

North Shore Gas Company

Jurisdictional Operating Income Summary

Line No.	I.C.C. Acc. No. [A]	Description [B]	Actual Under Present Rates [C]	Rate Making Adjustments (Schedule C-2, p2) [D]	As Adjusted Under Present Rates [E] = [C + D]	UBA Ratemaking Adjustment (Schedule C-2, p2) [F]	As Adjusted with UBA Proposal [G] = [E + F]	Requested Rate Increase before UBA [H]	UBA [I]	Requested Rate Increase, Net of UBA [J] = [H+I]	As adjusted Under Proposed Rates [K] = [G + J]	Line No.
1	400	Operating Revenues	\$ 299,589,000	\$ (7,556,000)	\$ 292,033,000	\$ 1,542,000	\$ 293,575,000	\$ 6,314,000	\$ (1,542,000)	\$ 4,772,000	\$ 298,347,000	1
2		Operating Expenses										2
3	401	Cost of Gas	\$ 220,300,000	\$ 6,016,000	\$ 226,316,000		\$ 226,316,000			\$ -	\$ 226,316,000	3
4	401 & 402	Other Operation and Maintenance:										4
5	401 & 402	Other Production	\$ 170,000		\$ 170,000		\$ 170,000			\$ -	\$ 170,000	5
6	401 & 402	Storage	\$ -		\$ -		\$ -			\$ -	\$ -	6
7	401 & 402	Transmission	\$ 95,000		\$ 95,000		\$ 95,000			\$ -	\$ 95,000	7
8	401 & 402	Distribution	\$ 8,332,000		\$ 8,332,000		\$ 8,332,000			\$ -	\$ 8,332,000	8
9	401	Customer Accounts	\$ 8,344,000	\$ 49,000	\$ 8,393,000	\$ 1,542,000	\$ 9,935,000	\$ 44,000	\$ -	\$ 44,000	\$ 9,979,000	9
10		Customer Accounts - Uncollectible Adjustment	\$ -		\$ -	\$ (1,542,000)	\$ (1,542,000)			\$ -	\$ (1,542,000)	10
11	401	Customer Services and Informational Services	\$ 83,000		\$ 83,000		\$ 83,000			\$ -	\$ 83,000	11
12	401	Sales	\$ 35,000		\$ 35,000		\$ 35,000			\$ -	\$ 35,000	12
13	401 & 402	Administrative and General	\$ 26,581,000	\$ (4,258,000)	\$ 22,323,000		\$ 22,323,000			\$ -	\$ 22,323,000	13
14		Total Other Operation and Maintenance	\$ 43,640,000	\$ (4,209,000)	\$ 39,431,000	\$ -	\$ 39,431,000	\$ 44,000	\$ -	\$ 44,000	\$ 39,475,000	14
15	403	Depreciation	\$ 5,724,000	\$ 442,000	\$ 6,166,000		\$ 6,166,000			\$ -	\$ 6,166,000	15
16	404	Amortization	\$ -		\$ -		\$ -			\$ -	\$ -	16
17	408.1	Taxes Other than Income	\$ 16,508,000	\$ (14,403,000)	\$ 2,105,000	\$ -	\$ 2,105,000			\$ -	\$ 2,105,000	17
18		Income Taxes										18
19	409.1	Federal Income Taxes - Current	\$ 324,000	\$ 1,348,000	\$ 1,672,000	\$ 500,000	\$ 2,172,000	\$ 2,034,000	\$ (500,000)	\$ 1,534,000	\$ 3,706,000	19
20	409.1	State Income Taxes - Current	\$ (420,000)	\$ 304,000	\$ (116,000)	\$ 113,000	\$ (3,000)	\$ 458,000	\$ (113,000)	\$ 345,000	\$ 342,000	20
21	410.1 & 411.1	Deferred Income Taxes	\$ 3,446,000	\$ (75,000)	\$ 3,371,000		\$ 3,371,000			\$ -	\$ 3,371,000	21
22	411.4	Investment Tax Credit	\$ (26,000)		\$ (26,000)		\$ (26,000)			\$ -	\$ (26,000)	22
23		Total Operating Expenses	\$ 289,496,000	\$ (10,577,000)	\$ 278,919,000	\$ 613,000	\$ 279,532,000	\$ 2,536,000	\$ (613,000)	\$ 1,923,000	\$ 281,455,000	23
24		Jurisdictional Operating Income (Loss)	\$ 10,093,000	\$ 3,021,000	\$ 13,114,000	\$ 929,000	\$ 14,043,000	\$ 3,778,000	\$ (929,000)	\$ 2,849,000	\$ 16,892,000	24

North Shore Gas Company

Rate Making Adjustments to Operating Income
Test Year Ending September 30, 2006

Adj. No.	Description [A]	Operating Revenues [B]	Operating Expenses							Effect on Operating Income [Sch. C-1, Col. D+F] [K]	Adj. No.	
			Cost of Gas [C]	General Operation & Maintenance Expense [D]	Depreciation Expense [E]	Taxes Other Than Income Taxes [F]	Income Taxes		Provision for Deferred Income Taxes [I]			Operating Expenses Total [J]
							Federal [G]	Other (State) [H]				
1	Amortization of Rate Case Expenses	\$	\$	\$ 954,000	\$	\$	\$	\$	\$ (379,000)	\$ 575,000	\$ (575,000)	1
2	Eliminate Add-on Revenue Taxes and Charges	\$ (14,554,000)		(101,000)		(14,453,000)	-	-		(14,554,000)	-	2
3	Interest on Gas Bill Credit Deposits	\$		114,000			(37,000)	(8,000)		69,000	(69,000)	3
4	Interest on Budget Plan Accounts	\$		169,000			(55,000)	(12,000)		102,000	(102,000)	4
5	Charitable Contributions	\$		87,000			(28,000)	(6,000)		53,000	(53,000)	5
6	Invested Capital Tax	\$				50,000	(16,000)	(4,000)		30,000	(30,000)	6
7	Eliminate income taxes on items not included in cost of service	\$					164,000	37,000		201,000	(201,000)	7
8	Interest Synchronization	\$					(368,000)	(83,000)		(451,000)	451,000	8
9	Eliminate legal fees related to non-recurring item	\$		(239,000)			78,000	17,000		(144,000)	144,000	9
10	Medical and insurance costs for Fiscal 2007	\$		239,000			(78,000)	(17,000)		144,000	(144,000)	10
11	Eliminate effects of 2006 PGA Settlement Charge	\$		(4,300,000)			1,395,000	314,000		(2,591,000)	2,591,000	11
SubTotal - Rate Making Adjustments		\$ (14,554,000)	\$ -	\$ (3,077,000)	\$ 0	\$ (14,403,000)	\$ 1,055,000	\$ 238,000	\$ (379,000)	\$ (16,566,000)	\$ 2,012,000	

North Shore Gas Company

Rate Making Adjustments to Operating Income
Test Year Ending September 30, 2006

Operating Expenses

Adj. No.	Description [A]	Operating Revenues [B]	Cost of Gas [C]	General Operation & Maintenance Expense [D]	Depreciation Expense [E]	Taxes Other Than Income Taxes [F]	Income Taxes		Provision for Deferred Income Taxes [I]	Operating Expenses Total [J]	Effect on Operating Income (Sch. C-1, Col. D+F) [K]	Adj. No.
							Federal [G]	Other (State) [H]				
12a	Commodity Portion of Uncollectibles under Uncollectible Balancing Adjustment (UBA)	\$ 1,542,000		1,542,000						1,542,000	-	12a
12b	Commodity Portion of Provision for Uncollectibles from Base Rates	\$		(1,542,000)			500,000	113,000		(929,000)	929,000	12b
13	Annualize O&M union wage and nonunion merit increases for 2006	\$		154,000			(50,000)	(11,000)		93,000	(93,000)	13
14	O&M union wage & nonunion merit increases for 2007	\$		277,000			(90,000)	(20,000)		167,000	(167,000)	14
15	Decrease in pension costs for Fiscal 2007	\$		(490,000)			159,000	36,000		(295,000)	295,000	15
16	Eliminate prior rate case expenses	\$		(941,000)			305,000	69,000		(567,000)	567,000	16
17	Depreciation expense on Fiscal 2007 net capital expenditures	\$			442,000		(392,000)	(88,000)	304,000	266,000	(266,000)	17
18	2007 inflation on nonpayroll items	\$		542,000			(176,000)	(40,000)		326,000	(326,000)	18
19	Collection agency fees-effects of 2006 PGA Settlement Charge	\$		76,000			(25,000)	(6,000)		45,000	(45,000)	19
20	Merger-Related Synergy Savings	\$		(1,633,000)			530,000	119,000		(984,000)	984,000	20
21	Amortization on merger-related costs	\$		834,000			(271,000)	(61,000)		502,000	(502,000)	21
22	Normalize 2006 for Net Weather Effect on Sales Revenues	\$ 6,998,000	6,016,000	49,000	-	-	303,000	68,000		6,436,000	562,000	22
SubTotal - Rate Making Adjustments -page 2		8,540,000	6,016,000	(1,132,000)	442,000	-	793,000	179,000	304,000	6,602,000	1,938,000	
SubTotal - Rate Making Adjustments -page 1		(14,554,000)	-	(3,077,000)	-	(14,403,000)	1,055,000	238,000	(379,000)	(16,566,000)	2,012,000	
Total - Rate Making Adjustments		\$ (6,014,000)	\$ 6,016,000	(4,209,000)	442,000	\$ (14,403,000)	\$ 1,848,000	\$ 417,000	\$ (75,000)	\$ (9,964,000)	\$ 3,950,000	

Schedule C-1 Reconciliation:

12a	Commodity Portion of Uncollectibles under Uncollectible Balancing Adjustment (UBA)	\$ 1,542,000		1,542,000						1,542,000	-	
12b	Commodity Portion of Provision for Uncollectibles from Base Rates	\$		(1,542,000)			500,000	113,000		(929,000)	929,000	
UBA Ratemaking Adjustment - Schedule C-1, Col. F		\$ 1,542,000	-	-	-	-	500,000	113,000	-	613,000	929,000	
Total Ratemaking Adjustments excluding UBA Ratemaking Adjustment- Schedule C-1, Col. D		\$ (7,556,000)	6,016,000	(4,209,000)	442,000	(14,403,000)	1,348,000	304,000	(75,000)	(10,577,000)	3,021,000	
Total - Rate Making Adjustments		\$ (6,014,000)	\$ 6,016,000	(4,209,000)	\$ 442,000	\$ (14,403,000)	\$ 1,848,000	\$ 417,000	\$ (75,000)	\$ (9,964,000)	\$ 3,950,000	

North Shore Gas Company
Adjustment No. 1
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Amortization of Rate Case Expenses	1
2	Schedule C-2, Adjustment No. 1	2
3	Supporting Work Paper Reference WPC-2.1.1 through WPC-2.1.2	3
4	Purpose and Description:	4
5	Amortization of test year rate case expenses deferred.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	General Operation and Maintenance Expense	\$954,000 8
9	Total Normalized Income Taxes - State [7.3%] (\$70,000)	9
10	- Federal [35.0%] (309,000)	10
11	Total	<u>(379,000)</u> 11
12	Current (409.1) - State -	12
13	- Federal -	13
14	Deferred (410.1)	<u>(379,000)</u> 14
15	Total Operating Expenses	<u>575,000</u> 15
16	EFFECT ON OPERATING INCOME	<u>(\$575,000)</u> 16
17	Summary by ICC Account:	17
18	Debit 401 Operation Expenses - Administrative and General	\$954,000 18
19	Credit 410.1 Provision for deferred income taxes, utility operating income	<u>(379,000)</u> 19
20		<u>\$575,000</u> 20

North Shore Gas Company
Adjustment No. 2
Test Year Ended September 30, 2006

<u>Line No.</u>				<u>Line No.</u>
1	Title of Adjustment:	Eliminate Add-on Revenue Taxes and Charges		1
2	Schedule C-2, Adjustment No. 2			2
3	Supporting Work Paper Reference	WPC-2.2.1 through WPC-2.2.4		3
4	Purpose and Description:			4
5	Removal of add-on revenue taxes and charges from historical test year gas sales.			5
6	Summary Calculations:			6
7	OPERATING REVENUES		(\$14,554,000)	7
8	OPERATING EXPENSES			8
9	General Operation and Maintenance Expense	(\$101,000)		9
10	Taxes Other Than Income Taxes	<u>(14,453,000)</u>		10
11			<u>(14,554,000)</u>	11
12	Subtotal before Income Taxes	-		12
13	Income Taxes - State	[7.3%]	-	13
14	- Federal	[35.0%]	<u>-</u>	14
15				15
16	EFFECT ON OPERATING INCOME		<u><u>-</u></u>	16
17	Summary by ICC Account:			17
18	Debit 400	Operating Revenues	\$14,554,000	18
19	Credit 401	Operation Expenses - Administrative and General	(101,000)	19
20	Credit 408.1	Taxes Other Than Income Taxes, Utility Operating Income	<u>(14,453,000)</u>	20
21			<u><u>\$0</u></u>	21

North Shore Gas Company
Adjustment No. 3
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Interest on Gas Bill Credit Deposits	1
2	Schedule C-2, Adjustment No. 3	2
3	Supporting Work Paper Reference WPC-2.3.1	3
4	Purpose and Description:	4
5	Recovery of test year interest expense on customer deposits to achieve consistency with rate base treatment.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	General Operation and Maintenance Expense	\$114,000 8
9	Income Taxes - State [7.3%]	(8,000) 9
10	- Federal [35.0%]	<u>(37,000) 10</u>
11	Total Operating Expenses	<u>69,000 11</u>
12	EFFECT ON OPERATING INCOME	<u><u>(\$69,000) 12</u></u>
13	Summary by ICC Account:	13
14	Debit 401 Operation Expenses - Administrative and General	\$114,000 14
15	Credit 409.1 Income Taxes, Utility Operating Income State	(8,000) 15
16	Credit 409.1 Income Taxes, Utility Operating Income Federal	<u>(37,000) 16</u>
17		<u><u>\$69,000 17</u></u>

North Shore Gas Company
Adjustment No. 4
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Interest on budget plan accounts	1
2	Schedule C-2, Adjustment No. 4	2
3	Supporting Work Paper Reference WPC-2.4.1	3
4	Purpose and Description:	4
5	Recovery of test year interest expense on budget plan balances to achieve consistency with rate base treatment.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	General Operation and Maintenance Expense	\$169,000 8
9	Income Taxes - State [7.3%]	(12,000) 9
10	- Federal [35.0%]	<u>(55,000) 10</u>
11	Total Operating Expenses	<u>102,000 11</u>
12	EFFECT ON OPERATING INCOME	<u><u>(\$102,000) 12</u></u>
13	Summary by ICC Account:	13
14	Debit 401 Operation Expenses - Administrative and General	\$169,000 14
15	Credit 409.1 Income Taxes, Utility Operating Income	State (12,000) 15
16	Credit 409.1 Income Taxes, Utility Operating Income	Federal (55,000) 16
17		<u><u>\$102,000 17</u></u>

North Shore Gas Company
Adjustment No. 5
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Charitable Contributions	1
2	Schedule C-2, Adjustment No. 5	2
3	Supporting Work Paper Reference WPC-2.5.1	3
4	Purpose and Description:	4
5	Recovery of test year charitable contributions.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	General Operation and Maintenance Expense	\$87,000 8
9	Income Taxes -State [7.3%]	(6,000) 9
10	-Federal [35.0%]	<u>(28,000) 10</u>
11	Total Operating Expenses	<u>53,000 11</u>
12	EFFECT ON OPERATING INCOME	<u><u>(\$53,000) 12</u></u>
13	Summary by ICC Account:	13
14	Debit 401 Operation Expenses - Administrative and General	\$87,000 14
15	Credit 409.1 Income Taxes, Utility Operating Income State	(6,000) 15
16	Credit 409.1 Income Taxes, Utility Operating Income Federal	<u>(28,000) 16</u>
17		<u><u>\$53,000 17</u></u>

North Shore Gas Company
Adjustment No. 6
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Invested Capital Tax	1
2	Schedule C-2, Adjustment No. 6	2
3	Supporting Work Paper Reference WPC-2.6.1 through WPC-2.6.2	3
4	Purpose and Description:	4
5	Recovery of Respondent's increase in invested capital tax based on increase in base rate revenues.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	Taxes Other Than Income Taxes	\$50,000 8
9		(4,000) 9
10		<u>(16,000)</u> 10
11	Total Operating Expenses	<u>30,000</u> 11
12	EFFECT ON OPERATING INCOME	<u><u>(\$30,000)</u></u> 12
13	Summary by ICC Account:	13
14	Debit 408.1 Taxes Other Than Income Taxes, Utility Operating Income	\$50,000 14
15	Credit 409.1 Income Taxes, Utility Operating Income	State (4,000) 15
16	Credit 409.1 Income Taxes, Utility Operating Income	Federal <u>(16,000)</u> 16
17		<u><u>\$30,000</u></u> 17

North Shore Gas Company
Adjustment No. 7
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Eliminate income taxes on items not included in cost of service	1
2	Schedule C-2, Adjustment No. 7	2
3	Supporting Work Paper Reference WPC-2.7.1	3
4	Purpose and Description:	4
5	Adjust income taxes related to items not included in test year cost of service.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	Income Taxes - State [7.3%] \$37,000	8
9	- Federal [35.0%] <u>164,000</u>	9
10	Total Operating Expenses <u>201,000</u>	10
11	EFFECT ON OPERATING INCOME <u><u>(\$201,000)</u></u>	11
12	Summary by ICC Account:	12
13	Debit 409.1 Income Taxes, Utility Operating Income State \$37,000	13
14	Debit 409.1 Income Taxes, Utility Operating Income Federal <u>164,000</u>	14
15	<u><u>\$201,000</u></u>	15

North Shore Gas Company

Adjustment No. 8
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Interest Synchronization	1
2	Schedule C-2, Adjustment No. 8	2
3	Supporting Work Paper Reference WPC-2.8.1	3
4	Purpose and Description:	4
5	Adjust income taxes to reflect increase in synchronized levels of long-term debt interest costs associated	5
6	with original rate base, as adjusted.	6
7	Summary Calculations:	7
8	OPERATING EXPENSES	8
9	Income Taxes - State [7.3%] (\$83,000)	9
10	- Federal [35.0%] (368,000)	10
11	Total Operating Expenses (451,000)	11
12	EFFECT ON OPERATING INCOME \$451,000	12
13	Summary by ICC Account:	13
14	Credit 409.1 Income Taxes, Utility Operating Income State (\$83,000)	14
15	Credit 409.1 Income Taxes, Utility Operating Income Federal (368,000)	15
16		16

North Shore Gas Company

Adjustment No. 11
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Eliminate effects of 2006 PGA Settlement Charge	1
2	Schedule C-2, Adjustment No. 11	2
3	Supporting Work Paper Reference WPC-2.11.1 through WPC-2.11.2	3
4	Purpose and Description:	4
5	Eliminate effects of 2006 Gas Charge Settlement in test year.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	General Operation and Maintenance Expense (\$4,300,000)	8
9	Income Taxes - State [7.3%] 314,000	9
10	- Federal [35.0%] <u>1,395,000</u>	10
11	<u>(2,591,000)</u>	11
12	EFFECT ON OPERATING INCOME <u>\$2,591,000</u>	12
13	Summary by ICC Account:	13
14	Credit 401 Operation Expenses - Administrative and General (\$4,300,000)	14
15	Debit 409.1 Income Taxes, Utility Operating Income State 314,000	15
16	Debit 409.1 Income Taxes, Utility Operating Income Federal <u>1,395,000</u>	16
17	<u>(\$2,591,000)</u>	17

North Shore Gas Company
Adjustment No. 13
Test Year Ended September 30, 2006

<u>Line No.</u>				<u>Line No.</u>
1	Title of Adjustment:	Annualize O&M union wage and nonunion merit increases for 2006		1
2	Schedule C-2, Adjustment No. 13			2
3	Supporting Work Paper Reference	WPC-2.13.1 through WPC-2.13.4		3
4	Purpose and Description:			4
5	Annualize test year 2006 wage and salary increases.			5
6	Summary Calculations:			6
7	OPERATING EXPENSES			7
8	General Operation and Maintenance Expense		\$154,000	8
9	Income Taxes - State [7.3%]		(11,000)	9
10	- Federal: [35.0%]		<u>(50,000)</u>	10
11	Total Operating Expenses		<u>93,000</u>	11
12	EFFECT ON OPERATING INCOME		<u><u>(\$93,000)</u></u>	12
13	Summary by ICC Account:			13
14	Debit 401	Operation Expenses - Administrative and General	\$154,000	14
15	Credit 409.1	Income Taxes, Utility Operating Income	(11,000)	15
16	Credit 409.1	Income Taxes, Utility Operating Income	(50,000)	16
17			<u><u>\$93,000</u></u>	17

North Shore Gas Company
Adjustment No. 14
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: O&M union wage & nonunion merit increases for 2007	1	
2	Schedule C-2, Adjustment No. 14	2	
3	Supporting Work Paper Reference WPC-2.14.1 through WPC-2.14.3	3	
4	Purpose and Description:	4	
5	Increase operating expenses for 2007 wage and salary increases for union and non-union employees.	5	
6	Summary Calculations:	6	
7	OPERATING EXPENSES	7	
8	General Operation and Maintenance Expense	\$277,000	8
9	Income Taxes - State [7.3%]	(20,000)	9
10	- Federal [35.0%]	(90,000)	10
11	Total Operating Expenses	167,000	11
12	EFFECT ON OPERATING INCOME	(\$167,000)	12
13	Summary by ICC Account:		13
14	Debit 401 Operation Expenses - Administrative and General	\$277,000	14
15	Credit 409.1 Income Taxes, Utility Operating Income	State (20,000)	15
16	Credit 409.1 Income Taxes, Utility Operating Income	Federal (90,000)	16
17		\$167,000	17

North Shore Gas Company

Adjustment No. 17

Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Depreciation expense on Fiscal 2007 net capital expenditures	1
2	Schedule C-2, Adjustment No. 17	2
3	Supporting Work Paper Reference WPC-2.17.1 through WPC-2.17.3	3
4	Purpose and Description:	4
5	Increase depreciation expense for related adjustment to increase in 2007 net capital expenditures.	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	Depreciation Expense	\$442,000
9	Income Taxes - Current	(88,000)
10	State Federal	(392,000)
11	- Deferred	<u>304,000</u>
12	Total Operating Expenses	<u>266,000</u>
13	EFFECT ON OPERATING INCOME	<u><u>(\$266,000)</u></u>
14	Summary by ICC Account:	14
15	Debit 403 Depreciation Expense	\$442,000
16	Credit 409.1 Income Taxes, Utility Operating Income	State (88,000)
17	Credit 409.1 Income Taxes, Utility Operating Income	Federal (392,000)
18	Debit 410.1 Provision for deferred income taxes, utility operating income	<u>304,000</u>
19		<u><u>\$266,000</u></u>

North Shore Gas Company
Adjustment No. 19
Test Year Ended September 30, 2006

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Collection agency fees-effects from 2006 PGA Settlement Charge	1
2	Schedule C-2, Adjustment No. 19	2
3	Supporting Work Paper Reference WPC-2.19.1	3
4	Purpose and Description:	4
5	Increase operating expenses to reflect normal collection agency fees. Fiscal 2006 collection	5
6	agency fees were reduced due to the effects of 2006 Gas Charge Settlement.	6
7	Summary Calculations:	7
8	OPERATING EXPENSES	8
9	General Operation and Maintenance Expense	\$76,000 9
10	Income Taxes - State [7.3%]	(6,000) 9
11	- Federal [35.0%]	<u>(25,000)</u> 11
12	Total Operating Expenses	<u>45,000</u> 12
13	EFFECT ON OPERATING INCOME	<u><u>(\$45,000)</u></u> 13
14	Summary by ICC Account:	14
15	Debit 401 Operation Expenses - Customer Accounts	\$76,000 15
16	Credit 409.1 Income Taxes, Utility Operating Income State	(6,000) 16
17	Credit 409.1 Income Taxes, Utility Operating Income Federal	<u>(25,000)</u> 17
18		<u><u>\$45,000</u></u> 18

North Shore Gas Company

Adjustment No. 22
Test Year Ended September 30, 2006

<u>Line No.</u>				<u>Line No.</u>
1	Title of Adjustment:	Normalize 2006 for Net Weather Effect on Sales Revenues		1
2	Schedule C-2, Adjustment No. 22			2
3	Supporting Work Paper Reference	WPC-2.22.1 through WPC-2.22.3		3
4	Purpose and Description:			4
5	Normalize 2006 for effects of weather based on a 10-year weather norm.			5
6	Summary Calculations:			6
7	Operating Revenues		\$6,998,000	7
8	Operating Expenses			8
9	Gas Costs		6,016,000	9
10	Uncollectible Expense		49,000	10
11	Taxes Other Than Income Taxes		-	11
12	Income Taxes	- State [7.3%]	68,000	12
13		- Federal [35.0%]	<u>303,000</u>	13
14	Total Operating Expenses		<u>6,436,000</u>	14
15	EFFECT ON OPERATING INCOME		<u><u>\$562,000</u></u>	15
16	Summary by ICC Account:			
17	Credit 400	Operating Revenues	(\$6,998,000)	17
18	Debit 401	Operation Expenses-Gas Costs	6,016,000	18
19	Debit 401	Operation Expenses-Customer Accounts	49,000	19
20	Debit 408.1	Taxes Other Than Income Taxes, Utility Operating Income	0	20
21	Debit 409.1	Income Taxes, Utility Operating Income	68,000	21
22	Debit 409.1	Income Taxes, Utility Operating Income	303,000	22
23			<u><u>(\$562,000)</u></u>	23

North Shore Gas Company

Sales Statistics by Customer Classification (All Volume in Therms)

Line No.	Description	Historical Test Year		Historical Year		Historical Year		Historical Year		Line No.
		Ended September 30, 2006		Ended September 30, 2005		Ended September 30, 2004		Ended September 30, 2003		
	Revenue Class	Total Company Revenues	Total Company Volume							
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
1	Sales by customer class									1
2	Residential	\$235,760,000	182,752,080	\$204,281,000	192,116,690	\$174,357,000	199,040,100	\$181,475,000	220,326,210	2
3	Commercial	39,191,000	31,881,480	33,808,000	33,268,360	28,822,000	34,471,730	30,060,000	38,510,940	3
4	Industrial	8,639,000	7,220,040	7,647,000	8,058,830	6,212,000	8,067,380	6,538,000	9,051,970	4
5	Transportation by customer class									5
6	Residential	1,895,000	8,675,510	1,661,000	7,930,880	1,709,000	8,506,750	1,457,000	7,600,200	6
7	Commercial	6,810,000	68,289,060	6,390,000	62,151,620	6,154,000	63,581,650	5,777,000	55,793,580	7
8	Industrial	2,833,000	50,450,320	2,886,000	54,691,360	2,780,000	56,171,350	2,932,000	53,196,880	8
9	Contract	2,805,000		2,313,000		1,355,000		2,423,000		9
10	Total Sales and Transportation	<u>\$297,933,000</u>	<u>349,268,490</u>	<u>\$258,986,000</u>	<u>358,217,740</u>	<u>\$221,389,000</u>	<u>369,838,960</u>	<u>\$230,662,000</u>	<u>384,479,780</u>	10
11	Other Revenues									11
12	Forfeited Discounts	\$996,000		\$836,000		\$723,000		\$855,000		12
13	Misc Service Revenues	433,000		504,000		479,000		421,000		13
14	Other Revenues	227,000		135,000		120,000		67,000		14
15	Sub-Total	<u>\$1,656,000</u>		<u>\$1,475,000</u>		<u>\$1,322,000</u>		<u>\$1,343,000</u>		15
16	Total Revenues	<u>\$299,589,000</u>		<u>\$260,461,000</u>		<u>\$222,711,000</u>		<u>\$232,005,000</u>		16

Note: All revenues and volumes are subject to the jurisdiction of the Commission.

North Shore Gas Company
Comparative Operating Income Statements for
Prior Years and the Test Year

Line No.	Account Number	Account	Test Year Ended September 30, 2006	Historical Year Ended September 30, 2005	Historical Year Ended September 30, 2004	Historical Year Ended September 30, 2003	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	400	OPERATING REVENUES					1
2		Residential Sales	\$235,760,000	\$204,281,000	\$174,356,000	\$181,475,000	2
3		Commercial and Industrial Sales	47,830,000	41,455,000	35,034,000	36,599,000	3
4		Other Revenues	15,999,000	14,725,000	13,321,000	13,931,000	4
5		Total Operating Revenues	<u>299,589,000</u>	<u>260,461,000</u>	<u>222,711,000</u>	<u>232,005,000</u>	5
6		OPERATING EXPENSES					6
7	401	Cost of Gas	220,300,000	180,922,000	144,747,000	150,054,000	7
8	401 and 402	Other Operation and Maintenance (1)	43,640,000	36,109,000	34,593,000	31,439,000	8
9	403	Depreciation	5,724,000	5,716,000	7,065,000	7,070,000	9
10	404.3	Amortization	0	0	2,000	1,000	10
11	408.1	Taxes Other than Income	16,508,000	16,578,000	16,002,000	16,491,000	11
12	409.1	Federal Income Taxes - Current	324,000	316,000	2,376,000	6,252,000	12
13	409.1	State Income Taxes - Current	(420,000)	14,000	542,000	1,047,000	13
14	410.1 and 411.1	Deferred Income Taxes	3,446,000	6,064,000	3,210,000	1,503,000	14
15	411.4	Investment Tax Credit	(26,000)	(49,000)	(115,000)	(51,000)	15
16		Total Operating Expenses	<u>289,496,000</u>	<u>245,670,000</u>	<u>208,422,000</u>	<u>213,806,000</u>	16
17		OPERATING INCOME	<u>\$10,093,000</u>	<u>\$14,791,000</u>	<u>\$14,289,000</u>	<u>\$18,199,000</u>	17

Note: (1) Detail of Cost of Gas and Other Operation and Maintenance is shown by individual operation and maintenance expense accounts on pages 2 through 3.

North Shore Gas Company

Comparative Operating Income Statements for
Prior Years and the Test Year

Line No.	Account Number	Account	Test Year Ended September 30, 2006	Historical Year Ended September 30, 2005	Historical Year Ended September 30, 2004	Historical Year Ended September 30, 2003	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1		Cost of Gas					1
2	728	Liquefied Petroleum Gas	\$48,000	\$26,000	\$46,000	\$26,000	2
3	804	Natural Gas City Gate Purchases	230,986,000	182,853,000	152,525,000	151,371,000	3
4	808.1	Gas Withdrawn from Storage - Debit	80,688,000	73,760,000	59,011,000	50,257,000	4
5	808.2	Gas Delivered to Storage - Credit	(88,249,000)	(73,096,000)	(64,536,000)	(50,197,000)	5
6	810	Gas Used for Compressor Station Fuel - Credit	(1,664,000)	(1,553,000)	(1,473,000)	(572,000)	6
7	812	Gas Used for Other Utility Operations - Credit	(1,509,000)	(1,068,000)	(826,000)	(831,000)	7
8		Total Cost of Gas	220,300,000	180,922,000	144,747,000	150,054,000	8
9		Production - Operation					9
10	710	Operation Supervision and Engineering MPG	32,000	32,000	30,000	31,000	10
11	717	Liquefied Petroleum Gas Expenses	17,000	15,000	16,000	18,000	11
12	723	Fuel for Liquefied Petroleum Gas Process	0	0	0	1,000	12
13	735	Miscellaneous Production Expenses - Manufactured Gas Production	18,000	(6,000)	17,000	40,000	13
14	807.5	Other Purchased Gas Expense	1,000	1,000	1,000	0	14
15		Total Production - Operation	68,000	42,000	64,000	90,000	15
16		Production - Maintenance					16
17	740	Maintenance Supervision and Engineering Manufactured Gas Product	32,000	33,000	29,000	190,000	17
18	741	Maintenance of Structures and Improvements	3,000	3,000	2,000	2,000	18
19	742	Maintenance of Production Equipment Manufactured Gas Product	67,000	222,000	52,000	37,000	19
20		Total Production - Maintenance	102,000	258,000	83,000	229,000	20
21		Transmission Expenses - Operation					21
22	856	Mains Expense	95,000	81,000	16,000	12,000	22
23		Total Transmission Expenses - Operation	95,000	81,000	16,000	12,000	23
24		Distribution Expenses - Operation					24
25	870	Operation Supervision and Engineering	511,000	528,000	401,000	408,000	25
26	871	Distribution Load Dispatching	6,000	7,000	6,000	176,000	26
27	874	Mains and Services Expenses	1,350,000	1,685,000	1,620,000	1,590,000	27
28	875	Measuring and Regulating Station Expenses - General Distribution	40,000	75,000	77,000	72,000	28
29	876	Measuring and Regulating Station Expenses - Industrial Distribution	0	0	29,000	34,000	29
30	878	Meter and House Regulator Expenses	1,243,000	1,266,000	1,189,000	1,254,000	30
31	879	Customer Installations Expenses	342,000	106,000	117,000	(502,000)	31
32	880	Other Expenses	2,085,000	2,124,000	2,592,000	1,977,000	32
33	881	Rents	8,000	10,000	3,000	5,000	33
34		Total Distribution Expenses - Operation	5,585,000	5,801,000	6,034,000	5,014,000	34

North Shore Gas Company

Comparative Operating Income Statements for
Prior Years and the Test Year

Line No.	Account Number	Account Name	Test Year Ended September 30, 2006	Historical Year Ended September 30, 2005	Historical Year Ended September 30, 2004	Historical Year Ended September 30, 2003	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1		<u>Distribution Expenses - Maintenance</u>					1
2	885	Maintenance Supervision and Engineering	\$1,179,000	\$1,065,000	\$784,000	\$789,000	2
3	886	Maintenance of Structures and Improvements	8,000	15,000	3,000	33,000	3
4	887	Maintenance of Mains	588,000	581,000	554,000	699,000	4
5	889	Maintenance of Measuring & Regulating Station Equipment - General	(10,000)	(33,000)	84,000	125,000	5
6	890	Measuring and Regulating Station Equipment - Industrial Distribution	5,000	5,000	40,000	39,000	6
7	891	Measuring and Regulating Station Equipment - City Gate - Distribution	58,000	55,000	59,000	63,000	7
8	892	Maintenance of Services	430,000	360,000	313,000	452,000	8
9	893	Maintenance of Meters and House Regulators	489,000	419,000	434,000	347,000	9
10	894	Maintenance of Other Equipment	0	0	0	36,000	10
11		Total Distribution Expenses - Maintenance	2,747,000	2,467,000	2,271,000	2,583,000	11
12		<u>Customer Accounts Expense - Operation</u>					12
13	902	Meter Reading Expenses	585,000	713,000	709,000	534,000	13
14	903	Customer Records and Collection Expenses	5,674,000	5,977,000	6,439,000	5,013,000	14
15	904	Uncollectible Accounts	2,085,000	1,563,000	1,177,000	1,653,000	15
16		Total Customer Accounts Expense - Operation	8,344,000	8,253,000	8,325,000	7,200,000	16
17		<u>Customer Service and Informational Services - Operation</u>					17
18	909	Informational and Instructional Advertising Expenses	83,000	40,000	2,000	29,000	18
19		Total Customer Service and Informational Services - Operation	83,000	40,000	2,000	29,000	19
20		<u>Sales Expenses - Operation</u>					20
21	912	Demonstrating and Selling Expenses	35,000	42,000	651,000	704,000	21
22		Total Sales Expenses - Operation	35,000	42,000	651,000	704,000	22
23		<u>Administrative and General Expenses - Operation</u>					23
24	920	Administrative and General Salaries	395,000	(13,000)	0	0	24
25	921	Office Supplies and Expenses	126,000	194,000	296,000	227,000	25
26	923	Outside Services Employed	11,706,000	9,743,000	10,389,000	6,854,000	26
27	924	Property Insurance	39,000	37,000	41,000	40,000	27
28	925	Injuries and Damages	1,050,000	943,000	814,000	659,000	28
29	926	Employee Pensions and Benefits	5,144,000	5,546,000	4,790,000	4,266,000	29
30	927	Franchise Requirements	2,041,000	1,432,000	1,081,000	1,225,000	30
31	929	Duplicate Charges - Credit	(531,000)	(364,000)	(255,000)	(392,000)	31
32	930.2	Miscellaneous General Expenses	6,299,000	1,288,000	(310,000)	2,471,000	32
33		Total Administrative and General Expenses - Operation	26,269,000	18,806,000	16,846,000	15,350,000	33
34		<u>Administrative and General Expenses - Maintenance</u>					34
35	932	Maintenance of General Plant	312,000	319,000	301,000	228,000	35
36		Total Administrative and General Expenses - Maintenance	312,000	319,000	301,000	228,000	36
37		Total Operation and Maintenance, Excluding Cost of Gas	43,640,000	36,109,000	34,593,000	31,439,000	37
38		Total Operation and Maintenance	\$263,940,000	\$217,031,000	\$179,340,000	\$181,493,000	38

North Shore Gas Company

Income Taxes

Line No.	Description [A]	Test Year Ended September 30, 2006 [B]	Line No.
1	Part I Computation of Taxes Based on Operating Income		1
2	Operating Income - Schedule C-1	\$ 10,093,000	2
3	Add:		3
4	Federal Income Taxes - Current	324,000	4
5	State Income Taxes - Current	(421,000)	5
6	Deferred Income Taxes	3,446,000	6
7	Investment Tax Credit	(26,000)	7
8	Operating Income Before Taxes	<u>13,416,000</u>	8
9	Less Adjustments:		9
10	Cost of Capital	4,082,000	10
11	Miscellaneous Adjustments		11
12	Medicare	390,000	12
13	Meals	(5,000)	13
14	ESOP	89,000	14
15	Lobbying	-	15
16	Club Dues	-	16
17	Miscellaneous Items - primarily prior period	<u>102,000</u>	17
18	Total Miscellaneous Adjustments	<u>576,000</u>	18
19	Taxable Operating Income	<u><u>8,758,000</u></u>	19
20	<u>Calculation of Illinois Replacement Tax (IRT) for Operating Income</u>		20
21	Miscellaneous Items - IRT	-	21
22	Operating Income Subject to IRT (Lines 19 +21)	8,758,000	22
23	Illinois Replacement Tax Rate	2.50%	23
24	IRT - Operating Income	219,000	24
25	Less:		25
26	Provision for Deferred IRT	385,000	26
27	Provision for Deferred IRT Investment Tax Credit	<u>58,000</u>	27
28	IRT - Current - Operating Income	<u><u>(224,000)</u></u>	28
29	<u>Calculation of State Income Tax (SIT) for Operating Income</u>		29
30	Miscellaneous Items - SIT	-	30
31	Operating Income Subject to SIT (Line 19+30)	8,758,000	31
32	Illinois State Income Tax Rate	4.80%	32
33	SIT - Operating Income	420,000	33
34	Less:		34
35	Provision for Deferred SIT	<u>617,000</u>	35
36	SIT - Current - Operating Income	<u><u>(197,000)</u></u>	36
37	<u>Calculation of Federal Income Tax (FIT) for Operating Income</u>		37
38	FIT Miscellaneous Items - FIT	-	38
39	Operating Income Subject to FIT (Lines 19-24-33+38)	8,119,000	39
40	Federal Income Tax Rate	35.00%	40
41	FIT - Operating Income	2,842,000	41
42	Less:		42
43	Provision for Deferred FIT	<u>2,518,000</u>	43
44	FIT - Current - Operating Income	<u><u>324,000</u></u>	44

North Shore Gas Company

Income Taxes

Line No.	Description [A]	Test Year Ended September 30, 2006 [B]	Line No.
1	Part II Summary of Income Taxes		1
2	<u>Illinois Replacement Tax</u>		2
3	IRT - Operating Income	(224,000)	3
4	Provision for Deferred IRT	385,000	4
5	Provision for Deferred IRT Investment Tax Credit	58,000	5
6	Amortization of IRT - ITC	(23,000)	6
7	Amortization of Deferred Taxes - IRT	21,000	7
8	Total IRT	<u>217,000</u>	8
9	<u>State Income Tax</u>		9
10	SIT - Operating Income	(197,000)	10
11	Provision for Deferred SIT	617,000	11
12	Amortization of Deferred Taxes - SIT	33,000	12
13	Total SIT	<u>453,000</u>	13
14	<u>Federal Income Tax</u>		14
15	FIT - Operating Income	324,000	15
16	Provision for Deferred FIT	2,518,000	16
17	Amortization of FIT - ITC	(61,000)	17
18	Amortization of Deferred Taxes - FIT	(129,000)	18
19	Total FIT	<u>2,652,000</u>	19

North Shore Gas Company

Consolidated Federal Income Tax Return

Test Year Ended September 30, 2006

- a) The Company is part of a controlled group of corporations, required to file a consolidated federal income tax return. The Company is allocated its share of federal income tax liability based on the liability it would have if it had filed a separate return using the marginal tax rate of the consolidated group.
- b) None.
- c) Not applicable.

North Shore Gas Company

Deferred Income Tax Expense

Test Year Ended September 30, 2006

Line No.	Component of Deferred Taxes (Timing/Temporary Difference) (1)	Contra ICC Account [B]	Test Year Fiscal 2006 Timing/Temporary Difference [C]	Provision For Deferred Income Taxes at Current Rates (410.1, 411.1) (2)				Provision For Deferred Taxes Including Reversals at Average Rates (3)				Amortization of Pre 1-1-83 Deferred Income Tax Balances, Amortization of Deferred Income Tax on IRT ITC and Amortization of (Excesses) / Deficiencies (410.1, 411.1) (4)				Line No.
				Federal Income Tax [D]	Federal Income Tax - SIT Credit [E]	State Income Tax [F]	State Replacement Tax [G]	Federal Income Tax [H]	Federal Income Tax - SIT Credit [I]	State Income Tax [J]	State Replacement Tax [K]	Federal Income Tax [L]	Federal Income Tax - SIT Credit [M]	State Income Tax [N]	State Replacement Tax [O]	
1	Liberalized Depreciation - Federal	282	\$ 2,053,532	\$ 719,000	\$ (76,000)	\$	\$	\$ 540,000	\$ (108,000)	\$ 161,000	\$ 89,000	\$ (180,000)	\$ (32,000)	\$ 18,000	\$ 16,000	1
2	Liberalized Depreciation - State	282	2,955,784			142,000	74,000									2
3	Book Depreciation Vs. Tax Straight Line Depreciation - Pre 1983	283	N/A									20,000		3,000		3
4	Book Depreciation Vs. Tax Straight Line Depreciation - Post 1983	283	3,332,683	1,166,000	(85,000)	160,000	83,000	1,186,000	(87,000)	164,000	85,000	20,000	(2,000)	4,000	2,000	4
5	Alternative Minimum tax	283	0	(1,586,000)		0	0									5
6	Environmental Costs	283	(685,827)	(223,000)		(33,000)	(17,000)									6
7	Environmental Insurance Recoveries	283	967,187	314,000		46,000	24,000									7
8	Fas 112	283	200,735	65,000		10,000	5,000									8
9	Group Insurance Expense	283	(1,685,760)	(547,000)		(81,000)	(42,000)									9
10	Loss on Reacquired Debt	283	(111,650)	(36,000)		(5,000)	(3,000)									10
11	Net Operating Loss	283	0	6,235,000		882,000	523,000									11
12	Gas Cost Reconciliation	283	(6,750,337)	(2,190,000)		(324,000)	(168,000)									12
13	SFAS133/gl int sw	283	(37,782)	(12,000)		(2,000)	(1,000)									13
14	Bad Debt	190	(363,064)	(118,000)		(17,000)	(9,000)									14
15	Pension Expense	190	(3,346,788)	(1,086,000)		(161,000)	(84,000)									15
16	Supplemental Retirement	190	(4,493)	(1,000)		0	0									16
17	Illinois Replacement Tax - Investment Tax Credit - Originating	190	(61,087)	(21,000)												17
18	Illinois Replacement Tax - Investment Tax Credit - Reversing	190										8,000		1,000		18
19	SubTotal Deferred Taxes			\$ 2,679,000	\$ (161,000)	\$ 617,000	\$ 385,000	\$ 1,726,000	\$ (195,000)	\$ 325,000	\$ 174,000	\$ (132,000)	\$ (34,000)	\$ 26,000	\$ 18,000	19
20	Adjustments to 2005 Return											37,000	0	7,000	3,000	20
21	Total Deferred Taxes			2,679,000	(161,000)	617,000	385,000	1,726,000	(195,000)	325,000	174,000	(95,000)	(34,000)	33,000	21,000	21

C-5 Page 2, Line 16 C-5 Page 2, Line 16 C-5 Page 2, Line 11 C-5 Page 2, Line 4 C-5 Page 2, Line 18 C-5 Page 2, Line 18 C-5 Page 2, Line 12 C-5 Page 2, Line 7

Note: (1) All Components of Deferred Taxes are not listed here.

(2) Current Rates are as follows:

Line	Column [D]	[E]	[F]	[G]
Line 1	35%	(2.555%)		
Line 2			4.8%	2.5%
Lines 4 - 11	32.445%		4.8%	2.5%
Lines 12 and 13	35%		4.8%	

(3) Computations of Provision for Deferred Taxes Including Reversals at Average Rates are performed on a vintage basis for lines 1, 2 and 4.

(4) Pre 1983 Deferred Income Tax Balances (Line 3) are amortized over the estimated useful life of the property to which they relate.

North Shore Gas Company

Differences Between Book And Tax Depreciation

Test Year Ended September 30, 2006

Line No.	Description	Amount [B]	Timing Difference		Deferred Taxes on Originating Difference at Current Rate (1) [E]	Deferred Taxes on Reversing Difference at Current Rates [F]	Deferred Taxes on Reversing Difference at Average Rates (2) [G]	Amortization of Excesses / and Deficiencies [H]	Line No.
			Originating [C]	Reversing [D]					
1	Liberalized Depreciation								1
2	Accelerated Depreciation	12,146,000							2
3	Loss on Early Retirements (Excluding Salvage)	635,000							3
4	Total Accelerated Depreciation and Loss	<u>12,781,000</u>							4
5	Depreciation Recomputed - Straight Line	10,727,000							5
6	Loss on Early Retirements (Excluding Salvage) Recomputed based on Straight Lines Reserves	0							6
7	Total Straight Line Depreciation and Loss	<u>10,727,000</u>							7
8	Difference - Federal Income Tax (col. B, Line 4 - Line 7)	<u>2,054,000</u>	4,745,000	(2,691,000)	1,661,000	(942,000)	(1,116,000)	(174,000)	8
9	State and SIT-credit Deferred Tax	0							9
10	Difference from Federal Above (Line 8)	2,054,000							10
11	Net Adjustment to Eliminate Effects of Bonus Depreciation	<u>902,000</u>							11
12	Difference - State Income Tax	<u>2,956,000</u>	5,478,000	(2,522,000)	260,000	(120,000)	(120,000)	0	12
13	Book Depreciation vs. Tax Straight Line Depreciation (Post 1983)								13
14	Straight Line Depreciation and Loss (Line 7)	10,727,000							14
15	Basis Differences								15
16	Contributions in Aid of Construction	(818,000)							16
17	Interest Capitalized	(27,000)							17
18	2006 Software Capitalized	<u>126,000</u>							18
19	Total Straight Line Depreciation, Loss and Basis Differences	<u>10,008,000</u>							19
20	Book Depreciation	6,766,000							20
21	Less Net Dismantling	90,000							21
22	Plus Capital Lease Amortization	0							22
23	Book Amortization	<u>6,676,000</u>							23
24	Difference (col. B, Line 19 - Line 23)	<u>3,332,000</u>	<u>3,667,000</u>	<u>(335,000)</u>	<u>1,457,000</u>	<u>(133,000)</u>	<u>(109,000)</u>	<u>24,000</u>	24
25	Total Difference - Federal Income Tax (Line 8 & Line 24)	<u>5,386,000</u>	<u>8,412,000</u>	<u>(3,026,000)</u>					25
26	Total Difference - State Income Tax (Line 12 & Line 24)	<u>6,288,000</u>	<u>9,145,000</u>	<u>(2,857,000)</u>					28
27	Total Deferred Tax (Line 8 + Line 12 + Line 24)				<u>3,378,000</u>	<u>(1,195,000)</u>	<u>(1,345,000)</u>	<u>(150,000)</u>	27
28	Adjustments to 2005 Return							44,000	28
29	Total Deferred Tax after Prior Year Adjustments (Line 27 + Line 28)				<u>3,378,000</u>	<u>(1,195,000)</u>	<u>(1,345,000)</u>	<u>(106,000)</u>	29

Notes: (1) Includes Federal and State as follows. See Schedule C-5.2 for similar calculations.

	Used for line 8	Used for line 12	Used for line 24
Federal	35.00000%		35.00000%
Federal-SIT credit		-2.55500%	-2.55500%
State		4.80000%	4.80000%
Illinois Replacement		2.50000%	2.50000%
	<u>35.00000%</u>	<u>4.74500%</u>	<u>39.74500%</u>

(2) Computations on amounts in this column are performed on a vintage year basis.

North Shore Gas Company

Interest Synchronization

Test Year Ended September 30, 2006

<u>Line No.</u>					<u>Line No.</u>	
1	Original Cost Rate Base, as adjusted			Schedule B-1 \$ 197,107,000	1	
2	Weighted Cost of Long-Term Debt			Schedule D-1 <u>2.38%</u>	2	
3	Synchronized Interest			4,691,000	3	
4	Interest Expense on Long-Term Debt				4	
	Account Number	General Ledger Number	Description	Amount		
5	427.00	3785000	Interest on Long-Term Debt	\$ 3,312,000	5	
6	428.00	3793000	Amortization of Debt Discount and Expense	130,000	6	
7	428.10	3793100	Amortization of Loss on Reacquired Long-Term Debt	<u>112,000</u>	7	
8	Total Interest Expense on Long-Term Debt			<u>3,554,000</u>	8	
9	Increase (Decrease) in Interest Expense			\$ <u><u>1,137,000</u></u>	9	
10	OPERATING EXPENSES				10	
11	Income Taxes - State	(7.3% x	\$1,137,000)	=	\$ (83,000)	11
12	- Federal	(35.0% x	1,054,000)	=	<u>(368,000)</u>	12
13	Total Operating Expenses				<u>(451,000)</u>	13
14	EFFECT ON OPERATING INCOME			Schedule C-2.8 ratemaking adjustment \$ <u><u>451,000</u></u>	14	

North Shore Gas Company

Investment Tax And Job Development Credits

Test Year Ended September 30, 2006

Line No.	Description [A]	Balance at September 30, 2005 [B]	Amortization of Credits [C]	Addition to Credits [D]	Adjust to Return [E]	Balance at September 30, 2006 [F]	Line No.
1	Unamortized Investment Credit	\$ 0	\$	\$		\$ 0	1
2	Unamortized Job Development Investment Credit	\$ (1,929,000)	\$ 60,000	\$		\$ (1,869,000)	2
3	Unamortized Illinois Replacement Tax Investment Credit	\$ (930,000)	\$ 23,000	\$ (58,000)	\$ (31,000)	\$ (996,000)	3

North Shore Gas Company

Social and Service Club Membership Dues (1)

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ending September 30, 2006 Under Proposed Rates [C]	Test Year Ended September 30, 2006 [D]	Historical Year Ended September 30, 2005 [E]	Historical Year Ended September 30, 2004 [F]	Historical Year Ended September 30, 2003 [G]
1	Lake County Chamber Of Commerce	To work to increase economic prosperity in Lake County by encouraging the growth of existing businesses and fostering new businesses.	\$	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
2	Lake County Partners	Lake County Partners, a 501(c)3 economic development corporation, works to maintain economic vitality and quality of life in Lake County, Illinois by creating and retaining quality jobs, stimulating capital investment, pursuing economic diversity and improving the county's business climate.		15,000	15,000	15,000	-
3	Other (Under \$1,000)			-	-	1,000	1,000
4	Total		\$ 15,000 (2)	\$ 15,000	\$ 16,000	\$ 17,000	\$ 2,000

Notes: (1) All amounts charged to account 930.2 (Miscellaneous General Expenses) and account 921 (Office Supplies and Expenses).
 (2) Test year expense shown in col (K) on Schedule C-1. Total adjusted for Rate Making Adjustment No. 18.

North Shore Gas Company

Industry Association Dues (1)

<u>Line No.</u>	<u>Organization</u> [A]	<u>Purpose and Nature of Organization</u> [B]	<u>Test Year Ending September 30, 2006 Under Proposed Rates</u> [C]	<u>Test Year Ended September 30, 2006</u> [D]	<u>Historical Year Ended September 30, 2005</u> [E]	<u>Historical Year Ended September 30, 2004</u> [F]	<u>Historical Year Ended September 30, 2003</u> [G]	<u>Line No.</u>
1	Total (2)		\$ 102,000 (3)	\$ 100,000	\$ 131,000	\$ 99,000	\$ 99,000	1

- Notes: (1) All amounts charged to account 930.2 (Miscellaneous General Expenses) and account 921 (Office Supplies and Expenses).
 (2) None of the industry association dues meet the criteria for individual listing.
 (3) Test year expense shown in col (K) on Schedule C-1. Total adjusted for Rate Making Adjustment No. 18.

North Shore Gas Company
Expenses for Outside Professional Services (1)

Line No.	Organization [A]	Test Year Ended September 30, 2006 Under Proposed Rates [B]	Test Year Ended September 30, 2006 [C]	Historical Year Ended September 30, 2005 [D]	Historical Year Ended September 30, 2004 [E]	Historical Year Ended September 30, 2003 [F]	Line No.
1	Accounting and Auditing Services						1
2	Deloitte & Touche LLP	\$	216,000	\$ 61,000	\$ 66,000	\$ 109,000	2
3	Building Maintenance Services						3
4	SCC Cleaning Company Incorporated			104,000	104,000	65,000	4
5	Professional Building Maintenance		90,000				5
6	Business Services						6
7	Chicago Title Insurance Company					160,000	7
8	Environmental						8
9	Burns & McDonnell			489,000	172,000	147,000	9
10	Barr Engineering Company			80,000		56,000	10
11	Environ International			55,000			11
12	Financial						12
13	JP Morgan				250,000		13
14	Insurance						14
15	Corvel Corporation		220,000	96,000	125,000	125,000	15
16	Legal						16
17	McGuire Woods			369,000	406,000		17
18	Ungaretti & Harris		556,000				18
19	Other						19
20	Total Under \$50,000		670,000	444,000	518,000	461,000	20
21	Total	\$ 1,762,000 (2)	\$ 1,752,000	\$ 1,698,000	\$ 1,641,000	\$ 1,123,000	21

Notes: (1) Amounts charged to Account 923 (Outside Services Employed).

(2) Test year expense shown in col (K) on Schedule C-1. Total adjusted for Rate Making Adjustment Nos. 16 and 18.

North Shore Gas Company

Charitable Contributions (1)

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ended 9/30/06 Under Proposed Rates [C]	Test Year Ended 9/30/06 [D]	Historical Year Ended 9/30/05 [E]	Historical Year Ended 9/30/04 (3) [F]	Historical Year Ended 9/30/03 (3) [G]
1	United Way						
2	United Way of Lake County	The largest contributor to health and human service needs in Lake County, Illinois.	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
3	Human Services						
4	The Lambs Foundation	Provides human services to adults with disabilities.	5,000	5,000			
5	Vista Health	Health care provider for low income individuals within the community					5,000
6	Education						
7	Lake Forest College	A coeducational undergraduate liberal arts institution located 30 miles north of Chicago. [Purpose of Contribution: Project Explore summer science education program for middle school students]				5,000	7,000
8	North Chicago Community Unified School District	School district serving the 4,800 children of North Chicago and the Great Lakes Naval Training Center. [Purpose of Contribution: Math and science enrichment and remedial instruction programs]	13,000	13,000		10,000	
9	Waukegan Community Unit	Public School District [Purpose of Contribution: To support the school district's after school tutoring program.]			12,000		10,000
10	Neighborhood Development						
11	Donors Forum of Chicago	Premier resource for networking and education, information and knowledge and leadership on behalf of philanthropy in the region. [Purpose of Contribution: Workshops and seminars on philanthropy in the North Shore Community]	5,000	5,000			
12	Salvation Army (2)	Multi program social service organization [Purpose of Contribution: to support the Share the Warmth financial assistance program for low-income customers.]	25,000	25,000	25,000	4,000	25,000
13	Other (Under \$5,000)		19,000	19,000	29,000	27,000	21,000
14	Total		<u>\$ 87,000</u> (4)	<u>\$ 87,000</u>	<u>\$ 86,000</u>	<u>\$ 66,000</u>	<u>\$ 88,000</u>

- Notes: (1) Unless noted otherwise all amounts are charged to account 426.1, Donations.
(2) Contributions to the Salvation Army for the Share the Warmth program were charged to account 426.5 - Other Deductions through September 2005. As of October 2005, those contributions have been charged to account 426.1 - Donations.
(3) Contributions other than Salvation Army were charged to account 930.2 - Misc. General Expenses in 2003. An adjustment was made in December 2003 to move calendar 2003 charges to account 426.10 - Donations.
(4) Test year expense shown in col (K) on Schedule C-1. Total adjusted for Rate Making Adjustment No. 5.

North Shore Gas Company

Demonstration and Selling, Advertising
and Miscellaneous Sales Expenses

Test Year Ended September 30, 2006

Line No.	Account Number [A]	Account Description [B]	Test Year Ended September 30, 2006 [C]	Rate Making Adjustments to Exclude Disallowable Expenses [D]	Expense Included on Schedule C-1 at Present Rates [E]
1	909	Informational and Instructional Advertising Expenses	\$ 83,000	\$ -	
2	912	Demonstrating and Selling Expenses	<u>35,000</u>	<u>-</u>	<u></u>
3		Total Demonstration and Selling, Advertising and Miscellaneous Sales Expenses	<u>\$ 118,000</u>	<u>\$ -</u>	<u>\$ 121,000 (1)</u>

Note: (1) Test year expense shown in col (K) on Schedule C-1. Total Adjusted for Rate Making Adjustment No. 18.

North Shore Gas Company

Rate Case Expense

Line No.	Item of Expense (A)	Type of Service Rendered (B)	Specific Service Rendered (C)	Basis of Charge (D)	Estimated Fee (E)	Travel Expenses (F)	Total Expenses (G)	Amount Expended During Test Year (2) (H)	Line No.
1									1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10	Other Expenses						(1)	10	
11	Total Expense				\$ 2,852,000	\$ 10,000	\$ 2,862,000	\$ 954,000	11

Notes: (1) Other expenses include charges for court reporting, express courier and other miscellaneous expenses.
 (2) Based upon a three-year amortization period and shown in col (K) on Schedule C-1.

North Shore Gas Company

Rate Case Expense Comparisons

Line No.	Item of Expense [A]	Current Rate Case [B]	Prior Rate Case (Dkt. 95-0031) (2) [C]	Line No.
1	Outside Consultants and Witnesses	\$308,000	\$102,000	1
2	Outside Legal Services	1,382,000	92,000	2
3	InterCompany (Billings from Affiliates)	1,078,000	294,000	3
4	Paid Overtime	---	---	4
5	Other Expenses	<u>94,000</u>	<u>17,000</u>	5
6	Total Expense	<u><u>\$2,862,000</u></u> (1)	<u><u>\$505,000</u></u>	6

Notes: (1) The increase in expense compared to the prior rate case is due primarily to (1) complying with the new and expanded Part 285 filing requirements, (2) utilization of outside expert consultants and witnesses to advise and support the Company's filing and rate case presentation, (3) utilization of outside legal services, (4) services rendered by PEC's and PGL's support departments and (5) general increases in costs for services over the last 11 years.

(2) 1995 Rate Case, Docket 95-0031 - General increase in rates for gas service.

North Shore Gas CompanyDirect Payroll By Function

Line No.	Category [A]	Test Year Ended September 30, 2006 [B]	Historical Year Ended September 30, 2005 [C]	Historical Year Ended September 30, 2004 [D]	Historical Year Ended September 30, 2003 [E]	Line No.
1	Operations and Maintenance					1
2	Production	\$ 111,000	\$ 118,000	\$ 98,000	\$ 103,000	2
3	Storage	-	-	-	-	3
4	Transmission	-	6,000	2,000	-	4
5	Distribution	4,917,000	5,131,000	5,540,000	5,661,000	5
6	Customer Accounts	1,336,000	1,277,000	1,340,000	1,103,000	6
7	Sales	-	3,000	593,000	671,000	7
8	Administrative and General	58,000	38,000	386,000	48,000	8
9	Total Operations and Maintenance	6,422,000	6,573,000	7,959,000	7,586,000	9
10	Total Construction	1,982,000	1,943,000	2,008,000	1,775,000	10
11	Total Other	3,175,000	3,887,000	2,793,000	2,104,000	11
12	Total Payroll	<u>\$ 11,579,000</u>	<u>\$ 12,403,000</u>	<u>\$ 12,760,000</u>	<u>\$ 11,465,000</u>	12

North Shore Gas Company

Number of Employees

Test Year Ended September 30, 2006

Line No	Department [A]	October		November		December		January		February		March		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	12000655 NS Equipment & Materials													1
2	Full Time Employees (a)	11	11	11	11	11	11	11	11	11	11	11	11	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	5
6	Total Field Support													6
7	Full Time Employees (a)	21	21	21	21	21	22	21	22	21	22	21	22	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	21.00	21.00	21.00	21.00	21.00	22.00	21.00	22.00	21.00	22.00	21.00	22.00	10
11	Total North Shore Gas Company													11
12	Full Time Employees (a)	196	198	196	198	196	199	197	200	194	200	196	200	12
13	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Total Full Time Equivalents (a)+(b)	196.00	198.00	196.00	198.00	196.00	199.00	197.00	200.00	194.00	200.00	196.00	200.00	15

North Shore Gas Company

Number of Employees

Test Year Ended September 30, 2006

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Field Operations													1
2	12000621 North Shore Operations													2
3	Full Time Employees (a)	145	148	145	148	145	148	145	148	147	148	148	148	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	145.00	148.00	145.00	148.00	145.00	148.00	145.00	148.00	147.00	148.00	148.00	148.00	6
7	12000632 Production Department													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	12000795 Customer Care													12
13	Full Time Employees (a)	15	16	15	16	15	16	19	16	19	16	26	16	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15
16	Total Full Time Equivalents (a)+(b)	15.0	16.0	15.0	16.0	15.0	16.0	19.0	16.0	19.0	16.0	26.0	16.0	16
17	12000797 Meter Reading													17
18	Full Time Employees (a)	11	11	11	11	11	11	11	11	9	11	9	11	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	9.00	11.00	9.00	11.00	21
22	Total Field Operations													22
23	Full Time Employees (a)	174	178	174	178	174	178	178	178	178	178	186	178	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	174.00	178.00	174.00	178.00	174.00	178.00	178.00	178.00	178.00	178.00	186.00	178.00	26
27	Field Support													27
28	12000650 Technical Training													28
29	Full Time Employees (a)	2	3	2	3	2	3	2	3	2	3	2	3	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	32
33	12000651 Engineering													33
34	Full Time Employees (a)	8	8	6	8	7	8	6	8	6	8	6	8	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	8.00	8.00	6.00	8.00	7.00	8.00	6.00	8.00	6.00	8.00	6.00	8.00	37

North Shore Gas Company

Number of Employees

Test Year Ended September 30, 2006

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	12000655 NS Equipment & Materials													1
2	Full Time Employees (a)	11	11	11	11	11	11	11	11	11	11	11	11	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalentents (a)+(b)	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	5
6	Total Field Support													6
7	Full Time Employees (a)	21	22	19	22	20	22	19	22	19	22	19	22	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalentents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalentents (a)+(b)	21.00	22.00	19.00	22.00	20.00	22.00	19.00	22.00	19.00	22.00	19.00	22.00	10
11	Total North Shore Gas Company													11
12	Full Time Employees (a)	195	200	193	200	194	200	197	200	197	200	205	200	12
13	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Full Time Equivalentents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Total Full Time Equivalentents (a)+(b)	195.00	200.00	193.00	200.00	194.00	200.00	197.00	200.00	197.00	200.00	205.00	200.00	15

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2005

Line No	Department [A]	October		November		December		January		February		March		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Total Field Support													1
2	Full Time Employees (a)	21	22	21	22	20	23	21	23	20	23	21	23	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	21.00	22.00	21.00	22.00	20.00	23.00	21.00	23.00	20.00	23.00	21.00	23.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	195	196	194	197	194	201	193	201	191	201	191	201	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	195.00	196.00	194.00	197.00	194.00	201.00	193.00	201.00	191.00	201.00	191.00	201.00	10

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2005

Line No	Department [A]	April		May		June		July		August		September		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Total Field Support													1
2	Full Time Employees (a)	21	23	21	23	20	23	20	23	20	23	20	23	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	21.00	23.00	21.00	23.00	20.00	23.00	20.00	23.00	20.00	23.00	20.00	23.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	191	201	189	201	189	201	196	201	195	201	198	201	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	191.00	201.00	189.00	201.00	189.00	201.00	196.00	201.00	195.00	201.00	198.00	201.00	10

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2004

Line No	Department [A]	October		November		December		January		February		March		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Distribution													1
2	12000621 Distribution													2
3	Full Time Employees (a)	94	95	94	95	95	95	93	95	93	95	94	95	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	94.00	95.00	94.00	95.00	95.00	95.00	93.00	95.00	93.00	95.00	94.00	95.00	6
7	12000650 Technical Training													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	12000651 Engineering													12
13	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	8	8	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	16
17	12000655 Transportation													17
18	Full Time Employees (a)	8	8	8	8	7	8	7	8	7	8	7	8	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	8.00	8.00	8.00	8.00	7.00	8.00	7.00	8.00	7.00	8.00	7.00	8.00	21
22	12000830 Stores													22
23	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	26
27	Total Distribution													27
28	Full Time Employees (a)	116	117	116	117	116	117	114	117	114	117	115	117	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	116.00	117.00	116.00	117.00	116.00	117.00	114.00	117.00	114.00	117.00	115.00	117.00	31
32	Field Service													32
33	12000611 Service Office													33
34	Full Time Employees (a)	48	49	46	49	47	49	46	49	46	49	46	49	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	48.00	49.00	46.00	49.00	47.00	49.00	46.00	49.00	46.00	49.00	46.00	49.00	37

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2004

Line No	Department	October		November		December		January		February		March		Line No
		Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	
1	12000632 Production Department													1
2	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	5
6	12000660 Gas Operations - Clerical													6
7	Full Time Employees (a)	6	6	7	6	7	6	7	6	7	6	7	6	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	6.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	10
11	12000795 Customer Care													11
12	Full Time Employees (a)	18	18	18	18	18	18	18	18	16	18	16	18	12
13	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Total Full Time Equivalents (a)+(b)	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	16.00	18.00	16.00	18.00	15
16	12000797 Meter Reading													16
17	Full Time Employees (a)	8	10	9	10	9	10	10	10	9	10	8	10	17
18	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19
20	Total Full Time Equivalents (a)+(b)	8.00	10.00	9.00	10.00	9.00	10.00	10.00	10.00	9.00	10.00	8.00	10.00	20
21	Total Field Service													21
22	Full Time Employees (a)	83	86	83	86	84	86	84	86	81	86	80	86	22
23	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24
25	Total Full Time Equivalents (a)+(b)	83.00	86.00	83.00	86.00	84.00	86.00	84.00	86.00	81.00	86.00	80.00	86.00	25
26	Marketing													26
27	12000652 General Office													27
28	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	31
32	12000701 Marketing													32
33	Full Time Employees (a)	9	9	9	9	9	9	9	9	9	9	8	9	33
34	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	34
35	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35
36	Total Full Time Equivalents (a)+(b)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	36

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2004

Line No	Department [A]	October		November		December		January		February		March		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Marketing													1
2	Full Time Employees (a)	12	12	12	12	12	12	12	12	12	12	11	12	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	11.00	12.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	211	215	211	215	212	215	210	215	207	215	206	215	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	211.00	215.00	211.00	215.00	212.00	215.00	210.00	215.00	207.00	215.00	206.00	215.00	10

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2004

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Distribution													1
2	12000621 Distribution													2
3	Full Time Employees (a)	93	95	93	95	90	95	91	95	95	95	94	95	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	93.00	95.00	93.00	95.00	90.00	95.00	91.00	95.00	95.00	95.00	94.00	95.00	6
7	12000650 Technical Training													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	12000651 Engineering													12
13	Full Time Employees (a)	9	8	9	8	9	8	9	8	9	8	9	8	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	16
17	12000655 Transportation													17
18	Full Time Employees (a)	7	8	7	8	8	8	8	8	8	8	8	8	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	7.00	8.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	21
22	12000830 Stores													22
23	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	26
27	Total Distribution													27
28	Full Time Employees (a)	115	117	115	117	113	117	114	117	118	117	117	117	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	115.00	117.00	115.00	117.00	113.00	117.00	114.00	117.00	118.00	117.00	117.00	117.00	31
32	Field Service													32
33	12000611 Service Office													33
34	Full Time Employees (a)	48	49	48	49	47	49	47	49	47	49	47	49	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	48.00	49.00	48.00	49.00	47.00	49.00	47.00	49.00	47.00	49.00	47.00	49.00	37

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2004

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Marketing													1
2	Full Time Employees (a)	11	12	11	12	11	12	11	12	11	12	11	12	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	11.00	12.00	11.00	12.00	11.00	12.00	11.00	12.00	11.00	12.00	11.00	12.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	210	215	209	215	206	215	207	215	211	215	210	215	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	210.00	215.00	209.00	215.00	206.00	215.00	207.00	215.00	211.00	215.00	210.00	215.00	10

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2003

Line No	Department	October		November		December		January		February		March		Line No
		Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	
1	12000830 Stores													1
2	Full Time Employees (a)	3	3	3	3	3	3	4	3	3	3	3	3	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	4.00	3.00	3.00	3.00	3.00	3.00	5
6	Total Distribution													6
7	Full Time Employees (a)	117	115	117	115	118	115	115	115	115	115	114	115	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	117.00	115.00	117.00	115.00	118.00	115.00	115.00	115.00	115.00	115.00	114.00	115.00	10
11	Field Service													11
12	12000611 Service Office													12
13	Full Time Employees (a)	48	49	49	49	49	49	49	49	49	49	49	49	13
14	Part Time Employees	1	0	1	0	1	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.64	0.00	0.71	0.00	0.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	48.64	49.00	49.71	49.00	49.68	49.00	49.00	49.00	49.00	49.00	49.00	49.00	16
17	12000632 Production Department													17
18	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	21
22	12000660 Gas Operations - Clerical													22
23	Full Time Employees (a)	7	7	7	7	7	7	7	7	7	7	7	7	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	26
27	12000795 Customer Care													27
28	Full Time Employees (a)	19	19	20	19	20	19	20	19	20	19	19	19	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	19.00	19.00	20.00	19.00	20.00	19.00	20.00	19.00	20.00	19.00	19.00	19.00	31
32	12000797 Meter Reading													32
33	Full Time Employees (a)	7	11	7	11	7	11	10	11	10	11	10	11	33
34	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	34
35	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35
36	Total Full Time Equivalents (a)+(b)	7.00	11.00	7.00	11.00	7.00	11.00	10.00	11.00	10.00	11.00	10.00	11.00	36

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2003

Line No	Department [A]	October		November		December		January		February		March		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Field Service													1
2	Full Time Employees (a)	84	89	86	89	86	89	89	89	89	89	88	89	2
3	Part Time Employees	1	0	1	0	1	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.64	0.00	0.71	0.00	0.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	84.64	89.00	86.71	89.00	86.68	89.00	89.00	89.00	89.00	89.00	88.00	89.00	5
6	Marketing													6
7	12000652 General Office													7
8	Full Time Employees (a)	2	3	2	3	2	3	2	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	2.00	3.00	2.00	3.00	2.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	11
12	12000701 Marketing													12
13	Full Time Employees (a)	11	11	10	11	9	11	9	11	9	11	9	11	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	11.00	11.00	10.00	11.00	9.00	11.00	9.00	11.00	9.00	11.00	9.00	11.00	16
17	Total Marketing													17
18	Full Time Employees (a)	13	14	12	14	11	14	11	14	12	14	12	14	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	13.00	14.00	12.00	14.00	11.00	14.00	11.00	14.00	12.00	14.00	12.00	14.00	21
22	Total North Shore Gas Company													22
23	Full Time Employees (a)	216	218	217	218	217	218	218	218	216	218	214	218	23
24	Part Time Employees	1	0	1	0	1	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.64	0.00	0.71	0.00	0.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	216.64	218.00	217.71	218.00	217.68	218.00	218.00	218.00	216.00	218.00	214.00	218.00	26

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2003

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Officers and Administrative													1
2	12000001 Company General Costs FERC 923													2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6
7	12000129 Exec Office - General Administration													7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11
12	Total Officers and Administrative													12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16
17	Distribution													17
18	12000621 Distribution													18
19	Full Time Employees (a)	91	92	93	92	94	92	93	92	93	92	94	92	19
20	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	20
21	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21
22	Total Full Time Equivalents (a)+(b)	91.00	92.00	93.00	92.00	94.00	92.00	93.00	92.00	93.00	92.00	94.00	92.00	22
23	12000650 Technical Training													23
24	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	24
25	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26
27	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	27
28	12000651 Engineering													28
29	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	8	8	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	32
33	12000655 Transportation													33
34	Full Time Employees (a)	9	9	9	9	9	9	8	9	8	9	8	9	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	9.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	37

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2003

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	12000830 Stores													1
2	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	5
6	Total Distribution													6
7	Full Time Employees (a)	114	115	116	115	117	115	115	115	115	115	116	115	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	114.00	115.00	116.00	115.00	117.00	115.00	115.00	115.00	115.00	115.00	116.00	115.00	10
11	Field Service													11
12	12000611 Service Office													12
13	Full Time Employees (a)	48	49	48	49	48	49	48	49	48	49	49	49	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	48.00	49.00	48.00	49.00	48.00	49.00	48.00	49.00	48.00	49.00	49.00	49.00	16
17	12000632 Production Department													17
18	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	21
22	12000660 Gas Operations - Clerical													22
23	Full Time Employees (a)	7	7	7	7	7	7	7	7	7	7	6	7	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	26
27	12000795 Customer Care													27
28	Full Time Employees (a)	19	19	18	19	18	19	18	19	18	19	18	19	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	19.00	19.00	18.00	19.00	18.00	19.00	18.00	19.00	18.00	19.00	18.00	19.00	31
32	12000797 Meter Reading													32
33	Full Time Employees (a)	10	11	10	11	10	11	9	11	9	11	8	11	33
34	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	34
35	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35
36	Total Full Time Equivalents (a)+(b)	10.00	11.00	10.00	11.00	10.00	11.00	9.00	11.00	9.00	11.00	8.00	11.00	36

North Shore Gas Company

Number of Employees

Historical Year Ended September 30, 2003

Line No	Department [A]	April		May		June		July		August		September		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Field Service													1
2	Full Time Employees (a)	87	89	86	89	86	89	85	89	85	89	84	89	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	87.00	89.00	86.00	89.00	86.00	89.00	85.00	89.00	85.00	89.00	84.00	89.00	5
6	Marketing													6
7	12000652 General Office													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	12000701 Marketing													12
13	Full Time Employees (a)	9	11	8	11	9	11	9	11	9	11	9	11	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	9.00	11.00	8.00	11.00	9.00	11.00	9.00	11.00	9.00	11.00	9.00	11.00	16
17	Total Marketing													17
18	Full Time Employees (a)	12	14	11	14	12	14	12	14	12	14	12	14	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	12.00	14.00	11.00	14.00	12.00	14.00	12.00	14.00	12.00	14.00	12.00	14.00	21
22	Total North Shore Gas Company													22
23	Full Time Employees (a)	213	218	213	218	215	218	212	218	212	218	212	218	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	213.00	218.00	213.00	218.00	215.00	218.00	212.00	218.00	212.00	218.00	212.00	218.00	26

North Shore Gas Company

Employee Benefits

Historical Year Ended September 30, 2003

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,264,000	\$ -	0.00%	\$ 1,264,000	100.00%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	960,000	29,000	3.02%	931,000	96.98%
3	Post Employment Benefits - FAS 112	All	-	-	0.00%	-	100.00%
4	Pension Plan	All	1,168,000	-	0.00%	1,168,000	100.00%
5	Savings and Investment Plan	All	321,000	16,000	4.98%	305,000	95.02%
6	Other Welfare and Social Benefits	Active Employees	605,000	7,000	1.16%	598,000	98.84%
7	TOTAL		<u>\$ 4,318,000</u>	<u>\$ 52,000</u>	<u>1.20%</u>	<u>\$ 4,266,000</u>	<u>98.80%</u>

North Shore Gas Company

Employee Benefits

Historical Year Ended September 30, 2004

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,456,000	\$ 470,000	32.28%	\$ 986,000	67.72%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,241,000	146,000	11.76%	1,095,000	88.24%
3	Post Employment Benefits - FAS 112	All	-	-	0.00%	-	0.00%
4	Pension Plan	All	2,801,000	648,000	23.13%	2,153,000	76.87%
5	Savings and Investment Plan	All	321,000	66,000	20.56%	255,000	79.44%
6	Other Welfare and Social Benefits	Active Employees	<u>606,000</u>	<u>305,000</u>	<u>50.33%</u>	<u>301,000</u>	<u>49.67%</u>
7	TOTAL		<u>\$ 6,425,000</u>	<u>\$ 1,635,000</u>	<u>25.45%</u>	<u>\$ 4,790,000</u>	<u>74.55%</u>

North Shore Gas Company

Employee Benefits

Historical Year Ended September 30, 2005

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,313,000	\$ 393,000	29.93%	\$ 920,000	70.07%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,394,000	127,000	9.11%	1,267,000	90.89%
3	Post Employment Benefits - FAS 112	All	136,000	41,000	30.15%	95,000	69.85%
4	Pension Plan	All	3,779,000	1,142,000	30.22%	2,637,000	69.78%
5	Savings and Investment Plan	All	277,000	54,000	19.49%	223,000	80.51%
6	Other Welfare and Social Benefits	Active Employees	<u>487,000</u>	<u>83,000</u>	<u>17.04%</u>	<u>404,000</u>	<u>82.96%</u>
7	TOTAL		<u>\$ 7,386,000</u>	<u>\$ 1,840,000</u>	<u>24.91%</u>	<u>\$ 5,546,000</u>	<u>75.09%</u>

North Shore Gas Company

Employee Benefits

Test Year Ended September 30, 2006

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,363,000	\$ 393,000	28.83%	\$ 970,000	71.17%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,383,000	37,000	2.68%	1,346,000	97.32%
3	Post Employment Benefits - FAS 112	All	(1,000)	-	0.00%	(1,000)	100.00%
4	Pension Plan	All	3,357,000	972,000	28.95%	2,385,000	71.05%
5	Savings and Investment Plan	All	272,000	79,000	29.04%	193,000	70.96%
6	Other Welfare and Social Benefits	Active Employees	<u>260,000</u>	<u>9,000</u>	<u>3.46%</u>	<u>251,000</u>	<u>96.54%</u>
7	TOTAL		<u>\$ 6,634,000</u>	<u>\$ 1,490,000</u>	<u>22.46%</u>	<u>\$ 5,144,000</u>	<u>77.54%</u>

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended September 30, 2003

Line No.	Functional Account Grouping (A)	Balances at September 30, 2002			Fiscal 2003								Line No.
		Depreciable Plant Investment (B)	Accumulated Provision for Depreciation (C)	Net Balance of Depreciable Property (D)	Remaining Life (in Years) (2) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Amortization Clearing Accounts (I)	Salvage Clearing Accounts (J)	Sundries (K)	Total Depreciation Expense (L)	
1	Distribution Plant	\$ 277,014,000	\$ 107,859,000	\$ 169,155,000	31.00	\$ 5,457,000	\$ (4,000)	\$ 560,000				\$ 6,013,000	1
2	Underground Storage Plant	10,264,000	5,653,000	4,611,000	29.00	159,000						159,000	2
3	Transmission Plant	29,109,000	5,970,000	23,139,000	49.44	468,000						468,000	3
4	General Plant	14,602,000	8,252,000	6,350,000	6.17	1,030,000		(82,000)	(559,000)			389,000	4
5	Production Plant	5,334,000	3,789,000	1,545,000	36.79	42,000						42,000	5
6	Total Utility Plant in Service	<u>\$ 336,323,000</u>	<u>\$ 131,523,000</u>	<u>\$ 204,800,000</u>		<u>\$ 7,156,000</u>	<u>\$ (4,000)</u>	<u>\$ 478,000</u>	<u>\$ (559,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,071,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Historical Year ended September 30, 2003, is shown on Line 6 of Column L.
(2) Respondent calculates Depreciation using Remaining Life, rather than Accrual Rates (Page 338-1 of the Annual Report to the Illinois Commerce Commission).

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended September 30, 2004

Line No.	Functional Account Grouping (A)	Balances at September 30, 2003			Fiscal 2004								Line No.	
		Depreciable Plant Investment (B)	Accumulated Provision for Depreciation (C)	Net Balance of Depreciable Property (D)	Remaining Life (in Years) (2) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Amortization Clearing Accounts (I)	Salvage Clearing Accounts (J)	Sundries (K)	Total Depreciation Expense (L)		
1	Distribution Plant	\$ 280,879,000	\$ 112,008,000	\$ 168,871,000	30.03	\$ 5,624,000	\$ (35,000)	\$ 365,000					\$ 5,954,000	1
2	Underground Storage Plant	10,264,000	5,812,000	4,452,000	28.00	159,000							159,000	2
3	Transmission Plant	29,109,000	6,438,000	22,671,000	48.44	468,000							468,000	3
4	General Plant	16,201,000	8,209,000	7,992,000	6.51	1,227,000		(13,000)	(769,000)				445,000	4
5	Production Plant	<u>5,355,000</u>	<u>3,831,000</u>	<u>1,524,000</u>	37.17	<u>41,000</u>							<u>41,000</u>	5
6	Total Utility Plant in Service	<u>\$ 341,808,000</u>	<u>\$ 136,298,000</u>	<u>\$ 205,510,000</u>		<u>\$ 7,519,000</u>	<u>\$ (35,000)</u>	<u>\$ 352,000</u>	<u>\$ (769,000)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 7,067,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Historical Year ended September 30, 2003, is shown on Line 6 of Column L.

(2) Respondent calculates Depreciation using Remaining Life, rather than Accrual Rates (Page 338-1 of the Annual Report to the Illinois Commerce Commission).

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended September 30, 2005

Line No.	Functional Account Grouping (A)	Balances at September 30, 2004			Fiscal 2005								Line No.
		Depreciable Plant Investment (B)	Accumulated Provision for Depreciation (C)	Net Balance of Depreciable Property (D)	Remaining Life (in Years) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Amortization Clearing Accounts (I)	Salvage Clearing Accounts (J)	Sundries (K)	Total Depreciation Expense (L)	
1	Distribution Plant	\$ 288,325,000	\$ 115,709,000	\$ 172,616,000	36.52	\$ 4,727,000	\$ (38,000)	\$ 97,000				\$ 4,786,000	1
2	Underground Storage Plant	10,264,000	5,971,000	4,293,000	53.00	81,000						81,000	2
3	Transmission Plant	29,109,000	6,906,000	22,203,000	47.54	467,000						467,000	3
4	General Plant	16,589,000	8,888,000	7,701,000	6.51	1,183,000		(49,000)	(842,000)	49,000		341,000	4
5	Production Plant	5,355,000	3,872,000	1,483,000	36.17	41,000						41,000	5
6	Total Utility Plant in Service	<u>\$ 349,642,000</u>	<u>\$ 141,346,000</u>	<u>\$ 208,296,000</u>		<u>\$ 6,499,000</u>	<u>\$ (38,000)</u>	<u>\$ 48,000</u>	<u>\$ (842,000)</u>	<u>\$ 49,000</u>	<u>\$ -</u>	<u>\$ 5,716,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Historical Year ended September 30, 2005, is shown on Line 6 of Column L.
(2) Respondent calculates Depreciation using Remaining Life, rather than Accrual Rates (Page 338-1 of the Annual Report to the Illinois Commerce Commission).

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended September 30, 2006

Line No.	Functional Account Grouping (A)	Balances at September 30, 2005			Fiscal 2006								Line No.
		Depreciable Plant Investment (B)	Accumulated Provision for Depreciation (C)	Net Balance of Depreciable Property (D)	Remaining Life (in Years) (2) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Amortization Clearing Accounts (I)	Salvage Clearing Accounts (J)	Sundries	Total Depreciation Expense (K)	
1	Distribution Plant	\$ 298,489,000	\$ 118,941,000	\$ 179,548,000	36.57	\$ 4,910,000	\$ (39,000)	\$ (19,000)				\$ 4,852,000	1
2	Underground Storage Plant	10,264,000	6,052,000	4,212,000	52.00	81,000						81,000	2
3	Transmission Plant	29,157,000	7,373,000	21,784,000	46.45	469,000						469,000	3
4	General Plant	15,914,000	8,225,000	7,689,000	6.57	1,170,000		(58,000)	(890,000)	58,000		280,000	4
5	Production Plant	5,363,000	3,913,000	1,450,000	34.52	42,000						42,000	5
6	Total Utility Plant in Service	<u>\$ 359,187,000</u>	<u>\$ 144,504,000</u>	<u>\$ 214,683,000</u>		<u>\$ 6,672,000</u>	<u>\$ (39,000)</u>	<u>\$ (77,000)</u>	<u>\$ (890,000)</u>	<u>\$ 58,000</u>	<u>\$ -</u>	<u>\$ 5,724,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Historical Year ended September 30, 2006, is shown on Line 6 of Column L.
(2) Respondent calculates Depreciation using Remaining Life, rather than Accrual Rates (Page 338-1 of the Annual Report to the Illinois Commerce Commission).

North Shore Gas Company

Summary of Affiliated Interest Transactions

<u>Line No.</u>	<u>Associated Company</u> [A]	<u>Nature of Transaction</u> [B]	<u>Amount Billed to NSG</u> [C]	<u>Amount Billed to Associated Companies</u> [D]	<u>Docket Number</u> [E]	<u>Line No.</u>
1	<u>Test Year Ended September 30, 2006</u>					1
2	Peoples Energy Corporation	Intercompany Services	\$ 10,113,000		55071	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	5,317,000	192,000	55071	3
4	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,778,000		57988	4
5	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	26,000	53,000	04-0602	5
6			<u>\$ 17,234,000</u>	<u>\$ 245,000</u>		6
7	<u>Historical Year Ended September 30, 2005</u>					7
8	Peoples Energy Corporation	Intercompany Services	\$ 8,757,000		55071	8
9	The Peoples Gas Light and Coke Company	Intercompany Services	4,950,000	171,000	55071	9
10	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,685,000		57988	10
11	Peoples Energy Corporation	Interest on Intercompany Loans	16,000		04-0603	11
12	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans		27,000	04-0602	12
13			<u>\$ 15,408,000</u>	<u>\$ 198,000</u>		13

North Shore Gas Company

Summary of Affiliated Interest Transactions

<u>Line No.</u>	<u>Associated Company</u> [A]	<u>Nature of Transaction</u> [B]	<u>Amount Billed to NSG</u> [C]	<u>Amount Billed to Associated Companies</u> [D]	<u>Docket Number</u> [E]	<u>Line No.</u>
1	<u>Historical Year Ended September 30, 2004</u>					1
2	Peoples Energy Corporation	Intercompany Services	\$ 9,286,000		55071	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	5,418,000	197,000	55071	3
4	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,637,000		57988	4
5	Peoples Energy Corporation	Interest on Intercompany Loans	3,000		04-0603	5
6			<u>\$ 16,344,000</u>	<u>\$ 197,000</u>		6
7	<u>Historical Year Ended September 30, 2003</u>					7
8	Peoples Energy Corporation	Intercompany Services	\$ 8,329,000		55071	8
9	The Peoples Gas Light and Coke Company	Intercompany Services	4,820,000	219,000	55071	9
10	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,313,000		57988	10
11	Peoples Energy Corporation	Interest on Intercompany Loans	34,000		04-0603	11
12			<u>\$ 14,496,000</u>	<u>\$ 219,000</u>		12

North Shore Gas Company

Operating Leases

<u>Line No.</u>	<u>Description of Leased Property</u> [A]	<u>Test Year Ended 9/30/2006</u> [B]	<u>Historical Year Ended 9/30/2005</u> [C]	<u>Historical Year Ended 9/30/2004</u> [D]	<u>Historical Year Ended 9/30/2003</u> [E]	<u>Line No.</u>
1	Total Operating Leases (1)	\$ 8,000	\$ 10,000	\$ 3,000	\$ 5,000	1

Notes: (1) None of the operating leases meet the criteria for individual listing.

North Shore Gas Company

Uncollectible Expense

Line No.	Fiscal Year	Percent of Revenue Method (1)		
		Uncollectible Expense	Applicable Revenues	Uncollectible Expense as a Percentage of Applicable Revenues
	[A]	[B]	[C]	[D]
1	Test Year Ended			
2	September 30, 2006	\$ 2,085,000 (2)	\$ 297,933,000	0.70%
3	Historical Year Ended			
4	September 30, 2005	1,563,000 (3)	258,986,000	0.60%
5	Historical Year Ended			
6	September 30, 2004	1,177,000 (4)	221,389,000	0.53%
7	Historical Year Ended			
8	September 30, 2003	1,653,000 (5)	230,663,000	0.72%

- Notes: (1) Percent of Revenue Method is used to determine uncollectible expense for all revenues except miscellaneous revenues. Due to the infrequent write-off of accounts receivable associated with miscellaneous revenues, expense is recorded only at time of write-off.
- (2) Excludes adjustments of \$93,000 including \$100,000 of special provision charged to Acct. 930.2 - Miscellaneous general expenses and related to the gas charge settlement.
- (3) Includes (\$250,000) adjustment to the reserve for uncollectible accounts. Each quarter, the Company updates the projection of future charge-off based on the most current information available, and adjusts the reserve, if necessary.
- (4) Includes (\$600,000) adjustment to the reserve for uncollectible accounts as described in Note 3.
- (5) Includes \$500,000 adjustment to the reserve for uncollectible accounts as described in Note 3.

North Shore Gas Company

Uncollectible Expense

Line No.	Fiscal Year [A]	Activity in Allowance for Bad Debts					Ending Reserve Balance (1) [G]
		Beginning Reserve Balance (1) [B]	Reserve Accrual [C]	Gross Write-Offs [D]	Recoveries [E]	Adjustments [F]	
1	Test Year 2006	\$ 1,455,000	\$ 2,085,000	\$ (1,871,000)	\$ 365,000	\$ 93,000 (2)	\$ 2,127,000
2	Historical Year 2005	943,000	1,813,000	(1,487,000)	436,000	(250,000) (3)	1,455,000
3	Historical Year 2004	1,012,000	1,777,000	(1,797,000)	551,000	(600,000) (4)	943,000
4	Historical Year 2003	493,000	1,153,000	(1,716,000)	582,000	500,000 (5)	1,012,000

- Note: (1) Reserve balance is recorded in account 144, Accumulated Provision for Uncollectible
 (2) Includes special provision of \$100,000 related to the gas charge settlement and other miscellaneous adjustments.
 (3) On a quarterly basis, the Company performs an analysis of aged receivables to determine if the reserve for uncollectible accounts is reasonable. The adjustment shown reflects the results of this analysis for the quarter ended June 30, 2005.
 (4) Reflects adjustment as described in Note 3 for the quarter ended June 30, 2004.
 (5) Reflects adjustment as described in Note 3 for the quarter ended December 31, 2002.

North Shore Gas Company

Uncollectible Expense

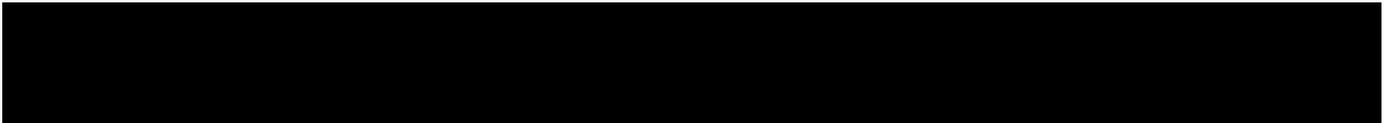
<u>Line No.</u>	<u>Fiscal Year</u> [A]	<u>Collection Agency Expense</u> [B]
1	Test Year 2006	\$ 29,000
2	Historical Year 2005	55,000
3	Historical Year 2004	122,000
4	Historical Year 2003	138,000

North Shore Gas Company

Uncollectible Expense

Summary of Current Contracts with Collection Agencies

<u>Line No.</u>	<u>Collection Agency</u>	<u>Contract Period</u>	<u>Commission Rate</u>
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Summary of Collection Agencies' Results

<u>Description</u>	<u>Test Year Ended September 30, 2006</u>
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North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2003

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (Jan - Dec) [E]	Oct-Sept Premium Expense [F]	Deductible [G]	Claims (1) [H]
<u>Insurance on Operations</u>								
1	National Union, EIM, Ace and Liberty	Property Insurance - System						
2	Aegis	Workers' Compensation Insurance						
3	Continental and The Hartford	Commercial Crime Coverage						
4	Aegis, EIM and Lloyds of London	Excess Public Liability						
5	Aegis	Fiduciary Liability Insurance						
6	Aegis and EIM	Directors & Officers Liability						
7	Continental Casualty	Miscellaneous Bonds (3)						
8								

Self-Insurance: North Shore Gas Company is a qualified self-insurer for up to \$500,000 per occurrence for workers compensation in the State of Illinois. When this limit is exceeded, the Aegis excess workers compensation policy is utilized. The company has a \$2,000,000 per occurrence self-insured retention for primary casualty. When this limit is exceeded, the excess liability policies indicated above are utilized. All of the other deductibles shown above are also self-insured by the company.

Notes: (1) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(2) [REDACTED]

(3) Miscellaneous Bonds include Mileage Tax Schedule Bond; Franchise Bonds for the City of Glencoe, Village of Deerfield and Village of Winthrop Harbor; License/Permit Bond for the City of Waukegan and Highway Permit Bond.

North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2003

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Trust Funding (Jan - Dec) (1) [E]	Fiscal Year Amounts Charged by NSG (2) [F]	Deductible (3) [G]	Paid by Trust & Life Ins (Jan - Dec) (4) [H]
Group Insurance								
1	BlueCross/BlueShield	Dental						
2	BlueCross/BlueShield, Caremark, and United Behavioral Health	Medical						
3	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Dental						
4	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Medical						
5	CNA/The Hartford	Life						
6	CNA/The Hartford	Retiree Life						
7	HMO Illinois, Health Alliance and Humana	HMO						
8	HMO Illinois, Health Alliance and Humana	Retiree HMO						
9	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Medicare						
10	CNA/The Hartford	Supplement Life						

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield. Trustee services are provided by Northern Trust.

- Notes:
- (1) Includes both employer and employee/retiree contributions.
 - (2) Includes amounts prior to capitalization.
 - (3) Deductibles are not included since they are established at the individual level.
 - (4) Trust account payments are allocated on the ratio of NSG claims accrued to total claims accrued for all companies. Does not include administrative fees.
 - (5) Life Insurance claims are stated on a fiscal year basis.
 - (6) Previously expensed FAS 106 Liability.

North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2004

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (Jan - Dec) [E]	Oct-Sept Premium Expense [F]	Deductible [G]	Claims (1) [H]
<u>Insurance on Operations</u>								
1	National Union, EIM and Aegis	Property Insurance - System						
2	Aegis	Workers' Compensation Insurance						
3	Continental & The Hartford	Commercial Crime Coverage						
4	Aegis, EIM and Lloyds of London	Excess Public Liability						
5	Aegis and Chubb	Fiduciary Liability Insurance						
6	Aegis, EIM and Chubb	Directors & Officers Liability						
7	American Casualty, SafeCo and Continental Casualty	Miscellaneous Bonds (3)						
8								

Self-Insurance: North Shore Gas Company is a qualified self-insurer for up to \$500,000 per occurrence for workers compensation in the State of Illinois. When this limit is exceeded, the Aegis excess workers compensation policy is utilized. The company has a \$2,000,000 per occurrence self-insured retention for primary casualty. When this limit is exceeded, the excess liability policies indicated above are utilized. All of the other deductibles shown above are also self-insured by the company.

Notes: (1) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(2) [REDACTED]

(3) Miscellaneous Bonds include Mileage Tax Schedule Bond, Dishonesty Bond, Franchise Bond for the City of Glencoe, Franchise Bond for the Village of Gurnee, License/Permit Bond for the City of Waukegan.

North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2004

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Historical Year Ended September 30, 2004		Deductible (3) [G]	Claims Paid by Trust & Life Ins (Jan - Dec) (4) [H]
					Annual Trust Funding (Jan - Dec) (1) [E]	Fiscal Year Amounts Charged by NSG (2) [F]		
<u>Group Insurance</u>								
1	BlueCross/BlueShield	Dental						
2	BlueCross/BlueShield, Caremark, and United Behavioral Health	Medical						
3	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Dental						
4	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Medical						
5	CNA/The Hartford	Life						
6	CNA/The Hartford	Retiree Life						
7	HMO Illinois, Health Alliance, Humana and Aetna	HMO						
8	HMO Illinois, Health Alliance, Humana and Aetna	Retiree HMO						
9	BlueCross/BlueShield, Caremark, and United Behavioral Health	Retiree Medicare						
10	CNA/The Hartford	Supplement Life						

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield. Trustee services are provided by Northern Trust.

- Notes:
- (1) Includes both employer and employee/retiree contributions.
 - (2) Includes amounts prior to capitalization.
 - (3) Deductibles are not included since they are established at the individual level.
 - (4) Trust account payments are allocated on the ratio of NSG claims accrued to total claims accrued for all companies. Does not include administrative fees.
 - (5) Life Insurance claims are stated on a fiscal year basis.
 - (6) Previously expensed FAS 106 Liability.

North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2005

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (Jan - Dec) [E]	Oct-Sept Premium Expense [F]	Deductible [G]	Claims (1) [H]
<u>Insurance on Operations</u>								
1	National Union, EIM and Aegis Insurance Services	Property Insurance - System						
2	Aegis	Workers' Compensation Insurance						
3	Continental and The Hartford	Commercial Crime Coverage						
4	Aegis, EIM and Lloyds of London	Excess Public Liability						
5	Aegis and Chubb	Fiduciary Liability Insurance						
6	Aegis, EIM and Chubb	Directors & Officers Liability						
7	American Casualty, SafeCo, Western Surety and Continental Casualty	Miscellaneous Bonds (3)						
8								

Self-Insurance: North Shore Gas Company is a qualified self-insurer for up to \$500,000 per occurrence for workers compensation in the State of Illinois. When this limit is exceeded, the Aegis excess workers compensation policy is utilized. The company has a \$2,000,000 per occurrence self-insured retention for primary casualty. When this limit is exceeded, the excess liability policies indicated above are utilized. All of the other deductibles shown above are also self-insured by the company.

Notes: (1) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(2) [REDACTED]

(3) Miscellaneous Bonds include Mileage Tax Schedule Bond; Dishonesty Bond; Franchise Bond for the City of Glenco, Village of Gurnee, Village of Third Lake, Village of Riverwoods; License/Permit Bond for the City of Waukegan and Highway Permit Bond.

North Shore Gas Company

Insurance Expense

Historical Year Ended September 30, 2005

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Trust Funding (Jan - Dec) (1) [E]	Fiscal Year Amounts Charged by NSG (2) [F]	Deductible (3) [G]	Paid by Trust & Life Ins (Jan - Dec) (4) [H]
Group Insurance								
1	BlueCross/BlueShield	Dental						
2	BlueCross/BlueShield and Caremark	Medical						
3	BlueCross/BlueShield and Caremark	Retiree Dental						
4	BlueCross/BlueShield and Caremark	Retiree Medical						
5	The Hartford/Prudential	Life						
6	The Hartford/Prudential	Retiree Life						
7	Aetna and Health Alliance	HMO						
8	Aetna and Health Alliance	Retiree HMO						
9	BlueCross/BlueShield and Caremark	Retiree Medicare						
10	The Hartford/Prudential	Supplement Life						

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield. Trustee services are provided by Northern Trust.

- Notes:
- (1) Includes both employer and employee/retiree contributions
 - (2) Includes amounts prior to capitalization.
 - (3) Deductibles are not included since they are established at the individual level.
 - (4) Trust account payments are allocated on the ratio of NSG claims accrued to total claims accrued for all companies. Does not include administrative fees.
 - (5) Life Insurance claims are stated on a fiscal year basis.
 - (6) Previously expensed FAS 106 Liability.

North Shore Gas Company

Insurance Expense

Test Year Ended September 30, 2006

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (Jan - Dec) [E]	Oct-Sept Premium Expense [F]	Deductible [G]	Claims (1) [H]
<u>Insurance on Operations</u>								
1	National Union, EIM and Aegis	Property Insurance - System						
2	Aegis	Workers' Compensation Insurance						
3	Great American and Hartford	Commercial Crime Coverage						
4	Aegis Insurance Services, EIM and Lloyds of London	Excess Public Liability						
5	Aegis and Chubb	Fiduciary Liability Insurance						
6	Aegis, EIM, Chubb and XL	Directors & Officers Liability						
7	SafeCo	Miscellaneous Bonds (3)						
8								

Self-Insurance: North Shore Gas Company is a qualified self-insurer for up to \$500,000 per occurrence for workers compensation in the State of Illinois. When this limit is exceeded, the Aegis excess workers compensation policy is utilized. The company has a \$2,000,000 per occurrence self-insured retention for primary casualty. When this limit is exceeded, the excess liability policies indicated above are utilized. All of the other deductibles shown above are also self-insured by the company.

Notes: (1) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(2) [REDACTED]

(3) Miscellaneous Bonds include Mileage Tax Schedule Bond; Franchise Bonds for the Village of Deerfield, Villiage of Gurnee, Villiage of Third Lake, Villiage of Winthrop Harbor; License/Permit Bond for the City of Waukegan and Highway Permit Bond.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Test Year Ended September 30, 2006					Claims Paid by Trust (Jan - Dec) (4) [H]
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Trust Funding (Jan - Dec) (1) [E]	Fiscal Year Amounts Charged by NSG (2) [F]	Deductible (3) [G]	
Group Insurance								
1	BlueCross/BlueShield	Dental						
2	BlueCross/BlueShield and Caremark	Medical						
3	BlueCross/BlueShield and Caremark	Retiree Dental						
4	BlueCross/BlueShield and Caremark	Retiree Medical						
5	Prudential	Life						
6	Prudential	Retiree Life						
7	Aetna and Health Alliance	HMO						
8	Aetna and Health Alliance	Retiree HMO						
9	BlueCross/BlueShield and Caremark	Retiree Medicare						
10	Prudential	Supplement Life						

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield, Caremark and United Behavioral Health. Trustee services are provided by Northern Trust.

Notes: (1) Includes both employer and employee/retiree contributions

(2) Includes amounts prior to capitalization.

(3) Deductibles are not included since they are established at the individual level.

(4) Trust account payments are allocated on the ratio of NSG claims accrued to total claims accrued for all companies. Does not include administrative fees.

(5) Life Insurance claims are stated on a fiscal year basis.

(6) Previously expensed FAS 106 liability.

North Shore Gas Company

Taxes Other Than Income Taxes

Historical Year Ended September 30, 2003

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$868,000		\$165,000		\$1,033,000	2
3	Federal Unemployment Tax	10,000		2,000		12,000	3
4	Federal Excise Tax	1,000				1,000	4
5	Illinois:						5
6	Illinois Public Utility Tax	6,694,000				6,694,000	6
7	Annual Gross Revenue Tax	213,000				213,000	7
8	Invested Capital Tax - Replacement Tax	1,284,000				1,284,000	8
9	State Franchise Tax	24,000				24,000	9
10	State Unemployment Tax	10,000		2,000		12,000	10
11	State Use and Sales Tax	5,000				5,000	11
12	Supplemental Low Income Energy Assistance Fund Charge	1,300,000				1,300,000	12
13	Renewable Energy Charge	162,000				162,000	13
14	Local:						14
15	Municipal Public Utility Tax	5,720,000				5,720,000	15
16	Personal Property Tax	1,000				1,000	16
17	Real Estate Tax	199,000		14,000		213,000	17
18	Total	<u>\$16,491,000</u>	<u>\$0</u>	<u>\$183,000</u>	<u>\$0</u>	<u>\$16,674,000</u>	18

North Shore Gas Company

Taxes Other Than Income Taxes

Historical Year Ended September 30, 2004

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$768,000		\$185,000		\$953,000	2
3	Federal Unemployment Tax	10,000		3,000		13,000	3
4	Federal Excise Tax	(2,000)				(2,000)	4
5	Illinois:						5
6	Illinois Public Utility Tax	5,833,000				5,833,000	6
7	Annual Gross Revenue Tax	194,000				194,000	7
8	Invested Capital Tax - Replacement Tax	1,465,000				1,465,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	18,000		3,000		21,000	10
11	State Use and Sales Tax	10,000				10,000	11
12	Supplemental Low Income Energy Assistance Fund Charge	1,293,000				1,293,000	12
13	Renewable Energy Charge	162,000				162,000	13
14	Local:						14
15	Municipal Public Utility Tax	5,859,000				5,859,000	15
16	Personal Property Tax	0				0	16
17	Real Estate Tax	367,000		23,000	5,000	395,000	17
18	Total	<u>\$16,002,000</u>	<u>\$0</u>	<u>\$214,000</u>	<u>\$5,000</u>	<u>\$16,221,000</u>	18

North Shore Gas Company

Taxes Other Than Income Taxes

Historical Year Ended September 30, 2005

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$738,000		\$181,000		\$919,000	2
3	Federal Unemployment Tax	10,000		3,000		13,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax	5,667,000				5,667,000	6
7	Annual Gross Revenue Tax	245,000				245,000	7
8	Invested Capital Tax - Replacement Tax	1,368,000				1,368,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	26,000		3,000		29,000	10
11	State Use and Sales Tax	(8,000)				(8,000)	11
12	Supplemental Low Income Energy Assistance Fund Charge	1,310,000				1,310,000	12
13	Renewable Energy Charge	164,000				164,000	13
14	Local:						14
15	Municipal Public Utility Tax	6,825,000				6,825,000	15
16	Personal Property Tax	0				0	16
17	Real Estate Tax	208,000		25,000	10,000	243,000	17
18	Total	<u>\$16,578,000</u>	<u>\$0</u>	<u>\$212,000</u>	<u>\$10,000</u>	<u>\$16,800,000</u>	18

North Shore Gas Company

Taxes Other Than Income Taxes

Test Year Ended September 30, 2006

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$629,000		\$183,000		\$812,000	2
3	Federal Unemployment Tax	9,000		3,000		12,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax	5,395,000				5,395,000	6
7	Annual Gross Revenue Tax	312,000				312,000	7
8	Invested Capital Tax - Replacement Tax	1,298,000				1,298,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	58,000		3,000		61,000	10
11	State Use and Sales Tax	7,000				7,000	11
12	Supplemental Low Income Energy Assistance Fund Charge	1,303,000				1,303,000	12
13	Renewable Energy Charge	163,000				163,000	13
14	Illinois Gas Use Tax	(11,000)				(11,000)	14
15	Local:						15
16	Municipal Public Utility Tax	7,314,000				7,314,000	16
17	Personal Property Tax	0				0	17
18	Real Estate Tax	6,000		25,000	7,000	38,000	18
19	Total	\$16,508,000	\$0	\$214,000	\$7,000	\$16,729,000	19

North Shore Gas Company

Property Taxes

<u>Line No.</u>	<u>Description of Expenses</u> [A]	<u>Test Year Ended September 30, 2006</u> [B]	<u>Historical Year Ended September 30, 2005</u> [C]	<u>Historical Year Ended September 30, 2004</u> [D]	<u>Historical Year Ended September 30, 2003</u> [E]	<u>Line No.</u>
1	Personal Property Tax	\$0	\$0	\$0	\$1,000	1
2	Real Estate Tax	<u>6,000</u>	<u>208,000</u>	<u>367,000</u>	<u>199,000</u>	2
3	Total Property Taxes (1)	<u>\$6,000</u>	<u>\$208,000</u>	<u>\$367,000</u>	<u>\$200,000</u>	3

Note: (1) All amounts shown are charged to Account 408.1 (Taxes Other Than Income Taxes, Utility Operating Income).

North Shore Gas Company

Local Taxes, Municipal Taxes, and Franchise Taxes

- 1 Schedule of all local taxes, municipal taxes and franchise taxes embedded in tariff rates.
 2 There are no such taxes.

3 Reconciliation of taxes other than income at present rates between schedule C-1 and schedules C-19, C-20 and C-25:

		<u>Taxes Other Than Income Included In:</u>			
		<u>C-1</u>	<u>C-19</u>	<u>C-20</u>	<u>C-25</u>
		<u>[A]</u>	<u>[B]</u>	<u>[C]</u>	<u>[D]</u>
7	Federal Insurance Contributions Act	\$ 629,000		\$	\$
8	Federal Unemployment Tax	9,000			
9	Federal Excise Tax	0			
10	Illinois Public Utility Tax	5,395,000			5,395,000
11	Annual Gross Revenue Tax	312,000			312,000
12	Invested Capital Tax - Replacement Tax	1,298,000			
13	State Franchise Tax	25,000			
14	State Unemployment Tax	58,000			
15	State Use and Sales Tax	7,000			
16	Supplemental Low Income Energy Assistance Fund Charge	1,303,000			1,303,000
17	Renewable Energy Charge	163,000			163,000
18	Illinois Gas Use Tax	(11,000)			
19	Municipal Public Utility Tax	7,314,000			7,314,000
20	Personal Property Tax	0	0		
21	Real Estate Tax	6,000	6,000		
22	Total for Test Year Ended September 30, 2006	<u>\$ 16,508,000</u>	<u>\$ 6,000</u>	<u>\$ 0</u>	<u>\$ 14,487,000</u>

North Shore Gas Company

Miscellaneous General Expenses
Account 930.2

Line No.	Description [A]	Test Year Ended September 30, 2006 Under Proposed Rates [B]	Test Year Ended September 30, 2006 [C]	Historical Year Ended September 30, 2005 [D]	Historical Year Ended September 30, 2004 [E]	Historical Year Ended September 30, 2003 [F]	Line No.
1	Industry Association, Social and Service Club Dues	\$ -	\$ -	\$ -	\$ 29,000	(1) \$ 101,000 (1)	1
2	Security Services Expense	75,000	79,000	79,000	141,000	116,000	2
3	Bank, Bond, and Fiscal Agent Fees	67,000	67,000	89,000	50,000	108,000	3
4	Cushion Gas - Credit	(192,000)	(192,000)	(171,000)	(197,000)	(145,000)	4
5	Other	(16,000)	(16,000)	(622,000)	(1,058,000)	1,487,000	5
6	Subtotal	(67,000)	(66,000)	(625,000)	(1,035,000)	1,667,000	6
7	Amortization of Environmental Costs	\$ -	\$ 2,065,000	\$ 1,863,000	\$ 1,178,000	\$ 804,000	7
8	Gas Charge Settlement	-	4,300,000	-	-	-	8
9	Restructuring Costs	-	-	50,000	882,000	-	9
10	Mercury Recovery - Credit	-	-	-	(1,335,000)	-	10
11	Subtotal	2,115,000	6,365,000	1,913,000	725,000	804,000	11
12	TOTAL	\$ 2,048,000 (2)	\$ 6,299,000	\$ 1,288,000	\$ (310,000)	\$ 2,471,000	12

Notes: (1) Amounts for AGA dues booked to 930.2 for FY 2003 and first qrt FY 2004. Subsequent payments were recorded in Account 923.0.

(2) Test year expense shown in col (K) on Schedule C-1. Total adjusted for Rate Making Adjustment Nos. 11, 13, 14 and 18.

North Shore Gas Company

Miscellaneous Operating Revenues

Line No.	Account Number	Description	Test Year Ended September 30, 2006	Historical Year Ended September 30, 2005	Historical Year Ended September 30, 2004	Historical Year Ended September 30, 2003	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	487	Forfeited Discounts	\$996,000	\$836,000	\$723,000	\$854,000	1
2	488	Miscellaneous Service Revenues	433,000	504,000	479,000	421,000	2
3	489.3	Rev from Transp of Gas of Others Through Distribution Facilities	14,343,000	13,250,000	11,999,000	12,589,000	3
4	493	Rent from Gas Property	13,000	0	0	0	4
5	495	Other Gas Revenues	214,000	135,000	120,000	67,000	5
6		Total Miscellaneous Operating Revenues	<u>\$15,999,000</u>	<u>\$14,725,000</u>	<u>\$13,321,000</u>	<u>\$13,931,000</u>	6

North Shore Gas Company

Add-On Taxes

Line No.	Taxing Authorities [A]	<u>Unadjusted Test Year at Present Rates (1)</u>			<u>Proforma Test Year at Proposed Rates (2)</u>		
		Amt. Recorded as Revenue for Add-On Tax from Ratepayers [B]	Amt. Recorded as Expense for Distributions to Tax Authority [C]	Accounting Fees Collected [D]	Amt. Recorded as Revenue for Add-On Tax from Ratepayers [F]	Amt. Recorded as Expense for Distributions to Tax Authority [G]	Accounting Fees Collected [H]
1	<u>Municipalities</u>						
2	Municipal Public Utility Tax	\$ 7,584,000	\$ 7,314,000	\$ 219,000	8,079,000	7,855,000	224,000
3	Municipal Gas Use Tax	-	-	-	-	-	-
4	Total	<u>\$ 7,584,000</u>	<u>\$ 7,314,000</u>	<u>\$ 219,000</u>	<u>\$ 8,079,000</u>	<u>\$ 7,855,000</u>	<u>\$ 224,000</u>
5	<u>State</u>						
6	Illinois Gross Revenue Tax	280,000	312,000	-	298,000	296,000	-
7	Illinois Gas Use Tax	-	-	32,000	-	-	32,000
8	Illinois Public Utility Tax	5,433,000	5,395,000	-	5,557,000	5,518,000	-
9	<u>Other</u>						
10	Supplemental Low Income Energy Assistance Fund Charge	1,312,000	1,303,000	-	1,312,000	1,303,000	-
11	Renewable Energy Charge	164,000	163,000	-	164,000	163,000	-
12	Total	<u>\$ 14,773,000</u>	<u>\$ 14,487,000</u>	<u>\$ 251,000</u>	<u>\$ 15,410,000</u>	<u>\$ 15,135,000</u>	<u>\$ 256,000</u>

Notes: (1) Add-on taxes other than gas use taxes are included in unadjusted test year revenues at present rates as reflected on Schedule C-1. Gas use taxes are recorded as liabilities when customers are billed and are not recorded as revenues or expense.

(2) Add-on taxes are excluded from revenues at proposed rates as reflected on Schedule C-1 through Rate Making Adjustment No. 2 which reduces revenue and expenses.

North Shore Gas Company
Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]
1	<u>Investigation and Removal of Manufactured Gas Residues</u>			
2	Test Year Ended September 30, 2006	\$ 2,001,000	1,316,000	\$ 2,065,000
3	Historical Year Ended September 30, 2005	1,484,000	2,001,000	1,863,000
4	Historical Year Ended September 30, 2004	1,140,000	1,484,000	1,178,000
5	Historical Year Ended September 30, 2003	452,000	1,140,000	804,000
6	Time period charges were recorded: 1990-2006 (1)			
7	Amortization period: 13 Months (1)			
8	ICC Docket No. authorizing recovery: 91-0010			

Note: (1) Costs incurred are recovered over thirteen months. However, under(over) collections are added(subtracted) to(from) the following year's incurred costs for purposes of calculating a new amortization.

North Shore Gas Company

Purchased Gas Adjustment Clause
Revenues and Expenses - Gas Utilities

Test Year Ended September 30, 2006 (1)

<u>Line No.</u>	<u>PGA Revenues</u> [A]	<u>PGA Recoverable Expenses</u> (2) [B]	<u>Number of Units Sold (therms)</u> [C]
1	\$ 218,937,000	\$ 207,411,000	223,576,000

Notes: (1) Test year expense shown in col (K) on Schedule C-1.

(2) Demand charges associated with storage gas are recorded in I.C.C. account number 804 under general ledger account 1147400.

North Shore Gas Company

Non - Utility Operations

Line No.	Description of Non-Utility Operations [A]	Date Utility Began Engaging In Operations [B]
1	Services provided to Peoples Energy Home Services for operation, customer and administrative support.	4/2004
2	Direct Mail Inserts for Vendors in Company Gas Bills	11/2000
3	Construction Heating Equipment - The utility offers portable construction heaters for leasing on a weekly, monthly or seasonal basis.	1/1998