. Report below the particulars (details) called for concerning the gas volumes and related dollar amounts of natural gas exchange transactions

transactions (less than 100,000 Mcf) may be grouped.  
2. Also give the particulars (details) called for concerning each natural gas exchange where consideration was received or

Line No.	Name of Company (Designate associated companies with an asterisk) (a)	Exchange Gas Received		
		Point of Receipt (City, state, etc.) (b)	Mcf (c)	Debit (Credit) Account 242 (d)
1	<b>None</b>			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)**

paid in performance of gas exchange services.  
 3. List individually net transactions occurring during the year for each rate schedule.  
 4. Indicate points of receipt and delivery of gas so that they may be readily identified on a map of the respondent's pipeline system.

Exchange Gas Delivered			Excess Mcf Received or Delivered (h)	Debit (Credit) Account 806 (i)	Line No.
Point of Delivery (City, State, etc.) (e)	Mcf (f)	Debit (Credit) Account 174 (g)			
None					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
					39
					40
					41
					42
					43
					44
					45

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)**

5. Furnish any additional explanations needed to further explain the accounting for exchange gas transaction.

6. Report the pressure base of measurement of gas volumes at 14.73 psia at 60 F.

Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Charges Paid or Payable by Respondent		Revenues Received or Receivable by Respondent		FERC Tariff Rate Schedule Identification (n)
		Amount (j)	Account (k)	Amount (l)	Account (m)	
1	<b>None</b>					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	TOTAL					

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)**

1. Report below particulars (details) of credits during the year to Accounts 810, 811, and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural Gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 F.

Line No.	Purpose for Which Gas Was Used  (a)	Account Charged  (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used  (c)	Amount of Credit (d)	Amount per Mcf (in cents) (e)	Mcf of Gas Used  (f)	Amount of Credit  (g)
1	810 Gas used for Compressor Station Fuel - Cr.	819	37,635	202,810	538.89		
2	811 Gas used for Products Extraction - Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respd't's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs. - Cr. (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs. - Cr. (Nonmajor only)	819/VAR	42,172	224,619	532.62		
7							
8	Meas./Reg. Station	VAR	72,964	411,970	564.62		
9	Heat/General Use	VAR	67,026	378,445	564.62		
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	TOTAL		219,797	1,217,844	554.08		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858)**

1. Report below particulars (details) concerning gas transported or compressed for respondent by others equaling more than 1,000,000 Mcf (Bcf) and amounts of payments for such services during the year. Minor items (less than 1,000,000 Mcf) must be grouped.  
 2. In column (a) give name of companies to which payment were made, points of delivery and receipt of gas, names of companies to which gas was delivered and

Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk) (a)	Distance Transported (in miles) (b)
1	NONE	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46	TOTAL	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858) (Continued)**

from which received. Points of delivery and receipt should be so designated that they can be identified readily on map of respondent's pipeline system. 3. If the Mcf of gas received differs from the Mcf delivered, explain in a footnote the reason for difference, i.e., uncompleted deliveries, allowance for transmission loss, etc

Mcf of Gas Delivered (14.73 psia at 60 F) (c)	Mcf of Gas Received (14.73 psia at 60 F) (d)	Amount of Payments (in dollars) (e)	Amount per Mcf of Gas Received (in cents) (f)	Line No.
NONE				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
	0			
				46

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**LEASE RENTALS CHARGED**

1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.

2. Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000, the data called for in columns a, b (description only), f, g and j.

3. For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.

4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements\*\* and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.

5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option purchase the property.

6. In column (a) report the name of the lessor. List lessors which are associated companies\* (describing association) first followed by non-associated lessors.

7. In column (b) for each leasing arrangement, report in order classified by distribution plant, storage plant, transmission line distribution system, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:

**A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES**

Name of Lessor  (a)	Basic Details of Lease  (b)	Termination Date of Lease, Primary (P) or Renewal (R)  (c)
Wheels Inc.	Cars, trucks, vans, and accessories for the vehicles. Partial distribution system and partial other operating system continuous lease.	
Automotive Rental Inc (ARI)	Cars, trucks, vans, and accessories for the vehicles. Partial distribution system and partial other operating system continuous lease.	
CPD Properties	Building Rental	
Acheson Ventures	Building Rental	

\*\* See Gas Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**LEASE RENTALS CHARGED (Continued)**

Description of the property, whether lease is a sale and leaseback, whether lessee has option to purchase and conditions of purchase, whether lease is cancelable by either party and the cancellation conditions, the tax treatment of the lease payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, whichever occurs first.

9. Report in column (k) below the estimated remaining annual charges under the current term of the lease. Do not apply a present value to the estimate. Assume that cancelable leases will not be cancelled when estimating the remaining charges.

\* See definition on page 226 (B)

8. Report in column (d), as of the date of the current lease term, the original cost of the property leased, estimated if not known, or the fair market value of the property if greater than original cost and indicate as shown. If leased property is part of a large unit, such as part of a building, indicate without associating any cost or value with it.

**A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES**

Original Cost (O) or Fair Market Value (F) of Property (d)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged (j)	Remaining Annual Charges Under Lease Est. if Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		
		(12,338)				VAR	
		1,749,204				VAR	
		192,600				931	
		62,400				931	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)**

Name of Lessor  (a)	Basic Details of Lease  (b)	Termination Date of Lease, Primary (P) or Renewal (R)  (c)
<b>Not Applicable</b>		

**B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)**

--	--	--

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)**

Original Cost (O) or Fair Market Value (F) of Property  (d)	Expenses to be Paid by Lessee Itemize  (e)	AMOUNT OF RENT - CURRENT TERM				Account Charged  (j)	Remaining Annual Charges Under Lease Est. if Not Known  (k)
		Current Year		Accumulated to Date			
		Lessor  (f)	Other  (g)	Lessor  (h)	Other  (i)		
<b>Not Applicable</b>							

**B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)**

--	--	--	--	--	--	--	--

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**OTHER GAS SUPPLY EXPENSES (Account 813)**

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

Line No.	Description (a)	Amount (in dollars) (b)
1	NONE	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50	TOTAL	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)			
1	Industry association dues		
2	Experimental and general research expenses		
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent.		
4	Other expenses (List items of \$5,000 or more in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Group amounts of less than \$5,000 by classes if the number of items so grouped is shown.)		2,642
5			
6	Discounts taken on vendor payments		(4,761)
7	L'anse Restoration True-up		(109,077)
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49	TOTAL		-111,196

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/18	Year of Report  Dec. 31, 2017
---	--	--	-------------------------------------

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown. years (1971, 1974 and every fifth year thereafter).  
Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the manner in which

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report

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

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas			
4	Products extraction plant			
5	Underground gas storage plant			
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant			
9	Distribution plant			
10	General plant (See Note)			
11	Common plant - gas			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL			

**SEE PAGE 336N**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (NONMAJOR)**  
(Accounts 403.1, 404, 405)  
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual charges in the intervals between the report years (1971, 1974 and every fifth year thereafter).

Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those preprinted in column (a). Indicate at the bottom of Section B the manner in which column (b) balances are

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

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

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

Line No.	Functional Classification (a)	Depreciation and Depletion Expense (Account 403.1) (b)	Amortization of Limited-Term Gas Plant (Account 404) (c)	Amortization of Other Gas Plant (Account 405) (d)	TOTAL (b+c+d) (e)
1	Intangible plant (See Note)	2,144,568	3,280		2,147,848
2	Production plant, manufactured gas	-30			-30
3	Production & gathering plant, natural gas	15			15
4	Products extraction plant				
5	Underground gas storage plant	447,978			447,978
6	Other storage plant				
7	Base load LNG terminating & processing plant				
8	Transmission plant	986,116			986,116
9	Distribution plant	18,993,653			18,993,653
10	General plant (See Note)	1,994,108			1,994,108
11	Common plant - gas				
12					
13	Note: Line 1 includes amortization expense taken on Peninsula Gas Intangible Assets of \$3,280 & MGP Cleanup of \$2,128,137				
14	that were not run through the reserve for accumulated depreciation.				
15					
16	Note: Line 10 includes \$170,424 of indirect allocation of depreciation expense from our Parent company that was not run				
17	through the reserve for accumulated depreciation.				
18					
19					
20	TOTAL	24,566,408	3,280		24,569,688

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accts 403, 404.1, 404.2, 404.3, 405)  
(Except Amortization of Acquisition Adjustments) (Continued)**

column (b) balances are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.  
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

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

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
			Intangible plant	1
			Production plant, manufactures gas	2
			Production and gathering plant, natural gas	3
			Production extraction plant	4
			Underground gas storage plant	5
			Other storage plant	6
			Base load LNG terminating and processing plant	7
			Transmission plant	8
			Distribution plant	9
			General plant	10
			Common plant - gas	11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
			TOTAL	25

**SEE PAGE 336N**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification  (a)	Depreciation Plant Base (Thousands)  (b)	Applied Depr. Rate(s) (Percent)  (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore	0	0.00
4	Underground Gas Storage Plant	25,148	1.78
5	Transmission Plant		
6	Offshore		
7	Onshore	30,001	3.29
8	General Plant	41,571	4.37
9	Distribution Plant	686,153	2.77
10	Amortized Plant	494	3.33

Notes to Depreciation, Depletion, and Amortization of Gas Plant

Column b includes all depreciable or amortized mean plant balances to which a rate is applied.

Name of Respondent	This Report Is: (1) X An Original	Date of Report (Mo, Da, Yr)	Year of Report
SEMCO ENERGY GAS CO	(2) A Resubmission	04/30/19	Dec. 31, 2018

**INCOME FROM UTILITY PLANT LEASED TO OTHERS (Account 412 and 413)**

1. Report below the following information with respect to utility property leased to others constituting an operating unit or system.  
2. For each lease show: (1) name of lessee and description and location of the leased property; (2) revenues; (3) operating expenses classified as to operation, maintenance, depreciation, rents, amortization; and (4) net income from lease for year. Arrange amounts so that deductions appear as a subtraction from revenues, and income as the remainder.  
3. Provide a subheading and total for each utility department in addition to a total for all utility departments.  
4. Furnish particulars (details) of the method of determining the annual rental for the property.  
5. Designate with an asterisk associated companies.

Line No.	Lessee, Description and Location of Property (a)	Revenues (b)	Operating Expenses (c)	Net Income (d)
1	<b>Parking Lessees:</b>			
2	<b>Structure and Surface Lot is located at:</b> 1411 Third St. Port Huron, MI 48060			
3	Acheson Ventures, LLC Parking Structure- Approximately 507 Parking Spaces	3,015		3,015
4	Surface Parking Lot- Approximately 16 Parking Spaces			
5	Young Men's Christian Association of the Blue Water Area Parking Structure- Approximately 507 Parking Spaces	1,250		1,250
6	Surface Parking Lot- Approximately 16 Parking Spaces			
7				
8				
9	<b>Building Lessees:</b>			
10	<b>Harborside Office Center is located at:</b> 1411 Third St. Port Huron, MI 48060			
11	AFX Industries, LLC 2300 square feet, known as Suite G and use of all common areas	24,533		24,533
12				
13	Fletcher Fealko Shoudy & Francis, P.C. 6448 square feet, known as Suite F and use of all common areas	82,813		82,813
14				
15	Garan Lucow Miller, P.C. 4530 square feet, known as Suite H and use of all common areas	40,670		40,670
16				
17	McLaren Home Care Group 4623 square feet, known as Suite C and use of all common areas	53,756		53,756
18				
19	Quality Computer Solutions, LLC 4542 square feet, known as Suite B and use of all commons areas	32,282		32,282
20				
21	Total Operating Expenses relating to leased property		-203,076	-203,076
22				
23				
24				
25	Annual rental amounts for the leased property are based on contracts, that were already in place with the lessees, at time of acquisition.			
26				
27				
28				
29				
30	<b>TOTAL</b>			<b>35,244</b>

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

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

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of

the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts.

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

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

Line No.	Item (a)	Amount (b)
1	Account 426 - Miscellaneous Income Deductions	
2		
3	Donations	126,579
4	THAW	15,750
5	United Way	46,028
6	Total Donations	188,357
7		
8	Other Governmental Affairs	223,348
9		
10		
11		411,705
12		
13	Account 430	
14	Interest on LT Note to Parent (430.00)	9,441,535
15		
16	Total Account 430	9,441,535
17		
18		
19		
20	Account 431	
21	Other Interest Expense	470,321
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**PARTICULARS CONCERNING CERTAIN INCOME ACCOUNTS**

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from operation.

Give the bases of any allocation between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration

date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any leases which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418 1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense the amount for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
1	MERCHANDISING, JOBBING & CONTRACT WORK	
2	Appliance Sales & Installations	15,893
3	Cost of Appliances Sold & Installation Cost	0
4		
5	TOTAL Merchandising, Jobbing & Contract Work	15,893
6		
7	NON-UTILITY OPERATION	
8	Non Utility Oper Revenue	11,550
9	Non Utility Oper Expense	0
10		
11		
12		
13		
14	TOTAL Non-Utility Operation	11,550
15		
16	INTEREST INCOME	1,040,624
17		
18	MISC NON-OPERATING INCOME	
19	Misc Non-operating Income	17
20		
21		17
22		
23	Total	1,068,084

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)**

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.

2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be

grouped with the number of such transactions disclosed in column (a).

3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property  (a)	Original Cost of Related Property  (b)	Date Journal Entry Approved (When Required)  (c)	Account 421.1  (d)	Account 421.2  (e)
1	Gain on disposition of property:				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain			0	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)**

Line No.	Description of Property  (a)	Original Cost of Related Property  (b)	Date Journal Entry Approved (When Required)  (c)	Account 421.1  (d)	Account 421.2  (e)
18	Loss on disposition of property:				
19					
20	PRODUCTION: BRENNAN PROPERTY	47,085	N/A		47,085
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Total Loss	47,085			47,085

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES**  
(Account 426.4)

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.

2. Advertising expenditures in the Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.

3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.

4. If the respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.

5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.

NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

Line No.	Item (a)	Amount (b)
1	Governmental Affairs Activity	223,348
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**REGULATORY COMMISSION EXPENSES**

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

Line No.	Description Furnish name of regulatory commission or body the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission  (b)	Expenses of Utility  (c)	Total Expenses to Date  (d)	Deferred in Account 186 at Beginning of Year (e)
1	Michigan Department of Commerce -				
2	Public Utility Assessment	738,655		738,655	
3					
4					
5	Legal Fees, Consulting Services		872,685	872,685	
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	738,655	872,685	1,611,340	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**REGULATORY COMMISSION EXPENSES (Continued)**

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.  
4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 233 for Account 186.  
5. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.  
6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR			Deferred in Account 186, End of Year	Line No.
CHARGED CURRENTLY TO			Deferred to Account 186	Contra Account	Amount		
Department	Account No.	Amount					
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Admin.	928	738,655					1
							2
							3
Admin.	928	872,685					4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
							40
							41
							42
							43
							44
							45
		1,611,340					46

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES**

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) projects initiated continued, or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried on by the respondent in which there is a sharing of costs with others, show separately the respondent's cost for the year and cost chargeable to others. (See definition of research, development, and demonstration in Uniform System of Accounts.)

2. Indicate in column (a) the applicable classification, as shown below. Classifications:

A. Gas R, D & D Performed Internally

(1) Pipeline

    a. Design

    b. Efficiency

(2) Compressor Station

    a. Design

    b. Efficiency

(3) System Planning, Engineering, and Operation

(4) Transmission Control and Dispatching

(5) LNG Storage and Transportation

(6) Underground Storage

(7) Other Storage

(8) New Appliances and New Uses

(9) Gas Exploration, Drilling, Production, and Recovery

(10) Coal Gasification

(11) Synthetic Gas

(12) Environmental Research

(13) Other (Classify and Include Items in Excess of \$5,000.)

(14) Total Cost Incurred

Line No.	Classification (a)	Description (b)
1	<b>NONE</b>	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)**

B. Gas, R, D & D Performed Externally

(1) Research Support to American Gas Association

(2) Research Support to Others (Classify)

(3) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$5,000 by classifications and indicate the number of items grouped. Under Other, (A.(1. and B.(2)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107 (Construction Work in Progress) first. Show in column (f) the amounts related to the account charged in column (e).

5. Show in column (g) the total unamortized accumulation of costs of projects. This total must equal the balance in Account 188 Research, Development, and Demonstration Expenditures outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d) and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
<b>NONE</b>					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Total of lines 3 thru 9)	0		
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	0		
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	0		
19	Transmission (Total of lines 4 and 13)	0		
20	Distribution (Total of lines 5 and 14)	0		
21	Customer Accounts (Line 6)	0		
22	Customer Service and Informational (Line 7)	0		
23	Sales (Line 8)	0		
24	Administrative and General (Total of lines 9 and 15)	0		
25	TOTAL Oper. and Maint. (Total of lines 18 thru 24)	0		
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Nat. Gas (Including Expl. and Dev.)	81,590		
30	Other Gas Supply	0		
31	Storage, LNG Terminating and Processing	19,317		
32	Transmission	12,506		
33	Distribution	5,311,663		
34	Customer Accounts	3,687,244		
35	Customer Service and Informational	0		
36	Sales	0		
37	Administrative and General	6,869,287		
38	TOTAL Operation (Total of lines 28 thru 37)	15,981,607		
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas	1,433		
42	Other Gas Supply	0		
43	Storage, LNG Terminating and Processing	35,541		
44	Transmission	43,731		
45	Distribution	1,550,617		
46	Administrative and General	0		
47	TOTAL Maint. (Total of lines 40 thru 46)	1,631,322		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DISTRIBUTION OF SALARIES AND WAGES (Continued)**

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (Continued)			
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Lines 28 and 40)	0		
50	Production - Natural Gas (Including Expl. and Dev.) (Lines 29 and 41)	83,023		
51	Other Gas Supply (Lines 30 and 42)	0		
52	Storage, LNG Terminating and Processing (Lines 31 and 43)	54,858		
53	Transmission (Lines 32 and 44)	56,237		
54	Distribution (Lines 33 and 45)	6,862,280		
55	Customer Accounts (Line 34)	3,687,244		
56	Customer Service and Informational (Line 35)	0		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	6,869,287		
59	TOTAL Oper. and Maint. (Total of lines 49 thru 58)	17,612,929	2,227,198	19,840,127
60	Other Utility Departments			
61	Operation and Maintenance			0
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	17,612,929	2,227,198	19,840,127
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	6,946,420	878,392	7,824,812
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	6,946,420	878,392	7,824,812
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant	943,850	119,352	1,063,202
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	943,850	119,352	1,063,202
74	Other Accounts (Specify):			
75				
76	Merchandise			
77	Jobbing			
78	Other	14,324		14,324
79				
80				
81				
82				
83				
84				
85				
86				
87				
88				
89				
90				
91				
92				
93				
94				
95	TOTAL Other Accounts	14,324	0	14,324
96	TOTAL SALARIES AND WAGES	25,517,523	3,224,942	28,742,465

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**COMMON UTILITY PLANT AND EXPENSES**

1. Furnish a schedule describing the property carried in the utility's accounts as common utility plant and showing the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 14, Common Utility Plant, of the Uniform System of Accounts. Such schedule also shall show the allocation of such plant costs to the respective departments using the common utility plant, explain the basis of allocation used, and give the allocation factors.

2. Furnish a schedule of the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate including explanation of basis of allocation and factors used.

3. Furnish a schedule showing for the year the expenses of operation, maintenance, rents, depreciation and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Such schedule also shall show the allocation of such expenses to the departments using the common utility plant to which such expenses related, explain the basis of allocation used, and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

Line No.	
1	
2	
3	<b>NONE</b>
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	

Name of Respondent 0	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 4/30/2019	Year of Report 12/31/2018
-------------------------	---	---	------------------------------

**CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

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

(a) Name and address of person or organization rendering services.  
(b) description of services received during year and project or case to which services relate,  
(c) basis of charges,  
(d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term or contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1					
2	SEMCO ENERGY, INC.	Management,		923.00	9,650,035
3	1411 Third Street	Financial, Legal,			
4	Port Huron, MI 48060	and Accounting			
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec 31, 2018
---	--	--	--------------------------------

**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	SEMCO ENERGY, INC.	Parent Company			
2			Payroll	VAR	2,275,420
3					
4			Facility Costs	880	179,073
5					
6	SEMCO Pipeline Company	Owned by same	Pipeline Operations		
7		Parent Company	& Maintenance	495	521,959
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
<b>TOTAL</b>					2,976,452

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec 31, 2018
---	--	--	------------------------------------

**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.

6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which

reported.

7. In column (j) report the total.

8. In column (k) indicate the pricing method (cost, per contract terms, etc.).

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
			2,311,499	4,586,919	Cost	1
						2
				179,073	Cost	3
						4
						5
						6
				521,959	Contract	7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
			2,311,499	5,287,951		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec 31, 2018
---	--	--	------------------------------------

**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company. services provided (administrative and general expenses, dividends declared, etc.).  
 2. In column (b) describe the affiliation (percentage ownership, etc.).  
 3. In column (c) describe the nature of the goods and 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	SEMCO ENERGY, INC.	Parent Company			
2			Admin & General	VAR	10,276,455
3					
4			Dividends	216	
5					
6			Interest	419,430,431	
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
<b>TOTAL</b>					10,276,455

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec 31, 2018
---	--	--	--------------------------------

**SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES**

5. In columns (f) and (g) report the amount classified reported to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.).

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
			112,697	10,389,152	Cost	1
						2
			87,000,000	87,000,000	N/A	3
						4
	8,859,214			8,859,214	Interest Rates	5
						6
						7
						8
						9
						10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
	8,859,214		87,112,697	106,248,366		

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NATURAL GAS RESERVES AND LAND ACREAGE**

1. Report below particulars (details) concerning the remaining recoverable saleable gas reserves and natural gas land acreage at end of year. Designate gas reserves on acreage acquired before October 8, 1969, and reserves on acreage acquired after October 7, 1969.

2. Classify the gas reserves and related land and land rights and costs under the sub-headings: (A) Producing Gas Lands, and (B) Non-producing Gas Lands. Provide a total for each classification.

3. For producing gas lands, report the required information alphabetically by State, County, or offshore area, and field.

If the field name is not assigned, report as "unnamed." Identify offshore fields according to their location in State or Federal domains by using the letter "S" for State domain, and "F" for Federal domain in column (a). For column (b), enter the zone number if applicable. The land, leasehold, and gas rights costs so reported should agree with the amounts carried under Account 101, Gas Plant in Service, and as reported for Accounts 325.1, 325.2, and 325.3 on pages 204-205. In column (e) show for each field the year and remaining recoverable saleable gas reserves available to respondent from owned lands, leaseholds, and gas rights.

Line No.	OFFSHORE AREA		Name of Field or Block (c)	Name of State / County / Offshore Area (d)	Recoverable Gas Reserves (Thousands Mcf) (e)	OWNED LANDS
	Domain (a)	Zone (b)				Acres (f)
1			<b>A. PRODUCING GAS LANDS</b>			
2			<b>B. NON-PRODUCING GAS LANDS</b>			
3						
4			Cal Lee	Michigan/Calhoun	0	0
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	TOTAL				0	0

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**NATURAL GAS RESERVES AND LAND ACREAGE (Continued)**

4. For non-producing gas lands, report the required information alphabetically by State, County, or offshore area by blocks. Report offshore lands in the same manner as producing gas lands. The land leaseholds, and gas rights costs reported should agree with the amounts carried under Account 105, Gas Plant Held for Future Use, and 105.1, Production Properties Held for Future Use, and reported in total on pages 214 and 215. Do not report estimates of gas reserves (column (e)) for unproven fields; however, if the company made estimates for such lands and normally includes such estimates in stating its reserve position in connection with proposed financing or for managerial and other purposes, include such estimates on this page.

5. Report the cost of lands, leaseholds, and gas rights in accordance with provisions of the Uniform System of Accounts for Natural Gas Companies.  
6. For columns (j) and (k), do not duplicate acreage reported for owned lands and leaseholds. Designate with an asterisk royalty interests separately owned.  
7. Indicate by footnote whether acres reported are gross acres or net acres based on proportion of ownership in jointly owned tracts.  
8. Do not include oil mineral interests in the cost of acreage reported.  
9. Report volumes on a pressure base of 14.73 psia at 60 F.

OWNED LANDS (Cont.) Cost (g)	LEASEHOLDS		OWNED GAS RIGHTS		TOTAL		Line No.
	Acres (h)	Cost (i)	Acres (j)	Cost (k)	Acres (l)	Cost (m)	
0		3,000		292,000		295,000	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39
0		3,000		292,000		295,000	40

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**CHANGES IN ESTIMATED HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE**

1. Report changes during the year in recoverable saleable reserves of the respondent located on acreage acquired after October 7, 1969. Have the reported reserves attested to every three years by an independent appraiser. File the attestation with the Commission along with this report. If the reserves, at the time the reserve determination is made, significantly differ from those reported on this page, file a reconciliation and explanation of such differences along with the attestation.

2. For any important changes in the estimated reserves due to purchases, sales, or exchanges of lands, leaseholds, or rights, furnish on page 505 a brief explanation of the transactions and reserves involved. Also, explain the criteria used to estimate the net realizable value of reserves.

3. For column (d), report the reserves and changes associated with lands, leaseholds, and rights included in Account 105.1, Production Properties Held for Future Use. (See Gas Plant Accounts Instruction 7G of the U.S. of A.).

4. Report pressure base of gas volumes at 14.73 psia at 60 F.

5. For line 16 base the net realizable value of hydrocarbon reserves on the current selling price of the hydrocarbon reserves less estimated costs of extraction, completion, and disposal.

Line No.	Items  (a)	Total Reserves Gas (Thousands Mcf) (b)	Lands, Leaseholds, and Rights		Total Reserves Oil and Liquids (Barrels) (e)	Investment (Net Book Value) (f)
			In Service Gas (Thousands Mcf) (c)	Held for Future Use Gas (Thousands Mcf) (d)		
1	Estimated Recoverable Reserves at Beginning of Year					
2	ADDITIONS					
3	Purchases and Exchanges of Lands, Leaseholds, and Rights					
4	Transfers from Reserves Held for Future Use					
5	Upward Revision of Basic Reserve Estimates (Explain in a footnote)					
6	Other Increases (Explain in a footnote)					
7	TOTAL Additions (Line 3 thru 6)	0	0	0	0	
8	DEDUCTIONS					
9	Production During Year					
10	Sales and Exchanges of Lands, Leaseholds, and Rights					
11	Transfers of Reserves Held for Future Use to Reserves in Service					
12	Downward Revision of Estimates of Recoverable Reserves (Explain in a footnote)					
13	Other Decreases (Explain in a footnote)					
14	TOTAL Deductions (Lines 9 thru 13)	0	0	0	0	
15	Estimate Recoverable Reserves at End of Year (Enter total of lines 1, 7, and 14)	0	0	0	0	
16	Net Realizable Value at End of Reporting Year (Explain on page 505): \$					

NOTES

NONE

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE (Continued)**

Explain below items for which explanations are required on page 504, Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value. For line 16 on page 504, explain the criteria used to estimate such value and provide an explanation of

**Not Applicable**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**COMPRESSOR STATIONS**

1. Report below particulars (details) concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Relatively small field compressor stations may be grouped by production areas. Show the number of stations grouped. Designate any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership, if

Line No.	Name of Station and Location  (a)	Number of Employees  (b)	Plant Cost  (c)
1			
2	UNDERGROUND STORAGE		
3			
4	Morton Well, Marysville, MI	n/a	4,851,288
5	Collin Field, Cottrellville, MI	n/a	1,566,216
6	Lacey Station, Barry County, MI	n/a	876,713
7	Harris/Watson - O'Dell Station, Calhoun County, MI	n/a	1,975,429
8			<u>9,269,646</u>
9			
10	TRANSMISSION		
11			
12	North Ave Gas Stabilization, Calhoun County, MI	n/a	0
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**COMPRESSOR STATIONS (Continued)**

jointly owned. Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote the size of each such unit, and the date each such unit was placed in operation.  
3. For column (d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)			Operation Data			Line No.
Fuel or Power  (d)	Other  (e)	Gas for Compressor Fuel Mcf (14.73 psia at 60 F)  (f)	Total Compressor Hours of Operation During Year (g)	No. of Compressors Operated at Time of Station Peak (h)	Date of Station Peak (i)	
						1
						2
						3
118,552		22,013	3,679	2	4/23/2018	4
84,259		15,622	2,627	2	5/23/2018	5
40,707		7,242	2,771	1	5/21/2018	6
168,618		31,277	6,453	2	4/24/2018	7
						8
						9
						10
						11
						12
						13
Operation (1)	195,047					14
Maintenance (1)	76,176					15
						16
						17
(1) Underground storage compressor station expenses are not separated.						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
						41

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**GAS AND OIL WELLS**

1. Report below the particulars (details) concerning gas and oil wells of the respondent which are either producing or capable of production.

2. Report the required information alphabetically by states. List wells located offshore separately.

3. For column (a), under separate headings, list gas wells first, oil wells second, and combination wells third. Combination wells are wells producing or capable of production from one or more oil reservoirs and also from one or more gas reserves. Enter totals for each of the headings (gas wells, oil wells, combination wells). Designate any wells not operated during the past year, and in a footnote state whether the book cost of such wells, or any portion thereof, has been retired in the books of account, or what disposition of the wells and their book cost is contemplated.

4. In column (f), report wells reclassified during the year as oil wells, gas wells, or combination wells. Show additions in black and deductions enclosed in parentheses. The total additions equal the total deductions.

Line No.	Location of Wells  (a)	Number of Wells Beginning of Year (b)	ADDITIONS DURING YEAR			Wells Reclassified (f)	REDUCTIONS DURING YEAR			Number of Wells at End of Year (j)
			Successful Wells Drilled (c)	Wells Purchased (d)	Total (c + d) (e)		Wells Abandoned (g)	Wells Sold (h)	Total (g + h) (i)	
1										
2	NONE									
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**GAS STORAGE PROJECTS**

1. Report particulars (details) for total gas storage projects.  
2. Total storage plant (column b) should agree with amounts reported by the respondent in Accounts 350.1 to 364.8 inclusive (pages 204 - 205).

3. Give particulars (details) of any gas stored for the benefit of another company under a gas exchange arrangement or on basis of purchase and resale to other company. Designate with an asterisk if other company is an associated company.

Line No.	Item (a)	Total Amount (b)
1	Natural Gas Storage Plant	
2	Land and Land Rights	1,995,785
3	Structures and Improvements	2,491,278
4	Storage Wells and Holders	8,821,956
5	Storage Lines	548,724
6	Other Storage Equipment	20,377,513
7	TOTAL (Enter Total of Lines 2 thru 6)	34,235,256
8	Storage Expenses	
9	Operation	765,533
10	Maintenance	154,985
11	Rents	
12	TOTAL (Enter Total of Lines 9 thru 11)	920,518
13	Storage Operations (In Mcf)	
14	Gas Delivered to Storage	
15	January	157,550
16	February	129,581
17	March	73,133
18	April	1,054,854
19	May	2,755,235
20	June	2,379,561
21	July	2,356,227
22	August	2,485,466
23	September	2,333,335
24	October	1,940,202
25	November	218,977
26	December	109,534
27	TOTAL (Enter Total of Lines 15 thru 26)	15,993,655
28	Gas Withdrawn from Storage	
29	January	3,767,780
30	February	3,051,263
31	March	3,606,000
32	April	539,545
33	May	80,644
34	June	-3,731
35	July	-9,001
36	August	12,713
37	September	26,113
38	October	206,331
39	November	1,849,837
40	December	2,131,738
41	TOTAL (Enter Total of Lines 29 thru 40)	15,259,232

Name of Respondent SEMCO ENERGY GAS CO		This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
GAS STORAGE PROJECTS (Continued)				
Line No.	Item  (a)			Total Amount (b)
	Storage Operations (In Mcf)			
42	Top or Working Gas End of Year			3,786,019
43	Cushion Gas (Including Native Gas)			3,159,419
44	Total Gas in Reservoir (Enter Total of Line 42 and 43)			6,945,438
45	Certified Storage Capacity			8,050,521
46	Number of Injection - Withdrawal Wells			12
47	Number of Observation Wells			7
48	Maximum Day's Withdrawal from Storage			80,558
49	Date of Maximum Day's Withdrawal			02/01/18
50	LNG Terminal Companies			NA
51	Number of Tanks			NA
52	Capacity of Tanks			NA
53	LNG Volumes			
54	a) Received at "Ship Rail"			NA
55	b) Transferred to Tanks			NA
56	c) Withdrawn from Tanks			NA
57	d) "Boil Off" Vaporization Loss			NA
58	e) Converted to Mcf at Tailgate of Terminal			NA

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**DISTRIBUTION AND TRANSMISSION LINES**

1. Report below by States the total miles of pipe lines operated by respondent at end of year.

2. Report separately any lines held under title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.

3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.

4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)
1	Michigan Transmission Lines:	
2	4" in UGS-Morton reported on MDOT	0.1
3	4" Harris Compressor to Lee 2	1.1
4	4" Lee 11 @ V Dr N & 22 1/2 Mile Rds	1.1
5	6" in UGS-Morton reported on MDOT	0.2
6	6" in UGS-Collin reported on MDOT	0.4
7	6" BCG/Hayes Albion Line (Harris to ERPL)	1.7
8	6" Cal-Lee Station to Harris Compressor	1.3
9	8" in UGS-Morton reported on MDOT	0.6
10	8" North Ave Stn to Cal-Lee Stn	16.6
11	8" Lacey S1 & S2	0.1
12	8" PEPL#2 Connector @ Watkins Rd	0.2
13	8" Starville Road (Cottrellville & China Twps)	7.8
14	8" New Haven Interchange btw 25 & 26 Mile Rd (Chesterfield Twp)	0.3
15	8" Negaunee Twp from NNG to Kuester Pwr Plant	0.3
16	8" Baraga Twp from NNG to MIHM Pwr Plant	4.1
17	8" Ray Twp to Boyd Field in Casco Twp	11.6
18	12" in UGS-Collin reported on MDOT	0.0
19	12" Macomb Twp thru to St Clair Twp	22.2
20	12" N Sales Stn on Puttygut Rd (Casco Twp) to Remer Rd Stn (China Twp)	9.8
21	12" N Sales Stn on Puttygut Rd (Casco Twp) to Brandon Rd Stn (Kenokee Twp)	16.7
22	16" Belle River Lateral (China Twp thru to E China Twp)	1.5
23	16" Southern Energy Lateral (Zeeland City thru to Jamestown Twp)	7.4
24		
25	TOTAL Transmission Lines	105.0
26		
27	See Attachement for additional information	
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL Distribution Lines	6239.5
40		
41	TOTAL	6344.5

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

District	PipeName	Owner	OD	MAOP	Length (ft)	Length (mi)	Peak Operating Pressure	Average Operating Pressure
<b>Central</b>								
	7 Mile Line	SPC	7	960	38,267	7.248	800	750
	Cal-Lee 8"	SEGC	9	720	87,347	16.543	720	550
	Harris 4"	SEGC	5	1,440	5,686	1.077	1,250	550
	Harris 6"	SEGC	7	1,440	7,007	1.327	1,250	550
	Hayes Albion	SPC	7	960	133,973	25.374	800	750
	Hayes Albion Transfer	SEGC	7	960	8,788	1.664	800	750
	Lee 11	SEGC	5	1,440	5,611	1.063	1,250	750
	S1/S2 Lines	SEGC	9	1,598	568	0.108	1,500	1,000
	Watkins Rd	SEGC	9	860	1,262	0.239	700	650
<b>Central Total</b>					<b>288,510</b>	<b>54.642</b>		
<b>Eastern</b>								
	China Lateral	SEGC	16	974	8,300	1.572	920	775
	Collin Storage Field	SEGC	7	465	182	0.034	465	425
			7	1,350	2,084	0.395	1,100	750
			13	465	58	0.011	465	425
			13	1,350	62	0.012	1,100	750
	Consumers to NH Interchange	SEGC	9	960	1,530	0.290	900	650
	Greenwood	SPC	18	1,164	92,739	17.564	900	750
	Kennedy to North Ave	SEGC	13	465	117,445	22.243	465	400
	Morton Storage Field	SEGC	5	1,050	547	0.104	1,050	750
			7	1,050	925	0.175	1,050	750
			9	1,050	2,907	0.551	1,050	750
	North Sales to Emmett	SEGC	13	465	88,257	16.715	465	400
	North Sales to King Rd	SEGC	7	465	23	0.004	465	420
			13	465	51,608	9.774	465	420
	Ray to Boyd Field	SEGC	9	465	61,228	11.596	465	400
	Starville Rd	SEGC	9	465	41,205	7.804	465	400
<b>Eastern Total</b>					<b>469,101</b>	<b>88.845</b>		
<b>Northern</b>								
	UMERC Baraga	SEGC	9	830	21,511	4.074	800	725
	UMERC Negaunee	SEGC	9	575	1,384	0.262	525	500
<b>Northern Total</b>					<b>22,896</b>	<b>4.336</b>		
<b>Western</b>								
	Zeeland Pipeline	SEGC	16	858	38,793	7.347	800	650
<b>Western Total</b>					<b>38,793</b>	<b>7.347</b>		
<b>Grand Total</b>					<b>819,300</b>	<b>155.170</b>		

**BLANK PAGE**

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**LIQUEFIED PETROLEUM GAS OPERATION**

1. Report the information called for below concerning plants which produce gas from liquefied petroleum gas (LPG). installation which is only an adjunct of a manufactured gas plant, may include or exclude (as appropriate) the plant cost and expenses of any plant used jointly with the manufactured gas facilities on the basis of predominant use. Indicate in a footnote how the plant cost and expenses for the liquefied petroleum plant described above are reported.

2. For column (a), give city and State or such other designation necessary to locate plant on a map of the respondent's system.

3. For columns (b) and (c), the plant cost and operation and maintenance expenses of any liquefied petroleum gas

Line No.	Location of Plant and Year Installed (City, state, etc.)  (a)	Cost of Plant (Land struct. equip.)  (b)	Expenses	
			Oper. Maintenance, Rents, etc.  (c)	Cost of LPG Used  (d)
1	<b>Not Applicable</b>			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	TOTAL			

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**LIQUEFIED PETROLEUM GAS OPERATIONS (Continued)**

Designate any plant held under a title other than full ownership and in a footnote state name of owner or co-owner, nature of respondent's title, and percent ownership if jointly owned.

4. For column (g) report the Mcf that is mixed with natural gas or which is substituted for deliveries normally made from natural gas. Natural gas means either gas unmixed or any mixture of natural and manufactured gas

or mixture of natural gas and gasified LPG.

5. If any plant was not operated during the past year, give particulars (details) in a footnote, and state whether the book cost of such plant, or any portion thereof, has been retired in the books of account, or what disposition of the plant and its book cost is contemplated.

6. Report pressure base of gas at 14.73 psia at 60 F. Indicate the Btu content in a footnote.

Gallons of LPG Used (e)	Gas Produced		LPG Storage Cap. Gallons (h)	Function of Plant (Base load, peaking, etc.) (i)	Line No.
	Amount of Mcf (f)	Amount of Mcf Mixed with Natural Gas (g)			
<b>Not</b>	<b>Applicable</b>				1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
					39
					40

Name of Respondent <b>SEMCO ENERGY GAS CO</b>	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
--	--	--	-------------------------------------

**DISTRIBUTION SYSTEM PEAK DELIVERIES**

1. Report below the total distribution system deliveries of gas, excluding deliveries to storage the periods of system peak deliveries indicated below during the calendar year.

2. Report Mcf on a pressure base of 14.73 psia at 60 F

Line No.	Item (a)	Day / Month (b)	Amount of Mcf (c)	Curtailments on Day/Month Indicated (d)
<b>Section A. Three Highest Days of System Peak Deliveries</b>				
1	Date of Highest Day's Deliveries	1/4/2018		
2	Deliveries to Customers Subject to MPSC Rate Schedules		452,375	
3	Deliveries to Others		0	
4	TOTAL		452,375	
5	Date of Second Highest Day's Deliveries	1/5/2018		
6	Deliveries to Customers Subject to MPSC Rate Schedules		450,771	
7	Deliveries to Others		0	
8	TOTAL		450,771	
9	Date of Third Highest Day's Deliveries	1/6/2018		
10	Deliveries to Customers Subject to MPSC Rate Schedules		426,294	
11	Deliveries to Others		0	
12	TOTAL		426,294	
<b>Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)</b>				
13	Dates of Three Consecutive Days Highest System Peak Deliveries	1/4/2018		
		1/5/2018		
		1/6/2018		
14	Deliveries to Customers Subject to MPSC Rate Schedules		1,329,440	
15	Deliveries to Others		0	
16	TOTAL		1,329,440	
17	Supplies from Line Pack		0	
18	Supplies from Underground Storage		172,882	
19	Supplies from Other Peaking Facilities		0	
<b>Section C. Highest Month's System Deliveries</b>				
20	Month of Highest Month's System Deliveries	January		
21	Deliveries to Customers Subject to MPSC Rate Schedules		10,069,509	
22	Deliveries to Others			
23	TOTAL		10,069,509	

Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr) 04/30/19	Year of Report Dec. 31, 2018
---	--	--	---------------------------------

**AUXILIARY PEAKING FACILITIES**

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.

2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted

For other facilities, report the rated maximum daily delivery capacities.

3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominate use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60 F (c)	Cost of Facility (In dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1	Morton Field Marysville, MI	Underground Storage Cavern	60,000	15,383,799	X	
2						
3						
4	Collin Field Cottrellville, MI	Underground Storage Cavern	21,000	9,622,442	X	
5						
6						
7	Johnstown Twp. MI Barry County	Underground Salt Cavern Storage - Lacey	25,000	3,636,721	X	
8						
9						
10	Lee Twp., MI Calhoun County	Underground Gas Well Storage - Lee 2, Lee II, Harris	18,000	5,440,571	X	
11						
12						
13				34,083,533		
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						

Name of Respondent  SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

**SYSTEM MAPS**

1. Furnish 2 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:

- (a) Transmission lines - colored in red, if they are not otherwise clearly indicated.
- (b) Principal pipeline arteries of gathering systems.
- (c) Sizes of pipe in principal pipelines shown on map.
- (d) Normal directions of gas flow - indicated by arrows.
- (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.

(f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.

(g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.

(h) Principal communities in which respondent renders local distribution service.

3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

**See Attached Map(s)**

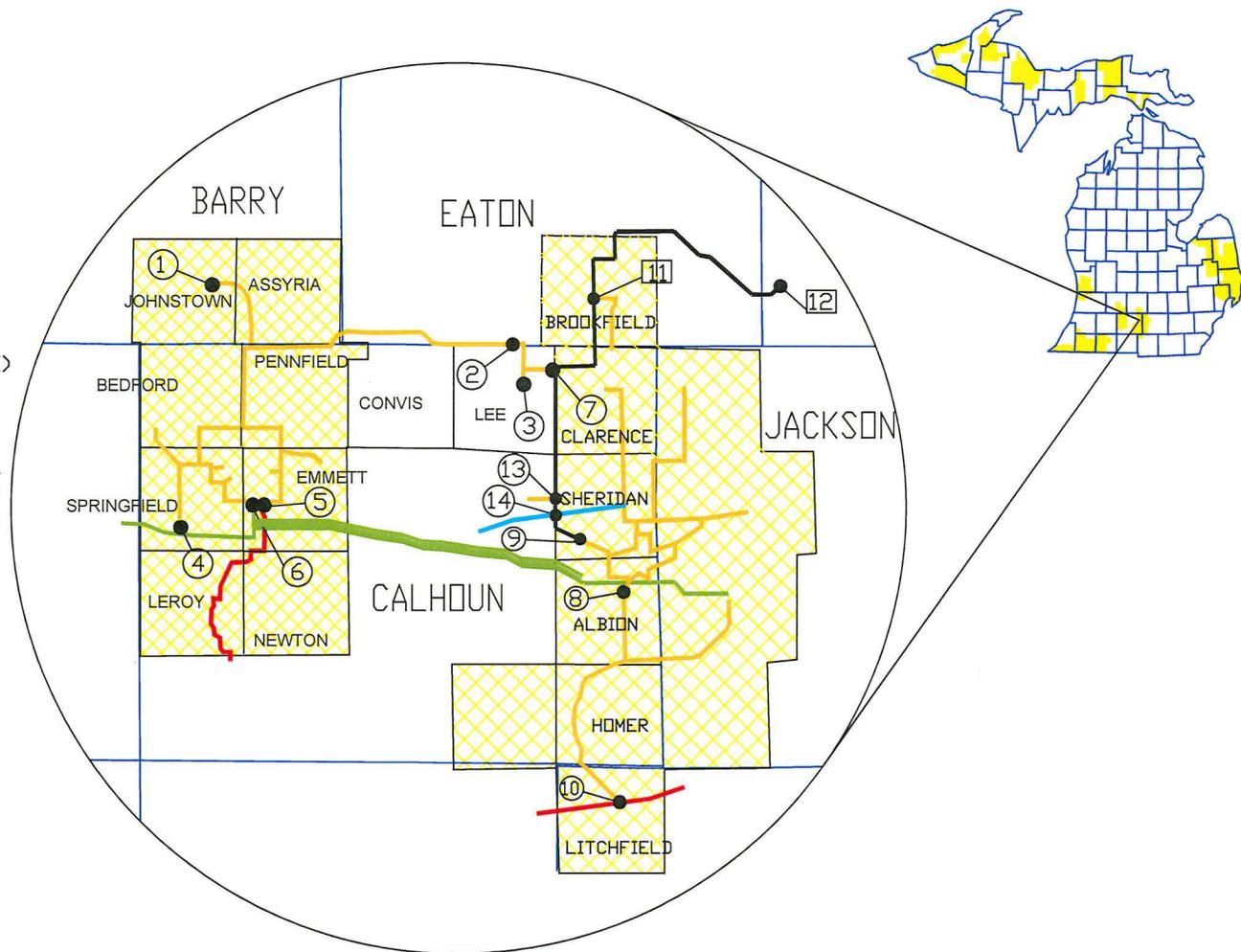
# SYSTEM GATE STATIONS CENTRAL AREA

1. Lacey (F) (I)
2. Lee 02 (F) (I)
3. Lee 11 (F) (I)
4. PEPL #2 (F)
5. ANR Main St (F)
6. PEPL #1 (F)
7. SEMCO Interconnect (F)
8. Albion Town Border Station (F) (I)
9. Eaton Rapids Interchange (F)(I)
10. Litchfield Interchange (I)
11. Brookfield Interchange
12. Eaton Rapids Storage
13. Kilbourn Interchange
14. ERPL-Vector Interchange

- Control - NO  
 Control - YES

- ANR Pipeline
- Panhandle Eastern Pipeline Co.
- Eaton Rapids Pipeline
- SEMCO Gas
- Vector Pipeline

- (I) - Remote Isolation Valve  
 (F) - Remote Flow Valve



TITLE:

SYSTEM GATE STATIONS

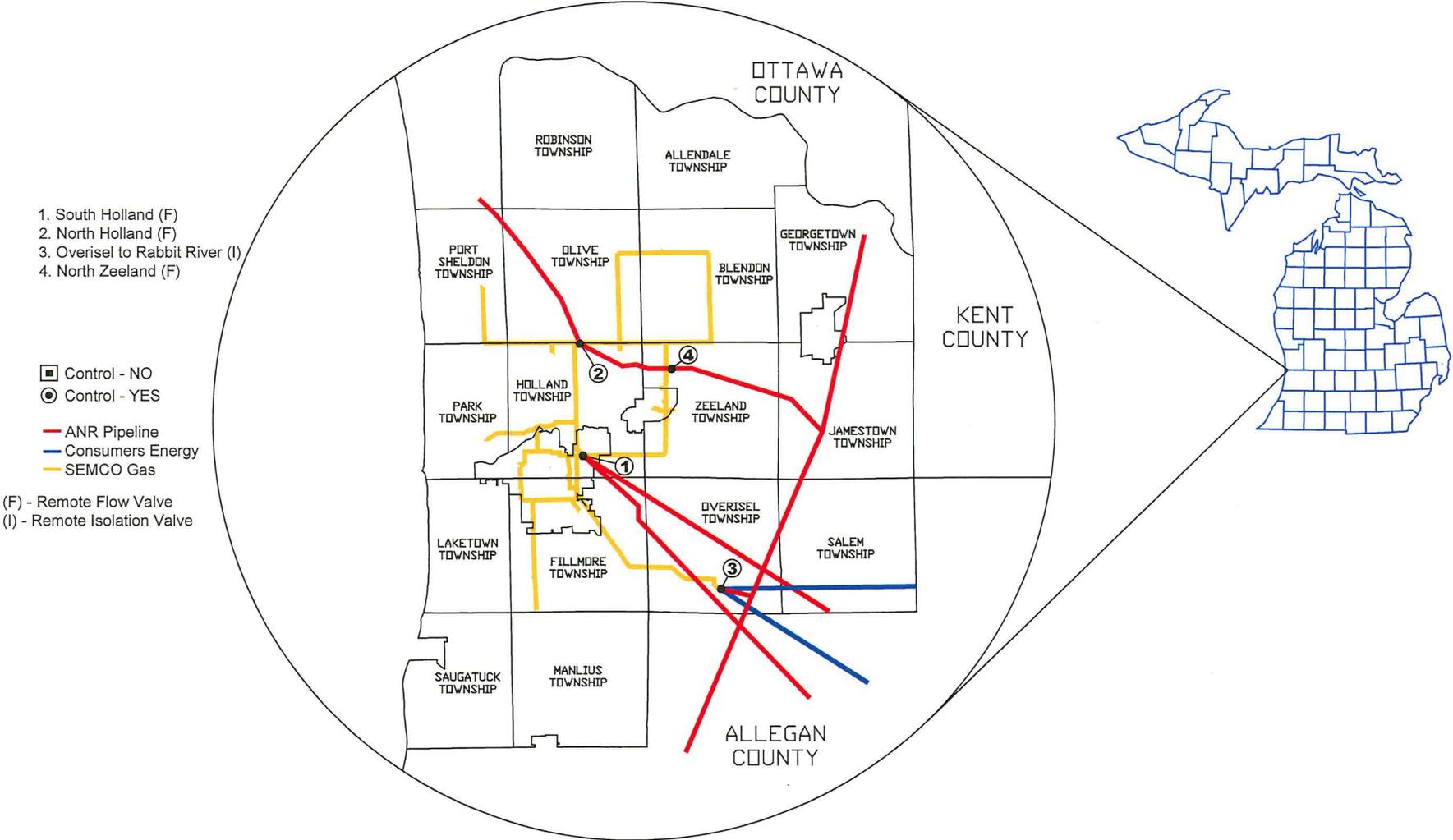
**SEMCO ENERGY GAS COMPANY**

HARBORSIDE OFFICE CENTER  
 1411 THIRD STREET - SUITE A PORT HURON, MICHIGAN  
 TELEPHONE: (810) 987-7900 FAX: (810) 887-4507



**ENGINEERING AND PLANNING**

# SYSTEM GATE STATIONS HOLLAND AREA



- 1. South Holland (F)
- 2. North Holland (F)
- 3. Overisel to Rabbit River (I)
- 4. North Zeeland (F)

- ☐ Control - NO
- Control - YES

- ANR Pipeline
- Consumers Energy
- SEMCO Gas

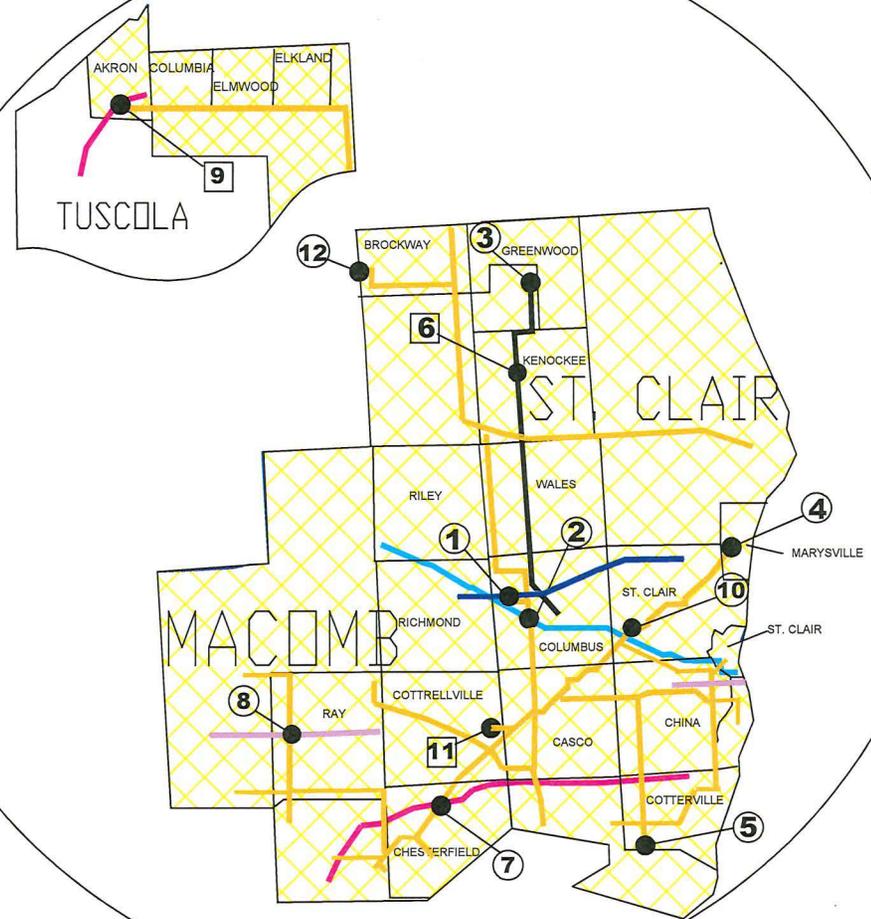
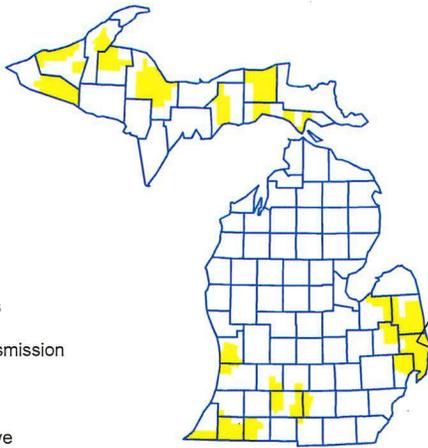
(F) - Remote Flow Valve  
(I) - Remote Isolation Valve

TITLE:	SYSTEM GATE STATIONS
<b>SEMCO ENERGY GAS COMPANY</b>	
<small>HARBORSIDE OFFICE CENTER 1411 THIRD STREET - SUITE A PORT HURON, MICHIGAN TELEPHONE: (810) 987-7900 FAX: (810) 887-4507</small>	
<b>ENGINEERING AND PLANNING</b>	

# SYSTEM GATE STATIONS PORT HURON AREA

1. ANR Interchange (F)
2. GLGTC Interchange Bauman Rd (F) (I)
3. Kilgore Road (F)
4. Morton Wells (F) (I)
5. Collins Field (F) (I)
6. Avoca
7. New Haven Interchange (F) (I)
8. Ray #17 (F) (I)
9. Akron Interchange
10. GLGTC Interchange Trumble Rd (F)
11. Pilat Well
12. Rapley Well (F)

- ☐ Control - NO
  - ⊙ Control - YES
  - Greenwood Pipeline
  - DTE
  - SEMCO ENERGY Gas
  - Consumers Energy
  - Great Lakes Gas Transmission
  - ANR Pipeline
- (F) - Remote Flow Valve  
(I) - Remote Isolation Valve



TITLE:

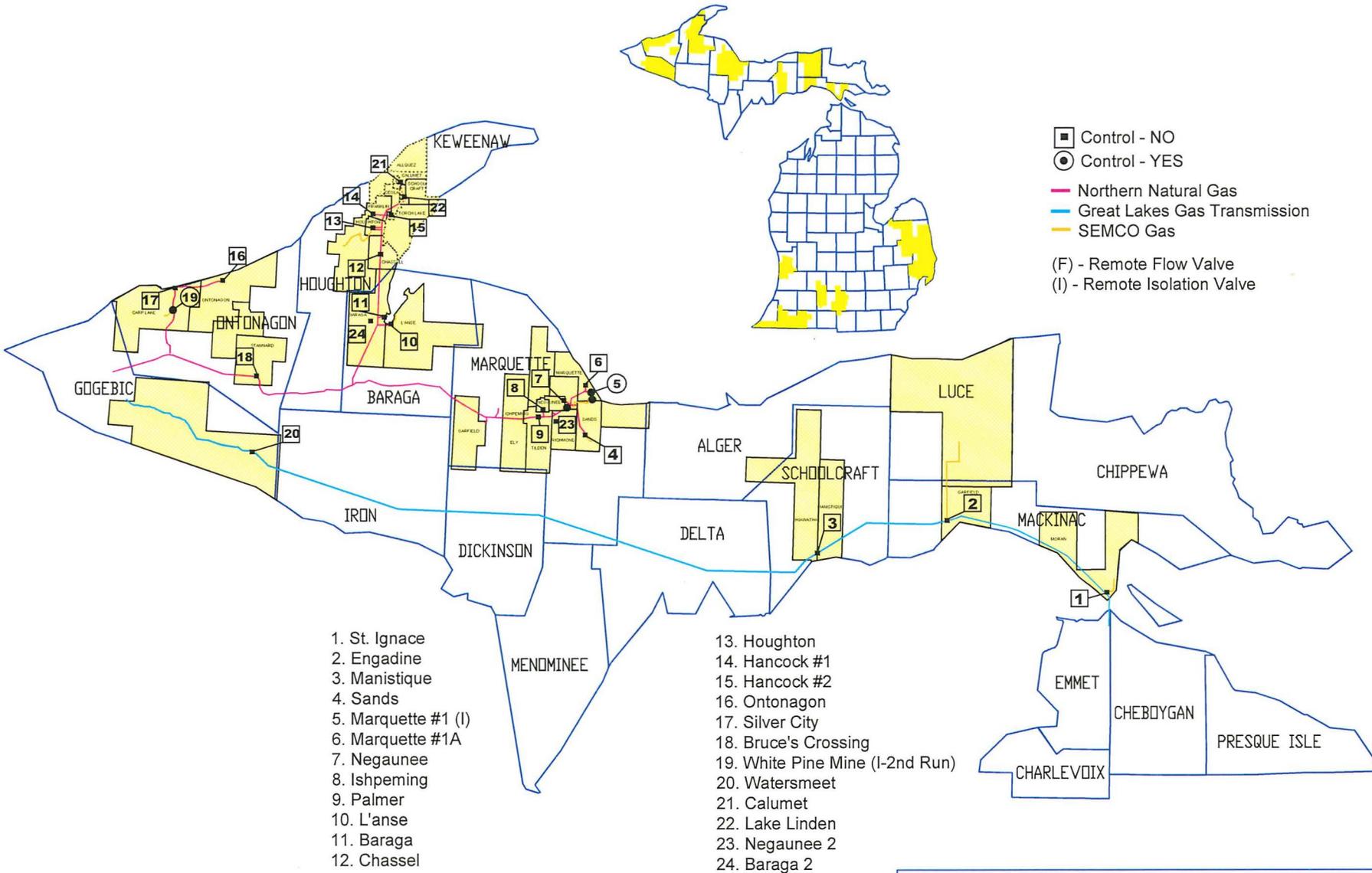
SYSTEM GATE STATIONS



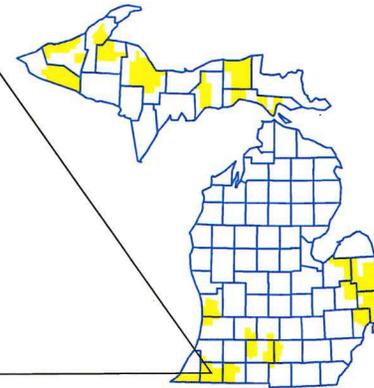
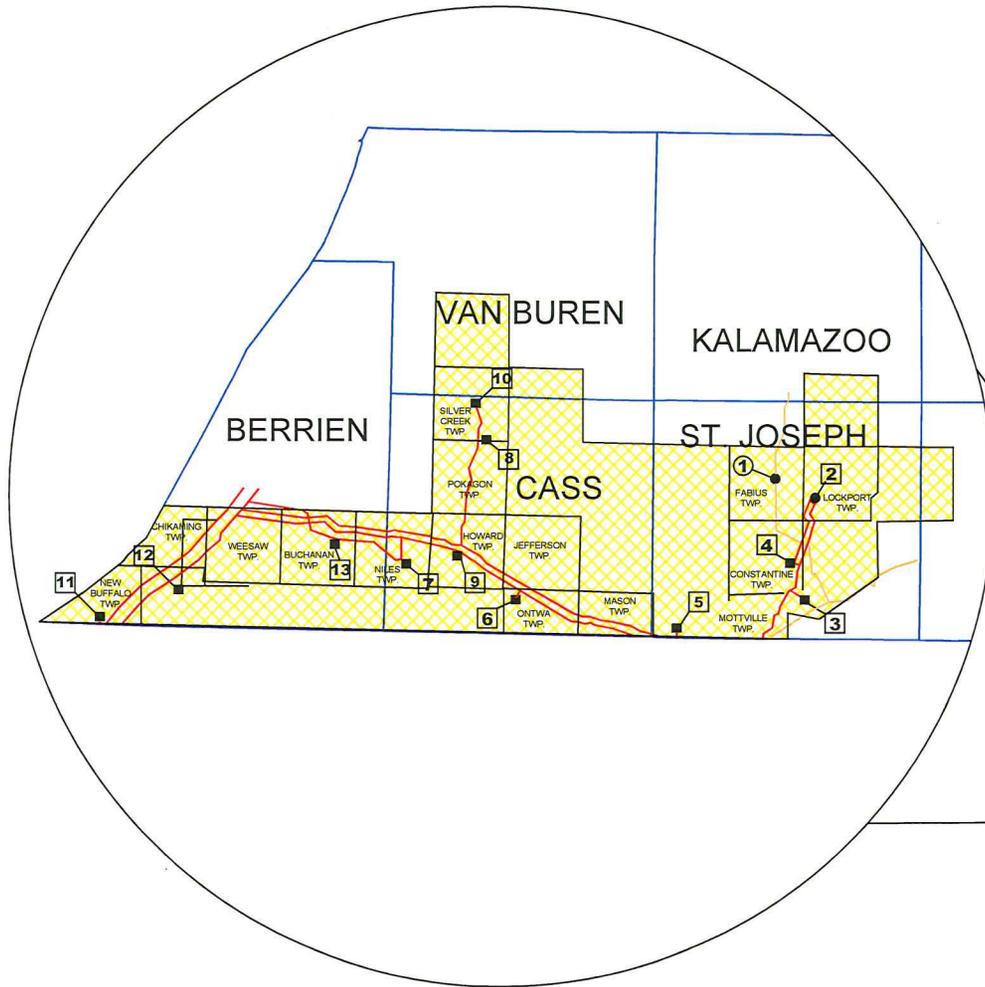
**SEMCO ENERGY GAS COMPANY**

HARBORSIDE OFFICE CENTER  
1411 THIRD STREET - SUITE A PORT HURON, MICHIGAN  
TELEPHONE: (810) 987-7900 FAX: (810) 887-4507  
**ENGINEERING AND PLANNING**

## SYSTEM GATE STATIONS U.P. EAST AND WEST AREAS



# SYSTEM GATE STATIONS NILES AREA



1. Ferguson Road (F)
  2. Three Rivers
  3. White Pigeon
  4. Constantine
  5. Baldwin Lake
  6. Edwardsburg
  7. Niles
  8. Dowagiac
  9. Barron Lake
  10. Sister Lakes
  11. New Buffalo
  12. Three Oaks
  13. Buchanan
- Control - NO  
 Control - YES
- ANR Pipeline  
— Consumers Energy
- (F) - Remote Flow Valve  
 (I) - Remote Isolation Valve

TITLE:

SYSTEM GATE STATIONS

**SEMCO ENERGY GAS COMPANY**

HARBORSIDE OFFICE CENTER

1411 THIRD STREET - SUITE A PORT HURON, MICHIGAN

TELEPHONE: (810) 987-7900 FAX: (810) 887-4507

**ENGINEERING AND PLANNING**



Name of Respondent SEMCO ENERGY GAS CO	This Report Is: (1) X An Original  (2) A Resubmission	Date of Report (Mo, Da, Yr)  04/30/19	Year of Report  Dec. 31, 2018
---	--	--	-------------------------------------

FOOTNOTE DATA

Page No. (a)	Line No. (b)	Column No. (c)	Comments (d)
			Footnote data is included on Page 123.

**BLANK PAGE**

INDEX

<u>Schedule</u>	<u>Page No.</u>
Abandoned leases	326
Accrued and prepaid taxes	262-263
Accounts receivable	228A
Accumulated Deferred Income Taxes	234-235, 272-5, 276A-B, 277
Accumulated provisions for depreciation of common utility plant	356
utility plant	219
utility plant (summary)	200-201
Advances	
for gas	229
from associated companies	256-257
from customers for construction	268
to associated companies	222-223
Amortization	
miscellaneous	340
of nonutility property	221
of other gas plant in service	336-338
and depletion of production natural gas land and land rights	336-338
Appropriations of Retained Earnings	118-119
Assets miscellaneous current & accrued	268
Associated Companies	
advances from	256-257
advances to	222-223
control over respondent	102
corporations controlled by respondent	103
interest on debt to	256-257
investment in	222-223
payables to	260B
receivables from	228B
service contracts charges	357
summary of costs billed to	358-359
summary of costs billed from	360-361
Attestation	1
Balance Sheet	
comparative	110-113
notes to	122-123
Bonds	256-257
Calculation of Federal Income Taxes	261C-D
Capital Stock	250-251
discount	254
expenses	254
installments received	252
liability for conversion	252
premiums	252
reacquired	250-251
subscribed	252
Cash flows, statement of	120-121
Changes	
important during year	108-109
Charges for outside professional and other consultative services	357
Civic activities, expenditures for	343
Compressor stations	508-509

INDEX

<u>Schedule</u>	<u>Page No.</u>
Construction	
overheads, gas	217
overhead procedures, general description of	218
work in progress - common utility plant	356
work in progress - gas	216
work in progress - other utility departments	200-201
Consultative services, charges for	357
Control	
corporation controlled by respondent	103
over respondent	102
security holders and voting powers	106-107
Corporation	
controlled by respondent	103
incorporated	101
CPA, background information on	101
CPA Certification, this report form	i-ii
Current and accrued liabilities, miscellaneous	268
Deferred	
credits, other	269
debits, miscellaneous	233
income taxes, accumulated - accelerated amortization property	272-273
income taxes, accumulated - other property	274-275
income taxes, accumulated - other	276A-B
income taxes, accumulated - pollution control facilities	234-235
income taxes, accumulated - temporary	277
regulatory expenses	350-351
Definitions, this report form	iii-iv
Demonstration and development, research	352-353
Depletion	
amortization and depreciation of gas plant	336-338
and amortization of producing natural gas land and land rights	336-338
Depreciation and amortization	
of common utility plant	356
of gas plant	219, 336-338
Directors	105
Discount on capital stock	254
Discount - premium on long-term debt	256-257
Disposition of property, gain or loss	342A-B
Distribution Lines	514
Distribution of salaries and wages	354-355
Dividend appropriations	118-119
Earnings, Retained	118-119
Exchange Gas Transactions	328-330
Expenses	
gas operation and maintenance	320-325
gas operation and maintenance (nonmajor)	320N-324N
gas operation and maintenance, summary	325
unamortized debt	256-257
Exploration and development expenses	326
Extraordinary property losses	230
Filing requirements, this report form	i-ii
Footnote Data	551

INDEX

<u>Schedule</u>	<u>Page No.</u>
Gains	
on disposition of property	342A-B
unamortized, on reacquired debt	260
Gas	
advances	229
exchanged, natural	328-330
production and gathering statistics, natural	506
purchases, natural and other	327
reserves, land acreage, natural gas	500-501
stored underground	220
used in utility operations, credit	331
plant in service	202-212B
General description of construction overhead procedure	218
General information	101
General instructions	ii-iii
Identification	101
Important changed during year	108-109
Income	
deductions - details	256-259, 340
from utility plant leased to others	339
statement of, by departments	114-117
statement of, for the year (see also revenues)	114-117
Incorporation information	101
Installments received on capital stock	252
Interest	
charges, on debt to associated companies	340
charges, other	340
charges, paid on long-term debt, advances, etc.	256-257
received from investments, advances, etc.	222-223
Investment tax credits, accumulated deferred	266-267
Investment tax credits generated and utilized	264-265
Investments	
in associated companies	222-223
nonutility property	221
other	222-223
securities disposed of during year	222-223
subsidiary companies	224-225
temporary cash	222-223
Law, excerpts applicable to this report form	i-iv
Legal proceedings during year	108-109
Leases	
income from utility plant leased to others	339
lease rentals charged	333A-D
Liabilities, miscellaneous current & accrued	268
Liquefied petroleum gas operation	516-517
List of schedules, this report form	2-4
Long-term debt	256-257
Losses - Extraordinary property	230
Losses	
on disposition of property	342A-B
operating, carryforward	117C
unamortized, on reacquired debt	260
Management and engineering contracts	357
Map, system	522

INDEX

<u>Schedule</u>	<u>Page No.</u>
Materials and supplies	228C
Miscellaneous general expenses	335
Nonutility property	221
Notes	
payable	260A
payable, advances from associated companies	256-257
receivable	228A
to balance sheet	122-123
to statement of cash flow	122-123
to statement of income	122-123
to statement of retained earnings	122-123
Number of Gas Department Employees	325
Officers and officers' salaries	104
Oil and gas wells, number of	510
Operating	
expenses - gas	320-325
expenses - gas (summary)	325
loss carryforward	117C
revenue - gas	300-303
Operation and maintenance expense (nonmajor)	320N-324N
Other	
donations received from stockholders	253
gains on resale or cancellations of reacquired capital stock	253
income accounts	341
miscellaneous paid-in capital	253
other supplies expense	334
paid-in capital	253
reduction in par or stated value of capital stock	253
regulatory assets	232
regulatory liabilities	278
Outside services, charges for	357
Overhead, construction - gas	217
Payables, to associated companies	260B
Peak, deliveries, distribution system, Mcf	518
Peaking facilities, auxiliary	519
Plant, Common utility	
accumulated provision for depreciation	356
acquisition adjustments	356
allocated to utility departments	356
completed construction not classified	356
construction work in progress	356
expenses	356
held for future use	356
in service	356
leased to others	356
Plant data	217-218
	336-338
	500-519
Plant - gas	
accumulated provision for depreciation	219
construction work in progress	216
held for future use	214
in service	204-212B
leased to others	213

INDEX

<u>Schedule</u>	<u>Page No.</u>
Plant - utility	
and accumulated provisions (summary)	200-201
leased to others, income from	339
Political activities, expenditures for	343
Pollution control facilities, accumulated deferred income taxes	234-235
Preliminary survey and investigation charges	231
Premium and discount on long-term debt	256-257
Premium on capital stock	252
Prepaid gas purchases under purchase agreements	226-227
Prepaid taxes	262-263
Prepayments	230
Production	
properties held for future use	215
Professional services, charges for	357
Property - losses, extraordinary	230
Purchased gas	327, 327A-B
Reacquired	
capital stock	250-251
debt, unamortized loss and gain on	260
long-term debt	256-257
Receivables	
from associated companies	228B
notes and accounts	228A
Receivers' certificates	256-257
Reconciliation of deferred income tax expense	117A-B
Reconciliation of reported net income with taxable income	
for Federal income taxes	261A-B
Regulatory Assets, Other	232
Regulatory Commission Expenses Deferred	233, 350-351
Regulatory Commission Expenses For Year	350-351
Regulatory Liabilities, Other	278
Rent	
from lease of utility plant	339
lease rentals charged	333A-D
Research, development and demonstration activities	352-353
Reserves	
changes in estimated hydrocarbon	504-505
natural gas land acreage	500-501
Retained Earnings	
amortization reserve, Federal	119
appropriated	118-119
statement of, for year	118-119
unappropriated	118-119
Revenues	
from natural gas processed by others	315
from transportation of gas of others	312-313
gas operating	300-303
Salaries and wages	
directors fees	105
distribution of	354-355
officers'	104

INDEX

<u>Schedule</u>	<u>Page No.</u>
Sales	
gasoline - extracted from natural gas	315
natural gas - for resale	310A-B
products extracted from natural gas	315
Schedules, this report form	2-4
Securities	
disposed of during year	222-223
holders and voting powers	106-107
investment in associated companies	222-223
investment, others	222-223
investment, temporary cash	222-223
issued or assumed during year	255
refunded or retired during year	255
registered on a national exchange	250-251, 256-257
Service contract charges	357
Statement of cash flows	120-121
Statement of income for the year	114-117
Statement of retained earnings for the year	118-119
Stock liability for conversion	252
Storage of natural gas, underground	512-513
Supplies - materials and	228C
Survey and investigation, preliminary charges	231
System map	522
Taxes	
accrued and prepaid	262-263
accumulated deferred income - temporary	277
calculation of, federal	261C-D
charged during year	262-263
on income, deferred and accumulated	234.235, 272-275
reconciliation of deferred income tax expense	276A-B
reconciliation of net income with taxable income	117A-B
	261A-B
Temporary cash investments	222-223
Transmission	
and compression of gas by others	332-333
lines	514
Transportation of gas of others - revenues	312-314.1
Unamortized	
debt discount	258-259
debt expense	258-259
loss and gain on reacquired debt	260
premium on debt	258-259
Uncollectible accounts, provision for	228A
Underground	
storage of natural gas, expense, operating data, plant	512-513
gas, stored	220
Unrecovered Plant and Regulatory Study Costs	230
Wells, gas and oil, number of	510