Nicor Ex. 6.0

ICC Person Responsible: Dianna Hathhorn
Title: Accountant
Business Address: Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

NG-1.01 Referring to ICC Staff Exhibit 2.0, page 2, lines 34-35, provide all supporting analysis, workpapers, or other bases for the witness' assertion that the market for property that has undergone environmental remediation will provide future economic benefits.

Response:

The bases for Ms. Hathhorn's position is Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements, ("CON 6") which is discussed in part at ICC Staff Exhibit 1.0, pages 10-11, lines 208-220. At paragraph 26, CON 6 states that an asset has three essential characteristics, one being that it embodies a *probable* future benefit that involves a capacity, singly or in combination with other assets, to contribute directly or indirectly to future net cash inflows.

Ms. Hathhorn relied upon the general meaning of *probable* in this characteristic. CON 6 states that

> *"[p]robable* is used with its usual general meaning, …and refers to that which can reasonably be expected or believed on the basis of available evidence or logic but is neither certain nor proved. [cite omitted] Its inclusion in the definition is intended to acknowledge that business and other economic activities occur in an environment characterized by uncertainty in which few outcomes are certain (pars. 44-48)"

The Company stated that it paid a market price for the property (Company response to Staff Data Request DLH-2.03) which, upon remediation completion, will be sold and credited to Rider 12. (Company responses to Staff Data Request BLV-1.06, 1.07, and 1.08) This information lead Ms. Hathhorn to conclude that the property has a probability to create future net cash inflows, which is part of the characteristic of an asset that it embodies a probable future benefit, per CON 6. In summary, an asset has future value, i.e. future economic worth.

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Ms. Hathhorn is unaware of any substantive evidence that the Company will be unable to sell the property at the conclusion of remediation and therefore concluded that the property has a probable future benefit, and therefore is an asset.

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NG-1.02 All other things being equal, does Ms. Hathhorn assert that the market for property that has undergone environmental remediation will be as strong as it is for property located in an area where there has been no environmental hazard and, therefore, no need for environmental remediation? Yes or no.

Response:

Ms. Hathhorn does not make any assertion regarding the strength of the market for the property. Ms. Hathhorn's testimony is focused solely on the accounting treatment of the real estate transaction in question.

Further, Ms. Hathhorn is unaware of any substantive evidence that the property value of property that has undergone environmental remediation will not be comparable to the value of similar property in the area. In addition, Ms. Hathhorn is unaware of any substantive evidence that the property value of property that has undergone environmental remediation will decrease in value due to the environmental remediation efforts.

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NG-1.03 Provide copies of all analyses, reviews, studies or investigations conducted by Ms. Hathhorn to compare the market sale prices for environmentally remediated property to the market sale prices for property of the same character and quality located areas where there has been no environmental hazard and, therefore, no need for environmental remediation.

Response:

Ms. Hathhorn has conducted no such studies.

Nicor Ex. 6.0

ICC Person Responsible: Dianna Hathhorn
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NG-1.04 All other things being equal, does Ms. Hathhorn assert that the number of buyers will be as large for property that has undergone environmental remediation as it is for property located in an area where there has been no environmental hazard and, therefore, no need for environmental remediation? Yes or no.

Response:

Ms. Hathhorn does not make any assertion regarding the number of buyers for the property based upon its location or remediation of environmental hazards. Ms. Hathhorn's testimony is focused solely upon the accounting treatment of the real estate transaction in question.

Ms. Hathhorn is unaware of any substantive evidence that the number of buyers would be any different for property that has undergone environmental remediation as there would be for property located in an area where there has been no environmental hazard and, therefore, no need for environmental remediation.

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Nicor Ex. 6.0

ICC Person Responsible: Dianna Hathhorn
Title: Accountant
Business Address: Illinois Commerce Commission
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NG-1.05 Provide copies of all analyses, reviews, studies or investigations conducted by Ms. Hathhorn to compare the number of buyers for environmentally remediated property to the number of buyers for property of the same character and quality located areas where there has been no environmental hazard and, therefore, no need for environmental remediation.

Response:

Ms. Hathhorn has conducted no such studies.

Nicor Ex. 6.0

ICC Person Responsible: Dianna Hathhorn
Title: Accountant
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NG-1.06 All other things being equal, does Ms. Hathhorn deny that people would generally prefer to live in residential neighborhoods and not in industrial areas?

Response:

No.

Nicor Ex. 6.0

ICC Person Responsible: Dianna Hathhorn
Title: Accountant
Business Address: Illinois Commerce Commission
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NG-1.07 Provide copies of all analyses, reviews, studies or investigations conducted by Ms. Hathhorn to compare the number of people who prefer to live in residential neighborhoods as compared to industrial areas.

Response:

Ms. Hathhorn has conducted no such studies.

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NG-1.08 Provide an explanation of Ms. Hathhorn's qualifications in real estate markets.

Response:

Ms. Hathhorn is qualified as a Certified Public Accountant to analyze real estate transactions to determine the proper accounting treatment of such transactions. Ms. Hathhorn has no other qualifications in real estate markets other than personal experience as a buyer, seller, tenant, and landlord.