

**SECTION 285.3025
SCHEDULE C-4
COMPARATIVE OPERATING INCOME STATEMENTS FOR PRIOR YEARS AND THE TEST YEAR
(\$000)**

Page 1 of 4

Utility: Northern Illinois Gas Company
d/ba Nicor Gas Company

Test Year: 12 Months Ended 12/31/05

Line No.	Acct # (A)	Account Description (B)	2002 (C)	2003 (D)	2004 (E)	2005 (F)
1	400	OPERATING REVENUES				
2		Residential Sales	\$ 1,057,459	\$ 1,611,914	\$ 1,649,464	\$ 1,601,470
3		Commercial and Industrial Sales	241,883	402,872	406,814	399,530
4		Other	295,473	336,809	339,628	336,151
5		Total Operating Revenues	<u>1,594,815</u>	<u>2,351,595</u>	<u>2,395,906</u>	<u>2,337,151</u>
6		OPERATING EXPENSES				
7	401	Cost of Gas	970,058	1,692,708	1,714,462	1,661,512
8	401 & 402	Other Operation and Maintenance (1)	199,562	220,051	229,717	244,887
9	401	Mercury Program	(29,031)	(17,835)	(93)	-
10	403 & 404	Depreciation	137,600	143,500	149,200	154,700
11		Taxes Other Than Income				
12	408.1	Revenue Taxes	92,488	130,874	145,267	146,386
13	408.1	Other Taxes	17,159	16,510	18,828	19,399
14		Income Taxes				
15	409.1	Federal - Current	26,539	(73,496)	17,319	16,248
16	409.1	State - Current	5,956	(13,847)	5,957	4,920
17	410.1 & 411.1	Deferred	32,317	136,703	14,994	5,271
18	411.4	ITC	(1,423)	(1,974)	(2,697)	(2,697)
19		Total Operating Expenses	<u>1,451,225</u>	<u>2,233,194</u>	<u>2,292,954</u>	<u>2,250,626</u>
20		OPERATING INCOME	<u>\$ 143,590</u>	<u>\$ 118,401</u>	<u>\$ 102,952</u>	<u>\$ 86,525</u>

21 (1) Detail of Other Operation and Maintenance is shown by individual operation and maintenance expense accounts on pages 2 through 4.

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Line No.		<u>Actual 2002</u>	<u>Actual 2003</u>	<u>Budget 2004</u>	<u>Budget 2005</u>
22	<u>Underground Storage Expense</u>				
23	<u>Operation</u>				
24	prime81400 Operation Supervision and Engineering	288	224	300	286
26	prime81500 Maps and Records	-	-	-	-
27	prime81600 Wells Expense	629	559	612	719
28	prime81700 Lines Expense	132	138	163	167
29	prime81800 Compressor Station Expenses	807	825	1,158	860
30	prime81900 Compressor Station Fuel and Power	4,090	6,478	5,457	6,678
31	prime82000 Measuring and Regulating Station Expense	183	165	106	111
32	prime82100 Purification Expenses	348	404	455	477
33	prime82200 Exploration and Development	-	-	-	-
34	prime82400 Other Expenses	-	-	-	-
35	prime82600 Rents	3	3	5	12
36	Total Operation	<u>6,480</u>	<u>8,796</u>	<u>8,256</u>	<u>9,310</u>
37	<u>Maintenance</u>				
38	prime83000 Maintenance Supervision and Engineering	149	165	143	139
39	prime83100 Maintenance of Structures and Improvements	443	451	468	488
40	prime83200 Maintenance of Reservoirs and Wells	410	454	531	595
41	prime83300 Maintenance of Lines	430	547	596	610
42	prime83400 Maintenance of Compressor Station Equip	883	859	623	814
43	prime83500 Maintenance of Measuring and Regulating Station Equip	-	-	-	-
44	prime83600 Maintenance of Purification Equipment	289	298	261	282
45	prime83700 Maintenance of Other Equipment	223	144	141	161
46	Total Maintenance	<u>2,827</u>	<u>2,918</u>	<u>2,763</u>	<u>3,089</u>
47	Total Storage	<u>9,307</u>	<u>11,714</u>	<u>11,019</u>	<u>12,399</u>
48	<u>Transmission Expenses</u>				
49	<u>Operation</u>				
50	prime85000 Operation Supervision and Engineering	121	102	78	108
52	prime85100 System Control and Load Dispatching	844	712	766	753
53	prime85600 Mains Expense	711	610	548	594
54	prime85700 Measuring and Regulating Station Expenses	820	713	704	728
55	prime85900 Other Expenses	-	1	-	-
56	Total Operation	<u>2,496</u>	<u>2,138</u>	<u>2,096</u>	<u>2,183</u>
57	<u>Maintenance</u>				
58	prime86100 Maintenance Supervision and Engineering	172	141	255	246
59	prime86200 Maintenance of Structures and Improvements	238	211	212	240
60	prime86300 Maintenance of Mains	717	596	1,278	1,246
61	prime86500 Maintenance of Measuring and Reg Station Equip	572	469	405	418
62	prime86700 Maintenance of Other Equipment	14	5	7	7
63	Total Maintenance	<u>1,713</u>	<u>1,422</u>	<u>2,157</u>	<u>2,157</u>
64	Total Transmission	<u>4,209</u>	<u>3,560</u>	<u>4,253</u>	<u>4,340</u>

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Line No.		<u>Actual 2002</u>	<u>Actual 2003</u>	<u>Budget 2004</u>	<u>Budget 2005</u>
65	<u>Distribution Expenses</u>				
66	<u>Operation</u>				
67	prime87000 Operation Supervision and Engineering	4,917	4,760	5,543	5,983
68	prime87100 Distribution Load Dispatching	15	56	34	75
69	prime87400 Mains and Services Expenses	15,118	15,471	18,968	19,317
70	prime87500 Measuring and Regulation Station Exp-General	115	117	110	66
71	prime87600 Measuring and Regulation Station Exp-Industrial	416	429	439	452
72	prime87700 Measuring and Regulation Station Exp-City Gate Check Station	743	588	719	878
73	prime87800 Meter and House Regulator Expenses	3,667	3,807	3,631	3,907
74	prime87900 Customer Installations Expense	3,948	4,926	3,623	5,523
75	prime88000 Other Expenses	100	271	29	111
76	prime88100 Rents	476	362	664	703
77	Total Operation	<u>29,515</u>	<u>30,787</u>	<u>33,760</u>	<u>37,015</u>
78	<u>Maintenance</u>				
79	prime88500 Maintenance Supervision and Engineering	672	972	1,096	1,124
80	prime88600 Maintenance of Structures and Improvements	-	-	-	-
81	prime88700 Maintenance of Mains	4,566	5,556	5,332	5,607
82	prime88900 Maintenance of Measuring & Reg Station Equip-General	751	907	855	955
83	prime89000 Maintenance of Measuring & Reg Station Equip-Industrial	843	931	1,268	1,208
84	prime89200 Maintenance of Services	2,149	2,992	2,893	2,867
85	prime89300 Maintenance of Meters and House Regulators	2,619	2,817	2,852	2,716
86	Total Maintenance	<u>11,600</u>	<u>14,175</u>	<u>14,296</u>	<u>14,477</u>
87	Total Distribution	<u>41,115</u>	<u>44,962</u>	<u>48,056</u>	<u>51,492</u>
88	<u>Customer Accounts Expense</u>				
89	<u>Operation</u>				
90	prime90100 Supervision	975	903	894	929
91	prime90200 Meter Reading Expenses	4,640	4,051	4,774	4,984
92	prime90300 Customer Records and Collection Expense	24,015	24,368	26,296	27,779
93	prime90400 Uncollectible Accounts	25,716	29,762	28,770	30,355
94	Total Customer Accounts Expense	<u>55,346</u>	<u>59,084</u>	<u>60,734</u>	<u>64,047</u>
95	<u>Customer Services and Informational Services</u>				
96	<u>Operation</u>				
97	prime90900 Informational and Instructional Expenses	358	356	403	474
98	Total Customer Services and Informational Services	<u>358</u>	<u>356</u>	<u>403</u>	<u>474</u>

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Line No.		<u>Actual 2002</u>	<u>Actual 2003</u>	<u>Budget 2004</u>	<u>Budget 2005</u>
99	Sales Expenses				
100	Operation				
101	prime91100 Supervision	29	26	39	42
102	prime91200 Demonstrating and Selling Expenses	3,187	2,795	3,407	3,457
103	prime91300 Advertising Expenses	599	522	667	630
104	prime91400 Revenues from Merchandising, Jobbing, & Contract Work	(670)	(554)	(695)	(804)
105	prime91500 Costs and Expenses of Merchandising, Jobbing, & Contract Work	30	4	3	3
106	prime91600 Miscellaneous Sales Expenses	(19)	47	25	30
107	Total Sales Expenses	<u>3,156</u>	<u>2,840</u>	<u>3,446</u>	<u>3,358</u>
108	Administrative and General Expenses				
109	Operation				
110	prime92000 Administrative and General Salaries	33,043	38,486	44,093	49,564
111	prime92100 Office Supplies and Expenses	15,890	17,165	18,895	23,633
112	prime92200 Administrative Expenses Transferred - Credit	(11,270)	(15,736)	(17,680)	(19,365)
113	prime92300 Outside Services Employed	12,657	8,164	8,781	4,870
114	prime92400 Property Insurance	756	1,141	1,302	1,560
115	prime92500 Injuries and Damages (1)	(21,800)	(7,522)	11,832	11,979
116	prime92600 Employee Pension and Benefits	15,467	26,130	23,240	23,315
117	prime92700 Franchise Requirements	4,194	4,815	5,745	6,847
118	prime92800 Regulatory Commission Expenses	650	(212)	-	-
119	prime92900 Duplicate Charges - Credit	(3,071)	(3,693)	(4,445)	(5,437)
120	prime93010 General Advertising Expenses	528	14	83	33
121	prime93020 Miscellaneous General Expenses	5,769	5,573	6,107	7,418
122	prime93100 Rents	-	-	-	-
123	Total Operation	<u>52,813</u>	<u>74,325</u>	<u>97,953</u>	<u>104,417</u>
124	Maintenance				
125	prime93200 Maintenance of General Plant	4,227	4,198	3,853	4,360
126	Total Maintenance	<u>4,227</u>	<u>4,198</u>	<u>3,853</u>	<u>4,360</u>
127	Total General and Administrative Expenses	<u>57,040</u>	<u>78,523</u>	<u>101,806</u>	<u>108,777</u>
128	Total Operating and Maintenance Expense	<u>170,531</u>	<u>201,039</u>	<u>229,717</u>	<u>244,887</u>
129	Mercury Program (recoveries)/cost in Account 925 above (1)	(29,031)	(17,835)	-	-
130	The amount of donations for charitable, social or community welfare purposes included in 426.1 , Donations. (2)	-	1,177	-	-
131	Total Operating and Maintenance Exp adjusted for Mercury Program & Contributions	<u>199,562</u>	<u>220,051</u>	<u>229,717</u>	<u>244,887</u>

132 (1) On page 1 of Schedule C-4, Mercury Program (recoveries)/cost are reported as a separate line item (line no. 9) which is consistent with the company's SEC filings.

133 (2) Effective in 2003, donations for charitable, social or community welfare purposes are reported in prime 426.1, Donations, rather than 930.2, Miscellaneous
134 General Expenses. The amount included in 930.2 in 2002 is \$1,039. The amounts to be included in 426.1 for 2004 and 2005 are \$1,204 and \$1,325 respectively.
135 On page 1 of Schedule C-4, donations are classified as part of Other Operation and Maintenance which is consistent with the company's SEC filings in 2003.