

**SECTION 285.1000  
SCHEDULE A-1  
SUMMARY OF STANDARD INFORMATION REQUIREMENTS**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line Number	Requested Information	Response
1	Utility Name:	Northern Illinois Gas Company d/b/a Nicor Gas Company
2	Segment of operations and functional service requesting change in rates:	Gas (Delivery)
3	Tariff filing date:	November 4, 2004
4	Test year type:	Future
5	Test year:	12 Months Ended December 31, 2005
6	Utility representative contact:	
7	Name	Gerald O'Connor
8	Title	Vice President, Administration and Finance
9	Address	1844 W. Ferry Road Naperville, Illinois 60563
10	E-mail address	<a href="mailto:goconno@nicor.com">goconno@nicor.com</a>
11	Telephone number	(630) 388-2800
12	Alternate utility representative contact:	
13	Name	Paul Gracey, Jr.
14	Title	Vice President, General Counsel and Secretary
15	Address	1844 W. Ferry Road Naperville, Illinois 60563
16	E-mail address	<a href="mailto:pgracey@nicor.com">pgracey@nicor.com</a>
17	Telephone number	(630) 388-2750
18	Utility's attorney contact:	
19	Name	John W. McCaffrey Foley & Lardner LLP
20	Address	321 N. Clark Street, Suite 2800 Chicago, Illinois 60610
21	E-mail address	<a href="mailto:jmccaffrey@foley.com">jmccaffrey@foley.com</a>
22	Telephone number	(312) 832-4920
23	Change requested over revenues forecasted under existing rates:	
24	Dollars (\$000)	
24a	- Excluding effects of proposed PGA "pass through" rate design changes	\$83,308
24b	- Including effects of proposed PGA "pass through" rate design changes	\$69,597
25	Percent change in revenues forecast to be collected from other than the Gas Supply Cost mechanism implemented in Rider 6	
25a	- Excluding effects of proposed PGA "pass through" rate design change	16.5%
25b	- Including effects of proposed PGA "pass through" rate design change	13.8%

**SECTION 285.1000**  
**SCHEDULE A-1**  
**SUMMARY OF STANDARD INFORMATION REQUIREMENTS**  
**List of Schedules, Work Papers and General Information Requirements Not Provided**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/05

Line Number	Section Number	Schedule and Description	Reason Schedule Not Provided
<b>SUBPART B: GENERAL INFORMATION REQUIREMENTS</b>			
26	Section 285.310	General Requirements Applicable for Electric Utilities	Not Applicable - Applies to Electric Utilities Only
27	Section 285.320	General Requirements Applicable for Telecommunications Carriers Subject to this Part	Not Applicable - Applies to Telecommunications Carriers Only
28	Section 285.325	General Requirements Applicable for Water and/or Sewer Utilities	Not Applicable - Applies to Water and/or Sewer Utilities Only
<b>SUBPART E: RATE BASE SCHEDULES</b>			
29	Section 285.2025	Schedule B-4: Summary of Adjustments to Plant in Service	Not Applicable - The Company is not proposing any adjustments to plant-in-service and therefore no schedule is required.
30	Section 285.2060	Schedule B-7.1: Construction Work in Progress Percent Complete	Not Applicable - No projects meet the threshold required to be included on this schedule.
31	Section 285.2070	Schedule B-8: Cash Working Capital	Not Applicable - The Company is not proposing an adjustment to include cash working capital in rate base.
32	Section 285.2200	Schedule B-15: Additions to and Transfers from Customer Advances and Contributions in Aid of Construction - Water and/or Sewer Utilities	Not Applicable - Applies to Water and/or Sewer Utilities Only
<b>SUBPART F: OPERATING INCOME SCHEDULES</b>			
33	Section 285.3300	Schedule C-27: Fuel Adjustment Clause Revenues and Expenses - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
34	Section 285.3305	Schedule C-28: Fuel Transportation Expense - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
35	Section 285.3310	Schedule C-29: Decommissioning Expense - Electric Utilities with Nuclear Facilities	Not Applicable - Applies to Electric Utilities Only
36	Section 285.3700	Schedule C-33: Billing Experiments (Applicable only to utilities requesting a change in rates for the provision of electric service).	Not Applicable - Applies to Electric Utilities Only
<b>SUBPART H: RATE AND TARIFF SCHEDULES</b>			
37	Section 285.5120	Schedule E-7: Load Research - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
38	Section 285.5200	Schedule E-5: Long-Run Service Incremental Cost Studies - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
39	Section 285.5205	Schedule E-6: Imputation Tests - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
40	Section 285.5210	Schedule E-7: Jurisdictional Operating Revenue - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
41	Section 285.5215	Schedule E-8: Bill Comparisons - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
42	Section 285.5300	Schedule E-5: Jurisdictional Operating Revenue - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only
43	Section 285.5305	Schedule E-6: Embedded Cost of Service Studies - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only

**SECTION 285.1000**  
**SCHEDULE A-1**  
**SUMMARY OF STANDARD INFORMATION REQUIREMENTS**  
**List of Schedules, Work Papers and General Information Requirements Not Provided**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/05

Line Number	Section Number	Schedule and Description	Reason Schedule Not Provided
44	Section 285.5315	Schedule E-7: Bill Comparisons - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only
<b>SUBPART I: PLANNING AND OPERATIONS SCHEDULES FOR GAS AND/OR ELECTRIC UTILITIES</b>			
45	Section 285.6005	Schedule F-1: Electric Generating Station Data	Not Applicable - Applies to Electric Utilities Only
46	Section 285.6010	Schedule F-2: Electric Interchange Transactions	Not Applicable - Applies to Electric Utilities Only
47	Section 285.6015	Schedule F-3: Electric Utility Marginal Energy Costs	Not Applicable - Applies to Electric Utilities Only
48	Section 285.6020	Schedule F-3.1: Distribution System Maintenance Expense	Not Applicable - Applies to Electric Utilities Only
49	Section 285.6200	Schedule F-5: Fossil Fuel Inventory - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
50	Section 285.6205	Schedule F-6: Contractual Coal Delivery Schedule Electric Utilities	Not Applicable - Applies to Electric Utilities Only
51	Section 285.6210	Schedule F-7: Fossil Fuel Supply Interruptions - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
52	Section 285.6315	Schedule F-11: Propane, Liquefied Natural Gas, and Synthetic Natural Gas Facilities - Gas Utilities	Not Applicable - The Company has no propane, liquefied natural gas, or synthetic natural gas facilities
53	Section 285.6320	Schedule F-12: Propane, LNG, and SNG Feedstock Inventory Levels - Gas Utilities	Not Applicable - The Company has no propane, liquefied natural gas, or synthetic natural gas feedstock inventory

**SECTION 285.1005  
SCHEDULE A-2  
OVERALL FINANCIAL SUMMARY  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Description (A)	Reference to Supporting Schedules (B)	Test Year 2005 (C)	Test Year 2005 (D)
1	Original Cost Rate Base	B-1	\$ 1,450,781	\$ 1,450,781
2	Operating Income at Present Rates	C-1	\$ 86,065	\$ 94,202
3	Rate of Return (line 2 / line 1)	-	5.93%	6.49%
4	Cost of Capital	D-1	9.34%	9.34%
5	Operating Income at Proposed Rates (line 1 x line 4)	C-1	\$ 135,503	\$ 135,503
6	Income Deficiency (line 5 - line 2)	C-1	\$ 49,438	\$ 41,301
7	Gross Revenue Conversion Factor	A-2.1	1.685108	1.685108
8	Revenue Increase Requested (line 6 x line 7)	C-1	\$ 83,308	\$ 69,597
9	Revenue Increase Requested Including Add-on Revenue Taxes	C-25	\$ 85,107	\$ 71,396
10	Column C is data calculated at present rates			
11	Column D is data calculated at present rates and including the effects of proposed PGA "pass-through" rate design change			

**SECTION 285.1010  
SCHEDULE A-2.1  
COMPUTATION OF THE GROSS REVENUE CONVERSION FACTOR**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2005

Line No.	Description	Calculation
1	Operating Revenues	1.000000
2	Less: Adjustment for Uncollectible Accounts	-0.013000
3	State Taxable Income	<u>0.987000</u>
4	Less: State Income Tax at 7.50%	0.074025
5	Federal Taxable Income	0.912975
6	Less: Federal Income Tax at 35%	0.319541
7	Operating Income	<u>0.593434</u>
8	<b>Gross Revenue Conversion Factor</b>	<u><u>1.685108</u></u>

**SECTION 285.2005  
SCHEDULE B-1  
JURISDICTIONAL RATE BASE SUMMARY BY ICC ACCOUNT  
(\$000)**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Supporting Schedule (A)	ICC Acct (B)	Rate Base Component (C)	Forecast as of 12/31/2005 (D)	Adjustments from Schedule B-2 (E)	Adjusted Forecast as of 12/31/2005(1) (F)
1	B-5	101,107,117	Gross Utility Plant	\$ 3,980,408	\$ (12)	\$ 3,980,396
2	B-6	108,111	Accumulated Provision for Depreciation and Amortization	2,240,383		2,240,383
3			Net Utility Plant	<u>1,740,025</u>	<u>(12)</u>	<u>1,740,013</u>
4			Add:			
5	B-8.1	154,163	Materials and Supplies	4,313 (2)		4,313 (2)
6	B-1.1	164.1	Gas in Storage	98,724 (2)	17,977 (2)	116,701 (2)
7	B-1.2	186,253	Retirement Benefits, Net	89,027		89,027
8			Subtotal	<u>192,064</u>	<u>17,977</u>	<u>210,041</u>
9			Deduct:			
10	WP(B-7.2)1	107	Construction Work in Progress subject to AFUDC	31,115		31,115
11	B-9	190,282,283	Accumulated Deferred Income Taxes	319,317	8,425	327,742
12	B-13	235	Customer Deposits	23,711		23,711
13	B-14	142	Budget Payment Plan Balances	60,965 (2)		60,965 (2)
14	B-1.3	254	Regulatory Tax Liability	40,828		40,828
15	B-1.4	255	Investment Tax Credits	9,296		9,296
16	B-1.5	228.2	Reserve for Injuries and Damages	1,597		1,597
17	B-1.6	252	Customer Advances for Construction	4,019		4,019
18			Subtotal	<u>490,848</u>	<u>8,425</u>	<u>499,273</u>
19			Total Rate Base	<u>\$ 1,441,241</u>	<u>\$ 9,540</u>	<u>\$ 1,450,781</u>
20	(1)	Represents adjusted total company balance and jurisdictional pro forma balance.				
21	(2)	Represents average of 13-month end balances for period ended December 31, 2005.				

**SECTION 285.2005**  
**SCHEDULE B-1.1**  
**Gas in Storage**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: Gas in Storage is a 13-month average of gas stored in the Company's owned and leased facilities.

Dollars by Account

	<u>Account</u>		<u>Test Year 2005</u>
Gas Stored Underground - Current	164.1	\$	126,552
Associated Accounts Payable Adjustment			<u>27,828</u>
			98,724

Reasons for Addition:

Gas in Storage is maintained to meet changes in customer demand between seasons, protect against colder-than-normal weather and assure service reliability. Gas in Storage has been determined to be a proper component of rate base in the Company's prior rate cases. In accordance with prior Commission treatment, the Accounts Payable associated with Gas in Storage is represented by the month's increase in inventory balance.

**SECTION 285.2005  
SCHEDULE B-1.2  
Retirement Benefits, Net  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: The Company's pension position is generating pension income rather than expense due primarily to favorable pension fund investment results. This, and Internal Revenue Service (IRS) rules that effectively preclude funds from being withdrawn from a pension fund, has created a pension asset. The Company has the reverse situation relating to postretirement health care costs. Costs are being accrued, but not funded.

Dollars by Account, as of December 31

	Account	Test Year 2005
Additions to Rate Base		
Prepaid Pension	186	\$ 186,882
Deductions from Rate Base		
Future Healthcare-Retirees & Accrued Supplemental Retirement Plan	253	96,435
Directors' Deferred Compensation	253	1,420
Net Addition to Rate Base	\$	89,027

Reasons for Addition:

The pension income reduced operating expense paid by ratepayers, and therefore, the pension asset was created with shareholder-supplied funds.

The prepaid pension balance of \$186,882 less the accumulated deferred income taxes directly associated with the pension balance of \$76,883 results in a net pension balance of \$109,999. The accumulated deferred income taxes directly associated with the pension balance is included in the accumulated deferred income tax balance on Section 285.2005, Schedule B-1 (Line No. 11).

In accordance with prior Commission treatment, the Future Healthcare-Retirees, the Accrued Supplemental Retirement Plan and Directors' Deferred Compensation balances are deducted from rate base.

**SECTION 285.2005**  
**SCHEDULE B-1.3**  
**Regulatory Tax Liability**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: Regulatory Tax Liability represents the amount of taxes deferred and charged to ratepayers over the amount of deferred taxes calculated using the current statutory income tax rates. This account arose when deferred income taxes were transferred from the Deferred Income Tax account upon adoption of SFAS No. 109. The amount in this account will be given back to the ratepayers over the life of the underlying temporary difference.

Dollars by Account, as of December 31

	<u>Account</u>		<u>Test Year 2005</u>
Regulatory Tax Liability	254	\$	40,828

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

**SECTION 285.2005**  
**SCHEDULE B-1.4**  
**Investment Tax Credits**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: State Investment Tax Credits and Pre-1971 Federal Investment Tax Credits, not yet amortized. In the Revenue Act of 1971, Congress enacted legislation prohibiting the reduction of rate base of Post-1971 unamortized ITC.

Dollars by Account, as of December 31

	<u>Account</u>		<u>Test Year 2005</u>
State Investment Tax Credits	255	\$	9,267
Federal Investment Tax Credits Pre-1971	255		29
Total Investment Tax Credits			<u>9,296</u>

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

**SECTION 285.2005**  
**SCHEDULE B-1.5**  
**Reserve for Injuries and Damages**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: Reserve for Injuries and Damages represents an estimate of outstanding injury and damage claims against the Company .

Dollars by Account, as of December 31

	<u>Account</u>		<u>Test Year 2005</u>
Reserve for Injuries and Damages	228.2	\$	1,597

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

**SECTION 285.2005**  
**SCHEDULE B-1.6**  
**Customer Advances for Construction**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Items: Customer Advances for Construction represent amounts collected by the Company for purposes of main extensions.

Dollars by Account, as of December 31

	<u>Account</u>		<u>Test Year 2005</u>
Customer Advances for Construction	252	\$	4,019

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

**SECTION 285.2010  
SCHEDULE B-2  
SUMMARY OF UTILITY ADJUSTMENTS TO RATE BASE  
(\$000)**

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Rate Base Component (A)	Supporting Schedule (B)	Mercury Inspection and Repair Program (C)	Storage Services Change (D)	Service Pipe Extension Charges (E)	Total of Adjustments (F)
1	Gross Utility Plant	B-2.3	\$ -	\$ -	\$ (12)	\$ (12)
2	Accumulated Provision for Depreciation and Amortization		-	-	-	-
3	Net Utility Plant		<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(12)</u>
4	Add:					
5	Materials and Supplies		-	-	-	-
6	Gas in Storage	B-2.2	-	17,977	-	17,977
7	Retirement Benefits, Net		-	-	-	-
8	Subtotal		<u>-</u>	<u>17,977</u>	<u>-</u>	<u>17,977</u>
9	Deduct:					
10	Construction Work in Progress subject to AFUDC					
11	Accumulated Deferred Income Taxes	B-2.1	8,425	-	-	8,425
12	Customer Deposits		-	-	-	-
13	Budget Payment Plan Balances		-	-	-	-
14	Regulatory Tax Liability		-	-	-	-
15	Investment Tax Credits		-	-	-	-
16	Reserve for Injuries and Damages		-	-	-	-
17	Customer Advances for Construction		-	-	-	-
18	Subtotal		<u>8,425</u>	<u>-</u>	<u>-</u>	<u>8,425</u>
19	Total Rate Base		<u>\$ (8,425)</u>	<u>\$ 17,977</u>	<u>\$ (12)</u>	<u>\$ 9,540</u>

**SECTION 285.2015  
SCHEDULE B-2.1  
DETAILED ADJUSTMENTS TO RATE BASE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line  
No.

1 Adjustment B-2.1 \$8,425

2 Title of Adjustment: Mercury Inspection and Repair Program

3 Description of Adjustment: In 2000, Nicor Gas initiated a mercury inspection and repair program. The company stated that it would not seek recovery of the costs associated with the mercury program from its customers. Therefore, accumulated deferred income taxes are being adjusted to exclude the deferred taxes associated with the mercury inspection and repair program.

4 Summary Calculation to Support Adjustment:

Balance as of December 31, 2003	<u>\$8,691</u>
Deferred Income Tax Activity:	
Amounts Debited to Account 410.1 in 2004	266
Amounts Debited to Account 410.1 in 2005	<u>0</u>
Net Activity	266
Balance as of December 31, 2005	<u>\$8,425</u>

5 Adjustment Amounts by ICC Account:	Account	Amount
Accumulated Deferred Income Taxes - Mercury Inspection and Repair Program	190	\$8,425

**SECTION 285.2015  
SCHEDULE B-2.2  
DETAILED ADJUSTMENTS TO RATE BASE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line  
No.

1 Adjustment B-2.2 \$17,977

2 Title of Adjustment: Storage Services Change

3 Description of Adjustment: The Company's proposed rate design reduces the availability of storage capacity to transportation customers from 26 Maximum Daily Contract Quantity (MDCQ) days to 23 MDCQ days. The responsibility for filling this change in transportation customer storage capacity (3 MDCQ days) would shift to the Company. The proposed adjustment results in an increase in rate base.

4 Summary Calculation to Support Adjustment:

<u>Month</u>	<u>Price per Therm</u>	<u>Therms (000's)</u>	<u>Addition to Gas in Storage</u>
December 2004	\$ 0.607	36,573	\$ 22,200
January 2005	0.635	25,505	16,196
February	0.635	16,501	10,478
March	0.635	10,325	6,556
April	0.635	8,339	5,295
May	0.635	15,515	9,852
June	0.635	22,252	14,130
July	0.635	28,477	18,083
August	0.635	34,232	21,737
September	0.635	41,029	26,053
October	0.635	48,177	30,592
November	0.635	46,142	29,300
December	0.635	36,573	<u>23,224</u>
Total			233,696
13-Month Average			\$ 17,977

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>	
Gas in Storage	164.1	\$17,977	

**SECTION 285.2015  
SCHEDULE B-2.3  
DETAILED ADJUSTMENTS TO RATE BASE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line  
No.

1 Adjustment B-2.3 (\$12)

2 Title of Adjustment: Service Pipe Extension Charges

3 Description of Adjustment: The Company's proposed rate design increases service pipe extension charges 15 percent which reduces Construction Work in Progress. Rates are assumed to be in effect in October, 2005. The proposed adjustment results in a reduction in rate base.

4 Summary Calculation to Support Adjustment:

Construction Work in Progress:	
Service Charges Billed to Customers:	
October Charges - half month (\$31 / 2)	\$16
November Charges	31
December Charges	31
Total Charges	<u>\$78</u>
Percentage Increase	<u>15%</u>
Charge Increase	<u>\$12</u>

5 Adjustment Amounts by ICC Account: Account Amount

Construction Work in Progress	107	(\$12)
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**SECTION 285.2030**  
**SCHEDULE B-5**  
**GROSS ADDITIONS, RETIREMENTS AND TRANSFERS**  
**(Original Cost) (\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Plant Function (A)	Balance as of 12/31/01 (B)	Gross Additions (C)	Retirements (D)	Transfers (E)	Balance as of 12/31/02 (F)	Gross Additions (G)	Retirements (H)	Transfers (I)	Balance as of 12/31/03 (J)	Gross Additions (K)	Retirements (L)	Transfers (M)	Balance as of 12/31/04 (N)	Gross Additions (O)	Retirements (P)	Transfers (Q)	Balance as of 12/31/05 (R)
1	Distribution	2,355,594	101,672	(12,165)	0	2,445,101	117,190	(9,768)	59	2,552,582	110,243	(10,159)		2,652,666	112,630	(10,159)		2,755,137
2	Underground Storage	406,889	9,158	(2,617)	(617)	412,813	27,204	(1,542)	(67)	438,408	8,277	(1,953)	1,900	446,632	23,365	(4,172)		465,825
3	Transmission	325,538	3,999	(163)		329,374	2,883	(346)	(59)	331,852	13,265	(233)		344,884	2,571	(233)		347,222
4	General	240,469	20,270	(16,155)	617	245,201	19,855	(18,042)	67	247,081	18,149	(18,642)		246,588	28,257	(22,999)	(4,593)	247,253
5	Intangible	28,719	23,230	(79)	0	51,870	2,612	(74)	0	54,408	14,563	(84)		68,887	10,466	(937)		78,416
6	Production	0	0	0	0	0	0	0	0	0	0	0		0	0	0		0
7	Total A/C 101	<u>3,357,209</u>	<u>158,329</u>	<u>(31,179)</u>	<u>0</u>	<u>3,484,359</u>	<u>169,744</u>	<u>(29,772)</u>	<u>0</u>	<u>3,624,331</u>	<u>164,497</u>	<u>(31,071)</u>	<u>1,900</u>	<u>3,759,657</u>	<u>177,289</u>	<u>(38,500)</u>	<u>(4,593)</u>	<u>3,893,853</u>
8	Gas Stored Underground-Noncurrent -Account 117	<u>50,340</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,340</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,340</u>			<u>600</u>	<u>50,940</u>				<u>50,940</u>
9	Total Plant in Service	<u>3,407,549</u>	<u>158,329</u>	<u>(31,179)</u>	<u>0</u>	<u>3,534,699</u>	<u>169,744</u>	<u>(29,772)</u>	<u>0</u>	<u>3,674,671</u>	<u>164,497</u>	<u>(31,071)</u>	<u>2,500</u>	<u>3,810,597</u>	<u>177,289</u>	<u>(38,500)</u>	<u>(4,593)</u>	<u>3,944,793</u>
10	Construction Work in Progress-Account 107	<u>18,032</u>	<u>5,355</u>	<u>0</u>	<u>0</u>	<u>23,387</u>	<u>(3,228)</u>	<u>0</u>	<u>0</u>	<u>20,159</u>	<u>8,101</u>			<u>28,260</u>	<u>7,355</u>			<u>35,615</u>
11	Total Utility Plant	<u>3,425,581</u>	<u>163,684</u>	<u>(31,179)</u>	<u>0</u>	<u>3,558,086</u>	<u>166,516</u>	<u>(29,772)</u>	<u>0</u>	<u>3,694,830</u>	<u>172,598</u>	<u>(31,071)</u>	<u>2,500</u>	<u>3,838,857</u>	<u>184,644</u>	<u>(38,500)</u>	<u>(4,593)</u>	<u>3,980,408</u>

Note: Transfers in 2002 and 2003 represent transfers between utility property accounts. Transfers in 2004 for Underground Storage represent reclassification from current top gas to non-recoverable base gas. Transfers in 2004 for Gas Stored Underground - Noncurrent - Account 117 represent reclassification from current top gas to recoverable base gas. Transfers in 2005 represent net transfers to non-utility property.

**SECTION 285.2050  
SCHEDULE B-6  
DEPRECIATION RESERVE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Major Acct # or Plant Function See Note (1) (A)	Balance as of 1/1/02 (B)	Deprec. Expense (C)	Retirements (D)	Other See Note (2) (E)	Balance as of 1/1/03 (F)	Deprec. Expense (G)	Retirements (H)	Other See Note (2) (I)	Balance as of 1/1/04 (J)	Deprec. Expense (See Note 3) (K)	Retirements (L)	Other See Note (2) (M)	Balance as of 1/1/05 (N)	Deprec. Expense (O)	Retirements (P)	Other See Note (2) (Q)	Balance as of 12/31/05 (R)
1	Distribution	\$ 1,269,485	\$ 92,654	\$ (12,165)	\$ (5,242)	\$ 1,344,732	\$ 95,474	\$ (8,168)	\$ (9,034)	\$ 1,423,004	\$ 99,103	\$ (9,209)	\$ (8,222)	\$ 1,504,676	\$ 102,276	\$ (9,209)	\$ (9,528)	\$ 1,588,215
2	Underground Storage	242,051	12,676	(2,617)	(594)	251,516	12,984	(1,542)	(638)	262,320	13,379	(1,953)	(514)	273,232	13,630	(4,172)	(595)	282,095
3	Transmission	193,610	12,490	(163)	(77)	205,860	12,498	(346)	(68)	217,944	12,762	(233)	(160)	230,313	12,964	(233)	(202)	242,842
4	General	86,496	12,720	(16,155)	4,753	87,814	13,324	(18,042)	3,931	87,027	13,294	(18,642)	4,087	85,766	13,182	(22,999)	(361)	75,588
5	Intangible	13,227	7,060	(79)	-	20,208	9,220	(74)	-	29,354	10,662	(84)	-	39,932	12,648	(937)	-	51,643
6	Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Total	<u>\$ 1,804,869</u>	<u>\$ 137,600</u>	<u>\$ (31,179)</u>	<u>\$ (1,160)</u>	<u>\$ 1,910,130</u>	<u>\$ 143,500</u>	<u>\$ (28,172)</u>	<u>\$ (5,809)</u>	<u>\$ 2,019,649</u>	<u>\$ 149,200</u>	<u>\$ (30,121)</u>	<u>\$ (4,809)</u>	<u>\$ 2,133,919</u>	<u>\$ 154,700</u>	<u>\$ (37,550)</u>	<u>\$ (10,686)</u>	<u>\$ 2,240,383</u>

**NOTES**

- 8 (1) Includes Account 108 Accumulated Provision for Depreciation of Gas Utility Plant  
9 and Account 111 Accumulated Provision for Amortization and Depletion of Gas Utility Plant
- 10 (2) Other includes depreciation on transportation equipment which is capitalized, net salvage and transfer to nonutility (2005)
- 11 (3) The first prior year (2004) includes three months of actual data and nine months of forecasted data.

**SECTION 285.2075  
SCHEDULE B-8.1  
MATERIALS AND SUPPLIES  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Month (A)	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>	
		Materials & Supplies (B)	Accts Payable Associated w/ Matls & Supp (C) (1)	Materials & Supplies (D)	Accts Payable Associated w/ Matls & Supp (E) (1)	Materials & Supplies (F) (2)	Accts Payable Associated w/ Matls & Supp (G) (1)	Materials & Supplies (H)	Accts Payable Associated w/ Matls & Supp (I) (1)
1	Jan	\$ 4,358	\$ 210	\$ 4,428	\$ 78	\$ 4,281	\$ 45	\$ 4,412	\$ 54
2	Feb	4,642	284	4,578	150	4,345	64	4,474	62
3	Mar	4,434		4,555		4,505	160	4,671	197
4	Apr	4,193		4,615	60	4,567	62	4,707	36
5	May	4,297	104	4,291		4,075		4,200	
6	Jun	4,239		4,107		4,077	2	4,202	2
7	Jul	4,331	92	4,254	147	4,229	152	4,359	157
8	Aug	4,242		4,308	54	4,285	56	4,416	57
9	Sep	4,218		4,218		4,192		4,321	
10	Oct	4,302	84	4,115		4,086		4,211	
11	Nov	4,727	425	4,060		4,029		4,153	
12	Dec	4,350		4,236	176	4,358	329	4,488	335
13	13 Month Average Balance			4,317	51	4,251	67	4,382	69
14	13 Month Average Balance Materials & Supplies net of Accounts Payable Associated with Materials & Supplies				\$ 4,266		\$ 4,184		\$ 4,313

15 (1) In accordance with prior Commission treatment, the Accounts Payable associated with Materials and Supplies Inventory  
16 is represented by the month's increase in inventory balance.

17 (2) 2004 represents 3 months of actual (January to March) and 9 months of forecast (April to December).

**SECTION 285.2080  
SCHEDULE B-9  
ACCUMULATED DEFERRED INCOME TAXES  
(\$000)**

Utility: Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Dr = asset (Cr) = liability

Line No.	Component of Accumulated Deferred Income Taxes (A)	ICC Acct # (B)	Utility Acct # (C)	Description of Event that Initiated Recording of Component (D)	Beg. State Def. Tax Balance 1/1/2005 (E)	End. State Def. Tax Balance 12/31/2005 (F)	(E)+(F)/2 Avg. State Def. Tax Balance (G)	Beg. Fedl. Def. Tax Balance 1/1/2005 (H)	End. Fedl. Def. Tax Balance 12/31/2005 (I)	(H)+(I)/2 Avg. Fedl. Def. Tax Balance (J)	(E)+(H) Beg. Total Def. Tax Balance 1/1/2005 (K)	(F)+(I) End. Total Def. Tax Balance 12/31/2005 (L)	(G)+(J) Avg. Total Def. Tax Balance (M)
1	Depreciation and property items	282	254520 255510 255520 255100 255760 255770	Difference between tax and accounting rules on the timing of when the expense is recorded	(65,570)	(51,466)	(58,518)	(350,139)	(279,937)	(315,038)	(415,709)	(331,403)	(373,556)
2	Unamortized investment credits	190	252510 252520 252530 253510 253520 252530	The timing difference created by grossing up the tax benefit of the credit creating an offsetting regulatory liability	3,844	3,519	3,682	17,180	15,746	16,463	21,024	19,265	20,145
3	Reserve for Future Health Care	190	250100 251100	Books accrues a reserve for future liabilities which is not deductible for tax purposes until paid.	6,051	6,496	6,274	29,836	31,969	30,903	35,887	38,465	37,177
4	Mercury Inspection and Remediation Program	190	136100 136110	The reserve set up for books is not deductible for tax purposes until the expenses are paid.	1,523	1,523	1,523	7,435	7,435	7,435	8,958	8,958	8,958
5	Uncollectibles	190	136100 136110	Books accrues a reserve which for tax purposes is not deductible until the account is written off.	1,578	1,993	1,786	7,647	9,638	8,643	9,225	11,631	10,429
6	Inventory	190	136100 136110	Tax law requires additional overheads to be capitalized where book deducts them as incurred.	1,207	1,207	1,207	5,808	5,808	5,808	7,015	7,015	7,015
7	Alternative Minimum Tax	190	136100	Tax law requires a minimum tax payment which is allowed later as a credit	-	-	-	22,488	14,445	18,467	22,488	14,445	18,467
8	Pension	283	254530 255110	Books is reflecting earnings on the pension trust which are not income for tax purposes.	(13,248)	(13,640)	(13,444)	(64,396)	(66,279)	(65,338)	(77,644)	(79,919)	(78,782)
9	Call Premium and Amortization	283	254530 255110	Tax is allowed to deduct expenses associated with called bonds sooner than books can expense the costs.	(1,507)	(1,507)	(1,507)	(7,334)	(7,334)	(7,334)	(8,841)	(8,841)	(8,841)

**SECTION 285.2080  
SCHEDULE B-9  
ACCUMULATED DEFERRED INCOME TAXES  
(\$000)**

Utility: Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Dr = asset (Cr) = liability

Line No.	Component of Accumulated Deferred Income Taxes (A)	ICC Acct # (B)	Utility Acct # (C)	Description of Event that Initiated Recording of Component (D)	Beg. State	End. State	(E)+(F)/2	Beg. Fedl.	End. Fedl.	(H)+(I)/2	(E)+(H)	(F)+(I)	(G)+(J)
					Def. Tax Balance 1/1/2005	Def. Tax Balance 12/31/2005	Avg. State Def. Tax Balance	Def. Tax Balance 1/1/2005	Def. Tax Balance 12/31/2005	Avg. Fedl. Def. Tax Balance	Beg. Total Def. Tax Balance 1/1/2005	End. Total Def. Tax Balance 12/31/2005	Avg. Total Def. Tax Balance
					Dr or (Cr) (E)	Dr or (Cr) (F)	Dr or (Cr) (G)	Dr or (Cr) (H)	Dr or (Cr) (I)	Dr or (Cr) (J)	Dr or (Cr) (K)	Dr or (Cr) (L)	Dr or (Cr) (M)
10	State Income taxes	190, 283	254510 136100 254530	Book accrues state income tax expense on total earnings while tax can only deduct state income taxes as they are paid.			-	(9,097)	(9,323)	(9,210)	(9,097)	(9,323)	(9,210)
11	Other	283, 190	136150 136100 136110 136140 254530 250100 250110 254510 255530 255110 251110 251100 255120 252100	Other Book/Tax Differences	2,232	2,035	2,134	9,311	8,355	8,833	11,543	10,390	10,967
<b>Total Deferred Tax</b>					<u>(63,890)</u>	<u>(49,840)</u>	<u>(56,863)</u>	<u>(331,261)</u>	<u>(269,477)</u>	<u>(300,368)</u>	<u>(395,151)</u>	<u>(319,317)</u>	<u>(357,231)</u>

**SECTION 285.2110  
SCHEDULE B-13  
CUSTOMER DEPOSITS  
(\$000)**

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Month (A)	<u>2002</u> Balance at End of Month (B)	<u>2003</u> Balance at End of Month (C)	<u>2004</u> Balance at End of Month (1) (D)	<u>2005</u> Balance at End of Month (E)
1	Jan	(10,292)	(13,095)	(23,637)	(23,637)
2	Feb	(11,937)	(14,742)	(23,502)	(23,502)
3	Mar	(11,853)	(15,680)	(23,339)	(23,339)
4	Apr	(11,841)	(16,586)	(16,586)	(16,586)
5	May	(11,877)	(17,660)	(17,660)	(17,660)
6	Jun	(11,911)	(18,636)	(18,636)	(18,636)
7	Jul	(11,977)	(19,569)	(19,569)	(19,569)
8	Aug	(12,135)	(20,276)	(20,276)	(20,276)
9	Sep	(12,021)	(20,799)	(20,799)	(20,799)
10	Oct	(11,971)	(21,337)	(21,337)	(21,337)
11	Nov	(11,083)	(22,696)	(22,696)	(22,696)
12	Dec	(12,005)	(23,711)	(23,711)	(23,711)
13	Annual Interest Accrued	(235)	(281)	(314)	(314)
14	Account Charged	431	431	431	431

(1) 2004 is a combination of 3 month actual and 9 month forecasted data.

**SECTION 285.2115  
SCHEDULE B-14  
BUDGET PAYMENT PLAN BALANCES  
(\$000)**

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Month (A)	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2005</u>	
		Balance at End of Month (B)		Balance at End of Month (C)		Balance at End of Month (1) (D)		Balance at End of Month (E)	
1	Jan	\$ (113,854)	\$	(66,433)	\$	(92,775)	\$	(91,021)	
2	Feb	\$ (100,366)	\$	(22,993)	\$	(48,024)	\$	(57,128)	
3	Mar	\$ (88,655)	\$	20,350	\$	(20,391)	\$	(29,565)	
4	Apr	\$ (79,084)	\$	39,825	\$	(14,855)	\$	(18,038)	
5	May	\$ (76,089)	\$	32,035	\$	13,154	\$	13,154	
6	Jun	\$ (80,628)	\$	9,182	\$	(2,639)	\$	(2,639)	
7	Jul	\$ (87,053)	\$	(16,591)	\$	(26,060)	\$	(26,060)	
8	Aug	\$ (96,077)	\$	(42,481)	\$	(52,928)	\$	(52,928)	
9	Sep	\$ (108,640)	\$	(73,608)	\$	(82,086)	\$	(82,086)	
10	Oct	\$ (118,192)	\$	(100,935)	\$	(103,120)	\$	(103,120)	
11	Nov	\$ (118,594)	\$	(120,603)	\$	(117,140)	\$	(117,140)	
12	Dec	\$ (98,275)	\$	(119,180)	\$	(112,986)	\$	(112,986)	
13	13 month average	\$ (99,001)	\$	(43,054)	\$	(59,925)	\$	(60,965)	
14	Annual Interest Accrued	\$ 1,771	\$	577	\$	691	\$	991	
15	Account Charged	400		400		400		400	

(1) 2004 is a combination of 3 month actual and 9 month forecasted data.

**SECTION 285.3005  
SCHEDULE C-1  
JURISDICTIONAL OPERATING INCOME SUMMARY  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Item (A)	ICC Acct (B)	ICC Acct for Operation and Maintenance (C)	Forecast Under Present Rates (D)	Adjustments Other Than PGA Pass-through (Schedule C-2) (E)	As Adjusted Under Present Rates (F)	Proposed PGA Pass-through Adjustments (Schedule C-2) (G)	As Adjusted With PGA Pass-through Proposal (H)	Requested Rate Increase			As Adjusted Under Proposed Rates (H + K) (L)
									Excluding PGA Pass-through Adjustments (I)	PGA Pass-through Adjustments Impact (J)	Requested Rate Increase, Net (K)	
1	OPERATING REVENUES	400		\$ 2,337,151	\$ (150,381)	\$ 2,186,770	\$ 6,794	\$ 2,193,564	\$ 83,308	\$ (13,711)	\$ 69,597	\$ 2,263,161
2	OPERATING EXPENSES											
3	Cost of Gas	401	713, 804-813	1,661,512	-	1,661,512	13,505	1,675,017	-	-	-	1,675,017
4	Other Operation and Maintenance:	401 & 402	814-932									
5	Storage	401 & 402	814-837	12,399	-	12,399	-	12,399	-	-	-	12,399
6	Transmission	401 & 402	850-867	4,340	-	4,340	-	4,340	-	-	-	4,340
7	Distribution	401 & 402	870-893	51,492	(210)	51,282	-	51,282	-	-	-	51,282
8	Customer Accounts	401	901-904	64,047	230	64,277	(20,216)	44,061	1,083	(178)	905	44,966
9	Customer Services and Informational Services	401	909	474	-	474	-	474	-	-	-	474
10	Sales	401	911-916	3,358	-	3,358	-	3,358	-	-	-	3,358
11	Administrative and General	401 & 402	920-932	108,777	(2,720)	106,057	-	106,057	-	-	-	106,057
12	Total Other Operation and Maintenance	401 & 402	814-932	244,887	(2,700)	242,187	(20,216)	221,971	1,083	(178)	905	222,876
13	Depreciation	403 & 404		154,700	-	154,700	-	154,700	-	-	-	154,700
14	Taxes Other Than Income	408.1		165,785	(146,386)	19,399	-	19,399	-	-	-	19,399
15	Income Taxes											
16	Federal - Current	409.1		16,248	(681)	15,567	4,382	19,949	26,620	(4,381)	22,239	42,188
17	State - Current	409.1		4,920	(154)	4,766	986	5,752	6,167	(1,015)	5,152	10,904
18	Deferred	410.1 & 411.1		5,271	-	5,271	-	5,271	-	-	-	5,271
19	ITC	411.4		(2,697)	-	(2,697)	-	(2,697)	-	-	-	(2,697)
20	Total Operating Expenses			2,250,626	(149,921)	2,100,705	(1,343)	2,099,362	33,870	(5,574)	28,296	2,127,658
21	JURISDICTIONAL OPERATING INCOME			\$ 86,525	\$ (460)	\$ 86,065	\$ 8,137	\$ 94,202	\$ 49,438	\$ (8,137)	\$ 41,301	\$ 135,503

**SECTION 285.3010  
SCHEDULE C-2  
SUMMARY OF UTILITY PROPOSED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Item (A)	Interest Synchronization (B)	Charitable Contributions (C)	Rate Case Expense (D)	Interest on Customer Deposits (E)	Lobbying Expense (F)	NSF Charge Increase (G)	Service Hit Charge (H)	Add-On Taxes (I)	Total Excluding PGA Pass-through Adjustments (J)	PGA Pass-through Adjustments			Total Operating Income Adjustments (N)
											Uncollectible Accounts - Commodity Portion (K)	Chicago Hub Revenues (L)	Total PGA Pass-through Adjustments (M)	
1	OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (150,381)	\$ (150,381)	\$ 20,216	\$ (13,422)	\$ 6,794	\$ (143,587)
2	OPERATING EXPENSES													
3	Cost of Gas	-	-	-	-	-	-	-	-	-	20,216	(6,711)	13,505	13,505
4	Other Operation and Maintenance:													
5	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Distribution	-	-	-	-	-	-	(210)	-	(210)	-	-	-	(210)
8	Customer Accounts	-	-	-	314	-	(84)	-	-	230	(20,216)	-	(20,216)	(19,986)
9	Customer Services and Informational Services	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Sales	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Administrative and General	-	1,325	715	-	(765)	-	-	(3,995)	(2,720)	-	-	-	(2,720)
12	Total Other Operation and Maintenance	-	1,325	715	314	(765)	(84)	(210)	(3,995)	(2,700)	(20,216)	-	(20,216)	(22,916)
13	Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Taxes Other Than Income	-	-	-	-	-	-	-	(146,386)	(146,386)	-	-	-	(146,386)
15	Income Taxes													
16	Federal - Current	(362)	(430)	(232)	-	248	27	68	-	(681)	6,559	(2,177)	4,382	3,701
17	State - Current	(82)	(97)	(52)	-	56	6	15	-	(154)	1,476	(490)	986	832
18	Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-
19	ITC	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Total Operating Expenses	(444)	798	431	314	(461)	(51)	(127)	(150,381)	(149,921)	8,035	(9,378)	(1,343)	(151,264)
21	JURISDICTIONAL OPERATING INCOME	\$ 444	\$ (798)	\$ (431)	\$ (314)	\$ 461	\$ 51	\$ 127	\$ -	\$ (460)	\$ 12,181	\$ (4,044)	\$ 8,137	\$ 7,677
22	Supporting Schedules	C-5.4	C-7	C-10	B-13	C-2.1	C-2.4	C-2.5	C-25	Sum of Columns (B) through (I)	C-2.2	C-2.3	Sum of Columns (K) and (L)	Sum of Columns (J) and (M)

**SECTION 285.3015  
SCHEDULE C-2.1  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2005

Line  
No.

1 Adjustment C-2.1 \$765

2 Title of Adjustment: Lobbying Expense

3 Description of Adjustment: The test year operating expenses includes \$765 of lobbying expense.  
Expenses related to lobbying are not recoverable per Section 9-224 of the  
Public Utilities Act resulting in a \$461 adjustment to increase operating income.

4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance:	
Lobbying Expense	(\$765)
Income Taxes:	
State at 7.3%	56
Federal at 35%	248
	304

Operating Income Adjustment	\$461
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5 Adjustment Amounts by ICC Account:	Account	Amount
Administrative and General Salaries	401	(\$702)
Miscellaneous General Expenses	401	(63)
		(\$765)
Income Taxes	409.1	304

**SECTION 285.3015  
SCHEDULE C-2.2  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2005

Line No.			
1	Adjustment C-2.2	\$20,216	
2	Title of Adjustment:	Uncollectible Accounts - Commodity Portion	
3	Description of Adjustment:	Recover the costs associated with the commodity portion of the provision for uncollectible costs through the Purchased Gas Adjustment (PGA) and continue to recover the costs associated with the non-gas cost portion of the provision for uncollectible costs in base rates.	
4	Summary Calculation to Support Adjustment:		
	Other Operation and Maintenance:		
	Provision for Uncollectibles (1)	\$30,355	
	Commodity Portion	<u>66.6%</u>	
	Other Operation and Maintenance Reduction	(20,216)	
	Income Taxes:		
	State at 7.3%	1,476	
	Federal at 35%	<u>6,559</u>	
		8,035	
	Operating Income Adjustment	<u><u>\$12,181</u></u>	
	PGA Pass-through:		
	Increase Operating Revenues	\$20,216	
	Increase Cost of Gas	20,216	
5	Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
	Uncollectible Accounts	401	(\$20,216)
	Income Taxes	409.1	8,035
	Operating Revenues	400	20,216
	Purchased Gas Cost Adjustments	401	20,216
6	(1) Refer to Section 285.3165, Schedule C-16 (Column C, Line 5)		

**SECTION 285.3015  
SCHEDULE C-2.3  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2005

Line  
No.

- 1 Adjustment C-2.3 \$6,711
- 2 Title of Adjustment: Chicago Hub Revenues
- 3 Description of Adjustment: Assign all Chicago Hub net Non-PGA Revenues to the Purchased Gas Adjustment (PGA).
- 4 Summary Calculation to Support Adjustment:

Operating Revenues reduction	(6,711)
Income Taxes:	
State at 7.3%	(490)
Federal at 35%	<u>(2,177)</u>
	(2,667)
Operating Income Adjustment	<u><u>(\$4,044)</u></u>
PGA Pass-through:	
Reduce Operating Revenues	(\$6,711)
Reduce Cost of Gas	(6,711)

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Operating Revenues	400	(13,422)
Purchased Gas Cost Adjustments	401	(6,711)
Income Taxes	409.1	(2,667)

**SECTION 285.3015  
SCHEDULE C-2.4  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line  
No.

1 Adjustment C-2.4 (\$84)

2 Title of Adjustment: NSF Charge Increase

3 Description of Adjustment: The Company's proposed rate design change increases the amount customers will pay for an NSF check from \$10 to \$16. Consequently, this change results in a decrease to operating expense and an increase in net operating income.

4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance Reduction:  
Customer Records and Collection Expenses

NSF at \$10	\$140
NSF at \$16	<u>224</u>
Decrease to expense	<u>(\$84)</u>

Income Taxes:

State at 7.3%	6
Federal at 35%	<u>27</u>
	33

Operating Income Adjustment	<u><u>\$51</u></u>
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5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Customer Records and Collection Expenses	401	(\$84)
Income Taxes	409.1	33

**SECTION 285.3015  
SCHEDULE C-2.5  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line  
No.

1	Adjustment C-2.5	(\$210)	
2	Title of Adjustment:	Service Hit Charge	
3	Description of Adjustment:	The Company's proposed rate design change increases the amount charged for damaging a gas service pipe (pipe of 1 1/8th inches or less) from \$260 to \$360 a hit, which will reduce Other Operation and Maintenance expense.	
4	Summary Calculation to Support Adjustment:		
	Other Operation and Maintenance Reduction:		
	2,100 Claims x \$100 Increase		(\$210)
	Income Taxes:		
	State at 7.3%		15
	Federal at 35%		68
			83
	Operating Income Adjustment		\$127

5	Adjustment Amounts by ICC Account:	Account	Amount	
	Maintenance of Services	402	(\$210)	
	Income Taxes	409.1	83	

**SECTION 285.3135  
SCHEDULE C-11.3  
EMPLOYEE BENEFITS  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

**Year: 2002**

Line No.	Description of Benefit (A)	Employee Classification Receiving Benefit (B)	Cost of Benefit (C)
1			
2	Welfare and Social Benefits	Union and Non-Union	11,848
3	Defined Benefit Pension Plans	Union and Non-Union	(11,722)
4	Other Retiree Benefits	Union and Non-Union	13,712
5	Defined Contribution Plans (401K)	Union and Non-Union	4,544
6	Total cost of all benefits (see Note 1 below)		<u>18,382</u>
7	Amount expensed for all benefits (see Note 1 below)		13,568
8	Percentage expensed		74%
9	Amount capitalized for all benefits		4,814
10	Percentage capitalized		26%

**SECTION 285.3135  
SCHEDULE C-11.3  
EMPLOYEE BENEFITS  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

**Year: 2003**

Line No.	Description of Benefit (A)	Employee Classification Receiving Benefit (B)	Cost of Benefit (C)
1			
2	Welfare and Social Benefits	Union and Non-Union	12,520
3	Defined Benefit Pension Plans	Union and Non-Union	817
4	Other Retiree Benefits	Union and Non-Union	17,949
5	Defined Contribution Plans (401K)	Union and Non-Union	4,515
6	Total cost of all benefits (see Note 1 below)		<u>35,801</u>
7	Amount expensed for all benefits (see Note 1 below)		26,265
8	Percentage expensed		73%
9	Amount capitalized for all benefits		9,536
10	Percentage capitalized		27%

**SECTION 285.3135  
SCHEDULE C-11.3  
EMPLOYEE BENEFITS  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

**Year: 2004**

Line No.	Description of Benefit (A)	Employee Classification Receiving Benefit (B)	Cost of Benefit (C)
1			
2	Welfare and Social Benefits	Union and Non-Union	13,108
3	Defined Benefit Pension Plans	Union and Non-Union	(3,491)
4	Other Retiree Benefits	Union and Non-Union	16,205
5	Defined Contribution Plans (401K)	Union and Non-Union	4,794
6	Total cost of all benefits		30,616
7	Amount expensed for all benefits		22,549
8	Percentage expensed		74%
9	Amount capitalized for all benefits		8,067
10	Percentage expensed		26%

**SECTION 285.3135  
SCHEDULE C-11.3  
EMPLOYEE BENEFITS  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

**Year: 2005**

Line No.	Description of Benefit (A)	Employee Classification Receiving Benefit (B)	Cost of Benefit (C)	Amount Capitalized (D)	Percentage Capitalized (E)	Amount Expensed (F)	Percentage Expensed (G)
1							
2	Welfare and Social Benefits	Union and Non-Union	14,242	3,951	28%	10,291	72%
3	Defined Benefit Pension Plans	Union and Non-Union	(4,622)	(1,728)	37%	(2,894)	63%
4	Other Retiree Benefits	Union and Non-Union	16,189	4,695	29%	11,494	71%
5	Defined Contribution Plans (401K)	Union and Non-Union	5,456	1,435	26%	4,021	74%
6	Total cost of all benefits		31,265				
7	Amount expensed for all benefits		22,912				
8	Percentage expensed		73%				
9	Amount capitalized for all benefits		8,353				
10	Percentage expensed		27%				

Note: 401K costs are expected to rise 13.8% in 2005 over 2004, and 6.2% in 2004 over 2005, for a total 2003 to 2005 increase of 20.8%. This seems reasonable given increases in wages/salaries and the recently negotiated 18% increase in the retirement growth fund company contribution (was 1.1% of pay, now 1.3%).

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

**Year: 2002**

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	92,654.00
2	Underground Storage	Underground Storage	*	*	12,676.00
3	Transmission	Transmission	*	*	12,490.00
4	General	General	*	*	12,720.00
5	Intangible	Intangible	*	*	7,060.00
6	Total				<u><u>137,600.00</u></u>

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 95-0219.

**Nicor Gas Company  
Depreciation Expense - 2002  
(000's)**

	GROSS PLANT	CWIP	TOTAL	DEPRECIABLE	NONDEPRECIABLE	
BALANCE @ 12/31/01	\$3,425,581	\$18,032	\$3,407,549	\$3,399,601	\$7,948	\$0
GROSS ADDS	\$ 163,684	\$ 163,684	\$0	\$0		
TRANSFERS	\$ -	(\$158,329)	\$158,329	\$157,720	609	
ACTUAL RETIRES	\$ (31,179)	\$0	(\$31,179) 0	(\$31,179) \$0		0
BAL @12/31/02	\$3,558,086	\$23,387	\$3,534,699	\$3,526,142	\$8,557	\$0

AVERAGE BALANCE - DEPRECIABLE PROPERTY

\$3,462,872

DEPRECIATION RATE

4.1%

DEPRECIATION PROVISION

\$141,978

LESS: TRANSPORTATION DEPRECIATION

(\$7,200)

USE- Deprec Expense , excluding Fleet

\$134,778

USE- Fleet Depreciation expense - 39% times \$7,200

\$2,808

Total depreciation expense

USE	
\$134,778	\$134,753
\$2,808	\$2,847
	\$137,600

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Page 3 of 8

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Year: 2003

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	95,474.00
2	Underground Storage	Underground Storage	*	*	12,984.00
3	Transmission	Transmission	*	*	12,498.00
4	General	General	*	*	13,324.00
5	Intangible	Intangible	*	*	9,220.00
6	Total				143,500.00

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 95-0219.

**Nicor Gas Company**  
**Depreciation Expense -2003**  
**(000's)**

	GROSS PLANT	CWIP	TOTAL	DEPRECIABLE	NONDEPRECIABLE	ARO
<b>BALANCE @ 12/31/02</b>	\$3,558,086	\$23,387	\$3,534,699	\$3,526,142	\$8,557	\$0
Gross adds	\$ 163,017	\$ 163,017	\$0	\$0		
Transfers	\$ -	(\$166,245)	\$166,245	\$166,750	(\$505)	
Retires- Original cost	\$ (28,172)	\$0	(\$28,172)	(\$28,172)		
Asset retire obligation- inside merc regs	\$ 1,900		\$ 1,900			\$1,900
<b>BALANCE @ 12/31/03</b>	<b>\$3,694,831</b>	<b>\$20,159</b>	<b>\$3,674,672</b>	<b>\$3,664,720</b>	<b>\$ 8,052</b>	<b>\$1,900</b>

AVERAGE BALANCE - DEPRECIABLE PROPERTY

\$3,595,431

DEPRECIATION RATE

4.1%

DEPRECIATION PROVISION

\$147,413

LESS:TRANSPORTATION DEPRECIATION

(\$7,225)

USE- Deprec Expense , excluding Fleet

\$140,188

USE- Fleet Depreciation expense- 46% times \$7,225

\$3,324

Total depreciation expense

\$143,500

USE	
	\$140,188
	\$3,312
	\$143,500

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Year: 2004

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	99,103.00
2	Underground Storage	Underground Storage	*	*	13,379.00
3	Transmission	Transmission	*	*	12,762.00
4	General	General	*	*	13,294.00
5	Intangible	Intangible	*	*	10,662.00
6	Total				149,200.00

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 95-0219.

**Nicor Gas Company**  
**Depreciation Expense Estimate-2004**  
**(000's)**

	GROSS PLANT	CWIP	TOTAL	DEPRECIABLE	NONDEPRECIABLE	ARO
<b>BALANCE @ 12/31/03</b>	\$3,694,831	\$20,159	\$3,674,672	\$3,664,720	\$8,052	\$1,900
GROSS ADDS	\$ 175,098	\$ 175,098	\$0	\$0		
TRANSFERS	\$0	(\$166,997)	\$166,997	\$166,997	0	
RETIRES	\$ (30,121)	\$0	(\$30,121)	(\$30,121)		
Asset retire obligation- inside merc regs	(\$950)		(\$950)			(\$950)
<b>EST BALANCE @ 12/31/04</b>	<b>\$3,838,858</b>	<b>\$28,260</b>	<b>\$3,810,598</b>	<b>\$3,801,596</b>	<b>\$8,052</b>	<b>\$950</b>

AVERAGE BALANCE - DEPRECIABLE PROPERTY \$3,733,158

DEPRECIATION RATE 4.1%  
DEPRECIATION PROVISION \$153,059  
LESS: TRANSPORTATION DEPRECIATION \$ (7,200)

USE- Deprec Expense , excluding Fleet

\$145,859

USE

\$145,900

USE- Fleet Depreciation expense- 46% times \$7,200

\$3,312

\$3,300

Total depreciation expense estimate

\$149,200

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Page 7 of 8

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Year: 2005

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	102,276.00
2	Underground Storage	Underground Storage	*	*	13,630.00
3	Transmission	Transmission	*	*	12,964.00
4	General	General	*	*	13,182.00
5	Intangible	Intangible	*	*	12,648.00
6	Total				154,700.00

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 95-0219.

**Nicor Gas Company**  
**Depreciation Expense Estimate-2005**  
**(000's)**

	GROSS PLANT	CWIP	TOTAL	DEPRECIABLE	NONDEPRECIABLE	ARO
<b>EST BALANCE @ 12/31/04</b>	\$3,838,858	\$28,260	\$3,810,598	\$3,801,596	\$8,052	\$950
GROSS ADDS	\$184,643	\$ 184,643	\$0	\$0		
TRANSFERS	\$0	(\$177,288)	\$177,288	\$174,839	\$2,449	
TRANSFER TO NONUTILITY	(\$4,592)	\$0	(\$4,592)	(\$4,550)	(\$42)	
RETIRES	(\$37,550)	\$0	(\$37,550)	(\$37,550)		
Asset retire obligation- inside merc regs	(\$950)		(\$950)			(\$950)
<b>EST BALANCE @ 12/31/05</b>	<b>\$3,980,409</b>	<b>\$35,615</b>	<b>\$3,944,794</b>	<b>\$3,934,335</b>	<b>\$10,459</b>	<b>\$0</b>

AVERAGE BALANCE - DEPRECIABLE PROPERTY

\$3,867,966

DEPRECIATION RATE

4.1%

DEPRECIATION PROVISION

\$158,587

LESS: TRANSPORTATION DEPRECIATION

(\$7,300)

USE- Deprec Expense , excluding Fleet

\$151,287

USE- Fleet Depreciation expense- 46% times \$7,300

\$3,358

USE	
\$151,287	\$151,300
\$3,358	\$3,400
	\$154,700

**SECTION 285.3175  
SCHEDULE C-18  
TAXES OTHER THAN INCOME TAXES  
000,s**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Type of Tax (A)	Amt. Charged to Oper. Expense (B)	Amt. Charged to Clearing Accts. (C)	Amt. Charged to Construction (D)	Amt. Charged to Other (E)	Total (F)
<u>2002</u>					
Federal Unemployment Tax	109		42		151
Federal Insurance Contributions Act	6,771		2,774		9,545
Illinois Gas Revenue Tax	59,928				59,928
State Unemployment Tax	308		(22)		286
State Workers Compensation Tax	-				
State Retailers Occupation and Use Tax	42			232	274
State Invested Capital Tax	7,431				7,431
Public Utilities Tax	1,346				1,346
State Franchise Tax	133				133
Illinois Vehicle License Tax	-			357	357
Real Estate Tax	2,172			80	2,252
Municipal Gas Revenue Taxes	28,013				28,013
Municipal Gas Use Tax	3,397				3,397
	<u>109,650</u>	<u>-</u>	<u>2,794</u>	<u>669</u>	<u>113,113</u>
Federal Insurance Contributions Act					
<u>2003</u>					
Federal Unemployment Tax	104		42		146
Federal Insurance Contributions Act	6,891		2,815		9,706
Illinois Gas Revenue Tax	69,745				69,745
Illinois Gas Use Tax	-				
State Unemployment Tax	281		115		396
State Workers Compensation Tax	59				59
State Retailers Occupation and Use Tax	75			40	115
State Invested Capital Tax	6,996				6,996
Public Utilities Tax	2,260				2,260
State Franchise Tax	132				132
Illinois Vehicle License Tax	-			385	385
Real Estate Tax	1,964		346	112	2,422
Municipal Gas Revenue Taxes	43,196				43,196
Municipal Gas Use Tax	15,683				15,683
	<u>147,386</u>	<u>-</u>	<u>3,318</u>	<u>537</u>	<u>151,241</u>
<u>2004</u>					
Federal Unemployment Tax	105		43		148
Federal Insurance Contributions Act	7,146		2,919		10,065
Illinois Gas Revenue Tax	66,272				66,272
Illinois Gas Use Tax	25,222				25,222
State Unemployment Tax	446		182		628
State Workers Compensation Tax	45				45
State Retailers Occupation and Use Tax	30				30
State Invested Capital Tax (Incls rounding)	8,229				8,229
Public Utilities Tax	2,189				2,189
State Franchise Tax	132				132
Illinois Vehicle License Tax	-			405	405
Real Estate Tax	2,695		476		3,171
Municipal Gas Revenue Taxes	42,426				42,426
Municipal Gas Use Tax	9,199				9,199
Other Taxes	(42)				(42)
	<u>164,094</u>	<u>-</u>	<u>3,620</u>	<u>405</u>	<u>168,119</u>
<u>2005</u>					
Federal Unemployment Tax	107		43		150
Federal Insurance Contributions Act	7,503		3,065		10,568
Illinois Gas Revenue Tax	69,648				69,648
Illinois Gas Use Tax	24,684				24,684
State Unemployment Tax	449		183		632
State Workers Compensation Tax	48				48
State Retailers Occupation and Use Tax	-				
State Invested Capital Tax (Incls rounding)	8,359				8,359
Public Utilities Tax	2,100				2,100
State Franchise Tax	131				131
Illinois Vehicle License Tax	-			407	407
Real Estate Tax	2,802		495		3,297
Municipal Gas Revenue Taxes	41,358				41,358
Municipal Gas Use Tax	8,596				8,596
	<u>165,785</u>	<u>-</u>	<u>3,786</u>	<u>407</u>	<u>169,978</u>