

North Shore Gas Company
 Amortization of Rate Case Expenses
 Fiscal Year: 2006

WPC-2.1.1

<u>Rate making adjustment</u>			
RATE CASE EXPENSES		Schedule C-10, Column G, Line 11	<u>\$2,862,000</u>
NUMBER OF YEARS EXPENSES AMORTIZED OVER	<u>3</u>		<u>\$954,000</u>
OPERATING EXPENSES			
General Operation and Maintenance			\$954,000
Total Normalized Income Taxes	- State	(7.300% x 954,000)	(\$70,000)
	- Federal	(35.000% x 884,000)	<u>(309,000)</u>
Total			<u>(\$379,000)</u>
Current (409.1)	- State		-
	- Federal		-
Deferred (410.1)			<u>(379,000)</u>
Total Operating Expenses			<u>575,000</u>
EFFECT ON OPERATING INCOME		Schedule C-2 ratemaking adjustment	<u>(\$575,000)</u>
		Tie to Schedule C-2 .1	(\$575,000)
			-

() Denotes red figure.

North Shore Gas Company
Rate Case History Filings

	<u>Docket #</u>	<u>Order Date</u>	<u>Years Between Cases</u>
1	07-xxxx	3/1/2008(Tentative)	12
2	95-0031	11/8/1995	4
3	91-0010	11/8/1991	7
4	83-0630	9/12/1984	2
5	82-0189	12/28/1982	2
6	80-0089	12/17/1980	1
7	79-0072/0281	12/12/1979	1
8	77-0376	4/12/1978	4
9	58534	7/24/1974	2
	56676	5/24/1972	
	Average		2.6
	Rounded		3.0

North Shore Gas Company
Eliminate Add-on Revenue Taxes and Charges
Fiscal Year: 2006

WPC-2.2.1

Rate-making adjustment

Revenue taxes included in OPERATING REVENUES

Sales of Gas-Retail & Transportation	\$ (13,268,000)
Add-on taxes for Forfeited Discounts & Service Activation Charges	\$ (29,000)
Other	\$ (1,476,000)
OPERATING REVENUES associated with revenue taxes	<u>\$ (14,773,000)</u>
Adjustments: Total Accounting Charges	\$ 219,000
TOTAL Revenue Taxes to exclude in OPERATING REVENUES	<u>\$ (14,554,000)</u>

OPERATING EXPENSES

General Operation and Maintenance - Rev Taxes- Bad Debt less Acctg Charges	\$ (101,000)
Taxes Other Than Income Taxes	<u>\$ (14,453,000)</u>
Operating Expenses related to Revenue Taxes to exclude	<u>\$ (14,554,000)</u>
Subtotal before Income Taxes	\$ -
Income Taxes - State (7.3% x \$ -)	\$ -
- Federal (35.0% x \$ -)	<u>\$ -</u>
Total Operating Expenses	<u>\$ (14,554,000)</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	\$ -
Tie to Schedule C-2.2	\$ -

() Denotes red figure.

GRT Taxes	Accrual	312,000	Bad Debt	2,000
SUT Taxes	Accrual	5,395,000	Bad Debt	38,000
MUT Taxes	Accrual	7,314,000	Bad Debt	51,000
Total	Accrual	<u>13,021,000</u>	Bad Debt	<u>91,000</u>
Energy and Renewable			Bad Debt	10,000
Accrual		1,466,000	Acct Chg-Bad Debt	-
Expense-Accrual		<u>14,487,000</u>		<u>101,000</u>
Less: Adjustments		<u>(34,000)</u>	Bad Debt + Acctg Chg	101,000
		<u>14,453,000</u>	Chg	-
			Bad Debt	101,000
			MUT Acctg Chg	219,000

Schedule C-18

Taxes Other than Income Taxes:

Illinois Public Utility Tax	5,395,000
Annual Gross Revenue Tax	312,000
Supplemental Low Income Energy Assistance	1,303,000
Renewable Energy Charge	163,000
Municipal Public Utility Tax	<u>7,314,000</u>
	14,487,000

Adjustments:

(34,000)

(34,000)

14,453,000

Check: Taxes Other than Income Taxes:	C-2 Ratemaking adjustment	<u>(14,453,000)</u>
	Difference	-

NSG

WPC-2.2.2

**Total Revenue Add-on Taxes, Expenses, Bad Debt and Accounting Charges before Weather Effect
Fiscal 2006**

	Revenue Detail Sales	Revenue Tax Dept	Accounting Charge Tax Dept	Expense Detail Sch C-16	Bad Debt Tax Dept	Total before Adjustments	Less Pegasys	Less: Construct Heaters	Less: Gas Tax Audit	Less: True up-GRT	Net Effect should be zero C-2 r/m adjust rev tax
Municipal Taxes - Sales	(7,555,000)	-	218,000	7,314,000	51,000	28,000					28,000
State Taxes - Sales	(5,433,000)	-	-	5,395,000	38,000	-					-
Gross Revenue Taxes - Sales	(280,000)	-	-	312,000	2,000	34,000				(34,000)	-
	(13,268,000)	-	218,000	13,021,000	91,000	62,000	-	-	-	(34,000)	28,000
Supplemental Low Income Energy Assistance	(1,312,000)	-	-	1,303,000	9,000	-					-
Renewable Energy Charge	(164,000)	-	-	163,000	1,000	-					-
Total SLIEA and REC	(1,476,000)	-	-	1,466,000	10,000	-	-	-	-	-	-
LPC-Forfeited Discounts	-	(25,000)	-	-	-	(25,000)	-	-	-	-	(25,000)
Misc Service Revenues	-	(4,000)	1,000	-	-	(3,000)	-	-	-	-	(3,000)
Total LPC & Misc Serv Revenues	-	(29,000)	1,000	-	-	(28,000)	-	-	-	-	(28,000)
Grand Total	(14,744,000)	(29,000)	219,000	14,487,000	101,000	34,000	-	-	-	(34,000)	-

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Periods	1	161,941	159,788	152,642	158,001	147,841	161,320	162,217	163,646	153,068	158,217	160,746	159,851	1,899,279		1,899,279
Customer Periods	1	8,928	8,940	8,652	8,961	8,370	9,159	9,000	9,154	8,429	8,700	9,084	8,892	106,269		106,269
Customer Periods	2	4,298	4,293	4,221	4,280	4,112	4,393	4,349	4,385	4,126	4,266	3,857	4,174	50,754		50,754
Total Periods	1	13,226	13,233	12,874	13,241	12,482	13,553	13,349	13,539	12,554	12,966	12,941	13,066	157,023		157,023
Number of Bills	1	156,992	158,694	160,039	160,893	159,845	160,485	159,212	158,425	157,994	158,645	158,060	157,795	1,907,079		1,907,079
Stby Dem Thm	1	339,582	346,539	343,878	411,378	331,389	336,731	319,143	306,057	320,412	306,903	313,685	312,588	3,988,282		3,988,282
Stby Com Thm	1	97,962	171,049	189,965	386,847	108,357	110,453	42,825	1,478	25,439	65,016	161,451	59,441	1,420,283		1,420,283
Muni Use Therms	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Dem Thms	1	31,033	30,127	16,852	30,999	30,841	30,997	30,959	31,018	30,916	30,932	29,950	30,560	355,183		355,183
Dem Thms	2	55,389	55,389	58,001	64,260	65,410	65,410	65,410	65,410	65,410	65,410	65,410	65,410	756,319		756,319
Total Demand Therms	1	86,421	85,515	74,853	95,260	96,251	96,407	96,369	96,428	96,326	96,343	95,360	95,970	1,111,502		1,111,502
Com Thms	1	8,389,831	9,862,549	10,336,331	10,580,119	9,961,043	10,754,592	9,693,123	7,404,248	6,232,493	6,965,882	5,875,754	7,008,735	103,064,699	-76,270	103,140,969
Com Thms	2	8,510,336	18,960,188	40,384,748	28,858,737	31,325,476	26,061,354	9,309,350	5,907,498	3,736,496	3,706,626	3,267,416	4,679,379	184,707,605	-6,606,610	191,314,215
Com Thms	3	3,340,811	5,633,742	10,284,827	7,896,858	8,369,023	7,705,687	3,710,987	3,409,521	2,975,573	2,849,980	2,697,023	2,622,301	61,496,333	-2,855,120	64,351,453
Total Com Therms	1	20,240,978	34,456,480	61,005,907	47,335,714	49,655,541	44,521,633	22,713,459	16,721,266	12,944,562	13,522,488	11,840,194	14,310,415	349,268,637	-9,538,000	358,806,637
Authorized Overtake Thm	1	0	0	0	0	0	0	0	16	27,661	19,577	79,187	21,100	147,540		147,540
Unauth - Monthly	1	0	0	0	0	186	0	0	0	0	0	0	0	186		186
Unauth - NonCritical	1	102,563	0	181	3,720	5,697	759	9,409	0	0	2,963	12,323	0	137,616		137,616
Stby Service Therms	1	43,058	42,172	43,056	43,056	43,056	43,056	43,056	46,536	46,536	46,536	46,536	46,536	533,190		533,190
Transitional Adjustment	1	4,932,328	6,607,722	9,503,836	14,433,088	12,439,554	12,949,802	12,369,641	7,734,163	6,542,889	5,547,227	5,107,672	5,232,247	103,400,169		103,400,169
Transportation Therms	1	5,101,986	6,697,697	9,617,073	14,941,644	12,552,756	12,976,747	12,315,221	7,654,728	6,529,195	5,555,960	5,396,721	5,304,529	104,644,258		104,644,258
Trades	1	0	18	12	24	40	50	32	26	26	22	8	8	266		266
Pool Customer Changes	1	295	231	287	391	264	201	162	192	191	116	144	171	2,645		2,645
Required Delv SVT Thms	1	479,920	726,470	506,240	673,850	703,510	896,490	693,840	699,710	631,890	457,560	484,030	481,830	7,435,340		7,435,340
Net Storage SVT Thms	1	-265,340	-288,660	124,590	411,970	286,490	460,080	364,170	-186,430	-293,830	-317,160	-319,240	-322,740	-346,100		-346,100
Net Gas Availabl SVT Thms	1	179,340	445,001	645,759	1,153,687	1,047,798	1,215,742	1,046,603	581,742	432,448	213,846	221,101	231,775	7,414,841		7,414,841
Non-Crit Non-Del SVT Thms	1	0	10,161	4	2	552	0	0	496	214	0	0	0	11,429		11,429
Ov Del Crit Short Thms	1	0	4	580	0	15	0	4	103	0	0	0	892	1,598		1,598
Unauth - Gas Charge	1	102,563	0	68	3,213	5,883	479	7,887	0	0	0	12,323	0	132,417		132,417
NDBQ	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CDBQ	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ	1	0	0	0	0	0	0	0	0	929,050	929,050	929,050	929,050	3,716,200		3,716,200
Scheduling - Non Critical	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Month-end Imb Penalty Thm	1	21	-21	0	0	0	0	0	0	0	0	0	1,682	1,682		1,682
ABGC Therms	1	148,474	363,927	568,962	1,272,183	1,046,759	1,131,755	941,470	500,813	365,655	137,987	257,189	223,517	6,958,689		6,958,689
Underage - 100%	1	106	0	0	0	0	0	0	0	0	0	0	0	106		106
Underage - 110%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 120%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 130%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 140%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Und COut N-Crit N-Del Thm	1	1,503	7,992	4	2	552	0	0	496	214	0	0	0	10,763		10,763
Excess Bank (FST,SST)	1	6,385	18,221	36,346	40,394	277,842	66,672	-9,737	0	48,914	0	9,461	11,386	505,884		505,884
Imbal Acct - Non Critical	1	0	0	559,736	112,724	0	0	0	0	0	0	171,887	0	844,347		844,347
Cashout - Termination	1	504	208	256	0	7,997	9,062	0	11,095	1,298	456	47	238	31,160		31,160
Ov COut N-Crit N-Del Thm	1	1,626	11,003	580	0	15	0	4	3,479	0	0	0	892	17,599		17,599
Overage - 100%	1	0	0	5,960	33,374	0	0	0	0	0	0	0	0	39,334		39,334
Overage - 90%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 80%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 70%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Overage - 60%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Number of TB Customers	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Customer Charges	1	1,496,976	1,468,010	1,419,201	1,462,091	1,368,228	1,481,695	1,496,795	1,512,135	1,413,416	1,462,342	1,482,960	1,476,419	17,540,268		17,540,268
Dem Chgs	1	16,011	15,436	15,834	15,978	15,822	15,976	15,939	15,997	15,896	15,912	14,944	15,545	189,290		189,290
Dem Chgs	2	21,402	21,402	22,411	24,830	25,274	25,274	25,274	25,274	25,274	25,274	25,274	25,274	292,242		292,242
Total Demand Charges	1	37,413	36,838	38,245	40,808	41,097	41,250	41,213	41,272	41,170	41,187	40,218	40,820	481,532		481,532
Com Chgs	1	1,503,005	1,832,123	1,878,851	1,918,459	1,798,655	1,940,099	1,778,116	1,239,769	999,453	1,152,066	875,605	1,172,986	18,089,187	-17,574	18,106,760
Com Chgs	2	885,958	2,153,312	4,700,857	3,327,221	3,616,058	2,995,699	994,617	572,212	329,900	336,125	302,082	457,839	20,671,881	-794,022	21,465,903
Com Chgs	3	178,032	300,222	548,078	420,824	445,985	410,636	197,758	181,694	158,568	151,875	143,724	139,742	3,277,140	-152,149	3,429,289
Total Com Charges	1	2,566,995	4,285,657	7,127,786	5,666,504	5,860,698	5,346,434	2,970,491	1,993,675	1,487,922	1,640,066	1,321,412	1,770,567	42,038,207	-963,745	43,001,952
Energy Assistance Charges	1	112,393	110,705	106,786	110,154	103,328	111,867	111,230	112,692	105,034	108,510	109,884	109,368	1,311,952		1,311,952
Renewable Energy Charges	1	13,846	13,984	13,305	13,676	12,957	14,110	13,834	14,143	13,154	13,362	13,910	13,684	163,964		163,964
Trans Admin Charges	1	16,519	17,057	17,331	18,168	13,746	13,766	13,916	14,089	6,401	6,075	6,073	6,445	149,588		149,588
Device Charges	1	8,045	8,045	8,079	8,045	7,943	7,977	7,943	7,909	7,977	7,977	7,977	7,909	95,826		95,826
Device Charges	2	11,470	11,544	11,544	11,507	11,507	12,136	10,915	11,914	11,988	11,951	11,914	11,914	140,304		140,304
Device Charges	3	135	135	135	135	135	135	225	180	180	180	180	180	1,935		1,935
Environmental Activities	1	133,546	247,257	413,086	302,682	303,814	302,813	84,576	65,578	50,468	55,430	46,486	59,540	2,065,277	0	2,065,277
Stby Service Charges	1	6,028	5,904	6,028	6,028	6,028	6,028	6,028	6,515	6,515	6,515	6,515	6,515	74,647		74,647
Trades Charges	1	0	90	60	120	200	250	160	130	130	110	40	40	1,330		1,330
Pool Admin Charge	1	20,457	20,539	20,721	20,664	20,880	20,983	21,046	21,053	22,117	22,244	22,282	22,373	255,360		255,360
Pool Cust Change Charge	1	2,950	2,310	2,870	3,910	2,640	2,010	1,620	1,920	1,870	1,160	1,440	1,710	26,410		26,410
Rider TB Admin Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CDBQ Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
NDBQ Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ Charge	1	0	0	0	0	0	0	0	0	4,645	4,645	4,645	4,645	18,581		18,581
C/L Storage and Balancing	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Total Service Charges	1	4,426,775	6,228,077	9,185,177	7,664,492	7,753,200	7,361,454	4,779,993	3,803,205	3,172,987	3,381,755	3,075,937	3,532,128	64,365,179	-963,745	65,328,924
Retail Gas Charge	1	12,621,585	24,234,489	46,838,429	33,994,872	31,793,452	25,186,050	8,937,827	5,244,939	3,371,516	3,917,938	2,757,113	3,769,623	202,667,833	-6,015,569	208,683,402
Take-or-Pay Charges	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Stby Dem Charges	1	78,073	84,827	76,804	92,574	66,141	66,016	60,937	56,787	63,051	62,721	65,284	65,043	838,257		838,257
Stby Com Charges	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Excess Bank (FST,SST) Chg	1	639	1,822	3,635	4,039	27,784	6,667	-974	0	4,735	0	946	1,139	50,432		50,432
Unauthorized Use Charges	1	0	0	0	0	93	0	0	0	0	0	0	0	93		93
Unauth - Noncritical Chg	1	51,282	0	91	1,860	2,849	140	4,704	0	0	1,481	6,162	0	68,568		68,568
IA - Non Critical Chg	1	0	0	55,974	11,272	0	0	0	0	0	0	17,189	0	84,435		84,435
CDBQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
NDBQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Scheduling - NonCrit Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Month-end Imb Penalty Chg	1	21	-21	0	0	0	0	0	0	0	0	0	1,682	1,682		1,682
ABGC Chg	1	10,156	25,329	42,501	86,127	72,331	65,755	55,170	27,044	16,345	8,183	17,360	16,294	442,595		442,595
Underage - 100% Chg	1	12	0	0	0	0	0	0	0	0	0	0	0	12		12
Underage - 110% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 120% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 130% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 140% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Und COut N-Crit N-Del Chg	1	1,941	9,867	3	3	518	0	0	327	-191	0	0	0	12,469		12,469
Non-Com Gas Chg	1	915,451	1,894,831	3,342,649	2,541,893	2,262,870	2,017,859	815,602	431,128	377,375	493,589	429,252	611,353	16,133,851		16,133,851
Total Gas Charges	1	13,679,159	26,251,133	50,360,086	36,732,640	34,226,039	27,342,487	9,873,267	5,760,224	3,832,830	4,483,912	3,293,305	4,465,133	220,300,215	-6,015,569	226,315,784

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Gross Revenue Taxes	1	17,138	30,328	58,848	43,858	41,941	34,687	14,642	9,548	6,972	7,844	6,396	7,983	280,187	-6,979	287,166
State Per Therm Taxes	1	277,611	545,655	1,048,456	785,648	828,081	723,765	318,291	198,598	134,352	153,614	120,966	177,261	5,312,298	-139,586	5,451,884
State Percent Taxes	1	8,818	14,095	17,009	15,009	14,788	13,744	9,619	7,557	5,482	5,133	3,950	5,736	120,940	0	120,940
Total State Taxes	1	303,567	590,077	1,124,312	844,516	884,810	772,196	342,552	215,703	146,806	166,591	131,312	190,980	5,713,424	-139,586	5,853,010
Municipal Taxes	1	478,769	874,575	1,578,594	1,176,144	1,120,166	913,594	393,663	264,744	173,857	205,376	170,822	204,194	7,554,498	-195,421	7,749,918
City Use Taxes (NON-REV)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St Use Taxes (NON-REV)	1	142,387	167,534	256,948	220,970	225,631	215,587	142,766	131,176	124,950	117,610	112,493	118,713	1,976,766		1,976,766
Total Taxes	1	782,336	1,464,652	2,702,906	2,020,660	2,004,977	1,685,790	736,215	480,447	320,663	371,967	302,135	395,174	13,267,922	-341,986	13,609,908
Taxes With Gas Use Tax	1	924,723	1,632,186	2,959,854	2,241,630	2,230,608	1,901,377	878,981	611,623	445,613	489,578	414,628	513,887	15,244,689		15,244,689
Net Bill Amount	1	18,888,270	33,943,862	62,248,169	46,417,792	43,984,215	36,389,730	15,389,475	10,043,876	7,326,480	8,237,634	6,671,377	8,392,435	297,933,316	-7,321,300	305,254,616
Gross Bill Amount	1	18,888,270	33,943,862	62,248,169	46,417,792	43,984,215	36,389,730	15,389,475	10,043,876	7,326,480	8,237,634	6,671,377	8,392,435	297,933,316	-7,321,300	305,254,616
Delayed Payment Charges	1	96,524	186,602	390,260	232,240	230,138	222,639	108,336	72,769	48,747	53,147	44,733	49,489	1,735,625		1,735,625
Net With Gas Use Taxes	1	19,030,657	34,111,396	62,505,117	46,638,762	44,209,846	36,605,318	15,532,242	10,175,053	7,451,430	8,355,244	6,783,870	8,511,148	299,910,083		299,910,083
Gross With Gas Use Taxes	1	19,030,657	34,111,396	62,505,117	46,638,762	44,209,846	36,605,318	15,532,242	10,175,053	7,451,430	8,355,244	6,783,870	8,511,148	299,910,083		299,910,083
Total Cashout Credits	1	-2,023	-11,313	-6,026	-43,720	-7,710	-8,260	-2	-9,247	-1,060	-285	-32	-703	-90,380		-90,380
Contract Term Cashouts	1	-354	-190	-266	0	-7,698	-8,260	0	-7,289	-816	-285	-32	-148	-25,338		-25,338
Ov COUt N-Crit N-Del Chg	1	-1,669	-11,122	-503	0	-12	0	-2	-1,958	-244	0	0	-555	-16,066		-16,066
Overage - 100% Chg	1	0	0	-5,257	-43,720	0	0	0	0	0	0	0	0	-48,976		-48,976
Overage - 90% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 80% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 70% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 60% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
City Use Tax Cr (NON-REV)	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0

Check: FERC Income Stmt

ICC 480	235,760,000
ICC 481	47,830,000
ICC 489.30	14,343,000
Total sales	297,933,000

Service Charges -963,745

DPC	-12,624
Tax in DPC	-344
Bad Debt	-2,377
MUT ACR	-5,692

Net Margin -971,470

	Total	Wthr Effect	Normalized
Total Gas Charges	220,300,215	-6,015,569	226,315,784
Total Service Charges	64,365,179	-963,745	65,328,924
Total State Taxes	5,713,424	-139,586	5,853,010
Municipal Taxes	7,554,498	-195,421	7,749,918
	13,267,922	-335,007	13,602,929
Net Bill Amount	Check 297,933,316	-7,314,321	305,247,637
	0	6,979	-6,979
Net Bill Amount	297,933,316	-7,321,300	305,254,616
Net Bill Amount	Rounded 297,933,000	-7,321,000	305,254,000
Revenue R/M adjustments			
Energy Assistance Charges	-1,311,952	0	-1,311,952
Renewable Energy Charges	-163,964	0	-163,964
Add-on Charges - R/M adjustment	-1,475,915	0	-1,475,915
	Rounded -1,476,000		
Total Taxes	-13,267,922		
	Rounded -13,268,000		

**Revenue Taxes
Accounting Charge and Bad Debt**

WPC-2.2.4

Peoples Gas Light & Coke Co.

Accounting Charge

			<u>Total</u>
Municipal Tax	T-10	3400100	
C-first			3,408,077
Miscellaneous Revenues			1,898
LPC			<u>24,575</u>
			3,434,550

Bad Debt

			<u>Total</u>
State Tax	T-16	3400000	<u>658,445</u>
Municipal Tax	T-10	3400100	2,956,191
Gross Revenue	T-7	3400300	35,939
Supplemental Low Income Energy Assistance Fund Charge	G-105 & 106	3400400	196,795
Renewable Energy Charge	G-105 & 106	3400500	24,610

North Shore Gas

Accounting Charge

			<u>Total</u>
Municipal Tax	T-10	3400100	
C-first			218,582
Miscellaneous Revenues			122
LPC			<u>744</u>
			219,447

Bad Debt

			<u>Total</u>
State Tax	T-16	3400000	<u>38,033</u>
Municipal Tax	T-10	3400100	51,341
Gross Revenue	T-7	3400300	1,961
Supplemental Low Income Energy Assistance Fund Charge	G-105 & 106	3400400	9,184
Renewable Energy Charge	G-105 & 106	3400500	1,148

Rate-making adjustment

GL 3777000 INTEREST ON GAS BILL CREDIT DEPOSITS (Account 431) \$114,000

OPERATING EXPENSES

General Operation and Maintenance		\$114,000
Income Taxes - State (7.300% x 114,000)	(\$8,000)	(8,000)
- Federal (35.000% x 106,000)		(37,000)
Total Operating Expenses		69,000

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment (\$69,000)

Tie to Schedule C-2.3 (\$69,000)

() Denotes red figure.

Regulatory accounts for nat. account 3777000

Reg. acct	G/L Acct Long Text	Val1COArCur
FG43100	Other interest expense	114,277.72
* Receiving company code 1200		114,277.72
** Natural account 3777000		114,277.72
*** Sending company code 1200		114,277.72

Rate-making adjustment

GL 3777100- INTEREST ON BUDGET PLAN ACCOUNTS (Account 431) \$169,000

OPERATING EXPENSES

General Operation and Maintenance				\$169,000
Income Taxes - State	(7.3% x	169,000)	(\$12,000)	(12,000)
- Federal	(35.0% x	157,000)		<u>(55,000)</u>
Total Operating Expenses				<u>102,000</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment (\$102,000)

Tie to Schedule C-2.4 (\$102,000)

() Denotes red figure.

Regulatory accounts for nat. account 3777100

Reg. acct	6/L Acct Long Text	ValCOArCur
F643100	Other interest expense	168,614.94
* Receiving company code 1200		168,614.94
** Natural account 3777100		168,614.94
***Sending company code 1200		168,614.94

Ratemaking adjustment

Donations					\$87,000
				ICC Account 426.10	<u>\$87,000</u>

OPERATING EXPENSES

General Operation and Maintenance					\$87,000
Total Normalized Income Taxes	- State	(	7.3% x	87,000)	(\$6,000)
	- Federal	(	35.0% x	81,000)	<u>(28,000)</u>
Total					<u><u>(\$34,000)</u></u>
Current (409.1)	- State				(6,000)
	- Federal				(28,000)
Deferred (410.1)					-
Total Operating Expenses					<u>53,000</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>(\$53,000)</u>
Tie to Schedule C-2 .5	<u>(\$53,000)</u>

() Denotes red figure.

The screenshot shows the SAP G/L Account Balance Display interface. The account number is FG42610, company code is 1200, and fiscal year is 2006. The display currency is USD. The table below shows the account balance over 16 periods.

Period	Debit	Credit	Balance	Cum. balance
Balance C...				
1				
2				
3				
4				
5	25,000.00		25,000.00	25,000.00
6	25,000.00		25,000.00	50,000.00
7	2,000.00		2,000.00	52,000.00
8	2,969.00		2,969.00	54,969.00
9	34,000.00	17,000.00	17,000.00	71,969.00
10		15,000.00	15,000.00	56,969.00
11	2,500.00		2,500.00	59,469.00
12	136,825.00	109,460.00	27,365.00	86,834.00
13				86,834.00
14				86,834.00
15				86,834.00
16				86,834.00
Total	228,294.00	141,460.00	86,834.00	86,834.00

North Shore Gas Company
 Invested Capital Tax
 Fiscal Year: 2006

WPC-2.6.1

Ratemaking adjustment

NET INCOME REQUIREMENT CALCULATED IN FIRST PASS: \$6,264,000

OPERATING EXPENSES

Invested Capital Tax	(	0.8%	x	6,264,000	)	\$50,000
Income Taxes - State	(	7.3%	x	50,000	)	(4,000)
- Federal	(	35.0%	x	46,000	)	<u>(16,000)</u>
Total Operating Expenses						<u>30,000</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment (\$30,000)

Tie to Schedule C-2.6 **(\$30,000)**

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() Denotes red figure.

North Shore Gas Company
Calculation of Revenue Increase Required (1)

WPC-2.6.2

Fiscal Year: 2006

Before invested capital tax ratemaking adjustment

		w/o pass-thru	w/ pass-thru
Operating Income (Loss) Per Income Statement		\$ 13,328,000	\$ 13,328,000
Adjustments to convert to Regulatory Basis			
Income Taxes (SEC -below Op Inc/ICC above Op Inc)	(\$3,324,000)		
Lobbying Expenses	2,000		
Other Income Deductions	-		
Donations	87,000		
Utility Plant Leased to Others	-		
Gain/Loss on Disposition of Property	-		
Total	<u>(3,235,000)</u>	<u>(3,235,000)</u>	<u>(3,235,000)</u>
Operating Income (Loss) Per FERC Income Statement		10,093,000	10,093,000
Rate Making Adjustments			
Rate case expenses-2006 Historic Test filing	(575,000)		
Add-on Revenue Taxes - Historic 2006	0		
Net Change in Weather Normalization (2)	562,000		
Annualize O&M Union Wage & NonUnion Merit Increases-Fiscal 2006	(93,000)		
O&M Union Wage & NonUnion Merit Increases-Fiscal 2007	(167,000)		
Merger-Related Synergy Savings	984,000		
Charitable Contributions	(53,000)		
Decrease in pension costs for Fiscal 2007	295,000		
Increase in medical/insurance costs for Fiscal 2007	(144,000)		
Previous rate case costs	567,000		
Depreciation expense on Fiscal 2007 net plant additions	(266,000)		
PGA Settlement Charge	2,591,000		
Legal/consulting costs related to Investigation	144,000		
2007 Inflation for nonpayroll items	(326,000)		
Collection agency fees-2006 due to PGA settlement	(45,000)		
Amortization of merger related costs	(502,000)		
Interest on gas bill credit deposits	(69,000)		
Interest on budget plan accounts	(102,000)		
Taxes applicable to items not included in cost of service	(201,000)		
Interest synchronization	451,000		
Total	<u>3,051,000</u>		
Total Adjustments to Operating Income		<u>3,051,000</u>	<u>3,051,000</u>
Operating Income As Adjusted before pass throughs		\$13,144,000	\$13,144,000
Proposed Riders to exclude from base rates			
Uncollectibles-Commodity Portion from Base Rates to Uncollectible Balance Adjustment (UBA) Tracker			\$929,000
			<u>\$929,000</u>
Operating Income As Adjusted with pass throughs		<u>\$13,144,000</u>	<u>\$14,073,000</u>
Original Cost Rate Base	Year End Test 2006	<u>\$197,107,000</u>	<u>\$197,107,000</u>
Rate of Return on Original Cost Rate Base		<u>8.57%</u>	<u>8.57%</u>
at Assumed ROE 11.06%	Excluding OCI in Common Equity		
Operating Income Required		\$16,892,000	\$16,892,000
Less: Operating Income as Adjusted		<u>13,144,000</u>	<u>14,073,000</u>
Operating Income Deficiency before other adjustments		<u>\$3,748,000</u>	<u>\$2,819,000</u>
Less: Additional Operating Income not applicable to GCF with uncollectibles			
		0	0
		<u>0</u>	<u>0</u>
Additional Operating Income Required from Sales and Transportation after pass throughs and other adjustments		<u>\$3,748,000</u>	<u>\$2,819,000</u>
Gross Revenue Conversion Factor with Gross Provision for Uncollectibles at:	0.70%	<u>1.67131250</u>	<u>1.67131250</u>
Revenue Increase in base rates		\$6,264,000	\$4,711,000
Add: .70% provision for UBA in base rates			\$11,000
Total Revenue Increase in base rates		<u>\$6,264,000</u>	<u>\$4,722,000</u>
Effects of Trackers:			
UBA Tracker			<u>1,542,000</u>
Total Revenue Increase			<u><u>6,264,000</u></u>

() Denotes red figure.

Note: (1) Revenues excludes rate making adjustment effect of add-on charges for revenue taxes.
(2) Assume 6,044 Heating Degree Days

North Shore Gas Company
Eliminate income taxes on items not included
in cost of service
Fiscal Year: 2006

WPC-2.7.1

Rate-making adjustment

GL 3725000	Imputed Interest Refund Customer-Transportation	\$0
GL 3725100	Imputed Interest Refund Customer	202,000
GL 3725200	Other Interest Expense - Other Deductions	-
GL 3750000	Interest Commercial Paper/Promissory Notes	-
GL 3750200	Line of Credit Fees	-
GL 3777000	Interest on Customer Deposits	114,000
GL 3777100	Interest on Budget Accounts	169,000
GL 3777200	Interest on Deferred Compensation	-
GL 3777500	Interest Expense - Other - Short Term	5,000
GL 2725500	Carry Costs of Environmental Insurance Recovery	16,000
		ICC 431 Other Interest Expense <u>\$506,000</u>

OPERATING EXPENSES

Income Taxes	- State	(7.300% x 506,000)	\$37,000
	- Federal	(35.000% x 469,000)	164,000
Total Operating Expenses			201,000

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment (\$201,000)

Tie to Schedule C-2.7 (\$201,000)

() Denotes red figure.

Natural accounts for reg. account FG43100

Period: 1-12/2006 Actual: Other interest expense
 Regulatory account: 1200/F643100

Nat. acct	G/L Acct Long Text	ValCOArCur
3725100	Imputed Interest on Amts Refund to Customers-Block	201,806.55
3725500	Carry Csts of Environmental Insur Recov- Blocked	15,786.41
3750200	Line of Credit Fees	172.36
3777000	Interest on Customer Deposits	114,277.72
3777100	Interest on Budget Accounts	168,614.94
3777500	Interest Expense - Other	5,035.06
* Sending company code 1200		505,693.04
** Regulatory account F643100		505,693.04
***Receiving company code 1200		505,693.04

PR2 (1) (800) furles INS

North Shore Gas Company
 Interest Synchronization
 Fiscal Year: 2006

WPC-2.8.1

<u>Rate-making adjustment</u>			
RATE BASE		Schedule B-1	\$197,107,000
WEIGHTED COST OF LONG-TERM DEBT		Schedule D-1	<u>2.38%</u>
SYNCHRONIZED INTEREST		Schedule C-5.4	4,691,000
LESS: PER BOOK INTEREST AS ADJUSTED		Schedule D-9 lines 32-34	<u>3,554,000</u>
INCREASE IN INTEREST EXPENSE			<u><u>\$1,137,000</u></u>
OPERATING EXPENSES			
Income Taxes	- State	(7.3% x \$1,137,000)	(\$83,000)
	- Federal	(35.0% x 1,054,000)	<u>(368,000)</u>
	Total Operating Expenses		<u>(451,000)</u>
EFFECT ON OPERATING INCOME		Schedule C-2 ratemaking adjustment	<u>\$451,000</u>
		Tie to Schedule C-2.8 and Schedule C-5.4	<u>\$451,000</u>
			-

() Denotes red figure.

North Shore Gas Company
Eliminate legal fees related to an unusual and non-recurring item
Fiscal Year: 2006

WPC-2.9.1

Rate making adjustment

Eliminate legal fees related to an unusual and non-recurring item	Amount
---	--------

OPERATING EXPENSES

Legal Fees - Letters investigation	(\$239,000)
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(239,000)

Income Taxes - State (7.300% x \$ (239,000))	17,000
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- Federal (35.000% x (222,000))	<u>78,000</u>
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95,000

TOTAL OPERATING EXPENSES (144,000)

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment \$144,000

Tie to Schedule C-2.9 \$144,000

-

STATE REGULATORY AFFAIRS DEPARTMENT
07-Mar-07

Category	Company	DocumentNo	Type	Vendor	Vendor Name	Doc. Date	Reference	Amount in local cur.	Clrng doc.	Pmnt date
Investigation	1000	5100014279	RE	104821	Katten Muchin Rosenman LLP	05/11/06	1300324872	(1,627.50)	2000066339	06/10/06
Investigation	1000	5100014562	RE	104821	Katten Muchin Rosenman LLP	06/12/06	1300332079	(260,944.52)	2000066612	06/13/06
Investigation	1000	5100015121	RE	104821	Katten Muchin Rosenman LLP	08/07/06	1300347056	(769,337.33)	2000069416	08/10/06
Investigation	1000	5100015752	RE	104821	Katten Muchin Rosenman LLP	09/21/06	1300356405	(293,187.05)	2000071600	09/26/06
Investigation	1000	5100016130	RE	104821	Katten Muchin Rosenman LLP	10/04/06	1300363730	(51,051.93)	2000072858	10/21/06
Investigation	1000	5100016914	RE	104821	Katten Muchin Rosenman LLP	11/17/06	1300378763	(2,438.15)	2000074488	11/21/06
Investigation	1000	5100015095	RE	107297	Financial Dynamics	08/04/06	W004516A	(1,631.25)	2000069113	08/04/06
Investigation	1000	5100015097	RE	107297	Financial Dynamics	08/04/06	W004314A	(900.00)	2000069113	08/04/06
Investigation	1000	5100014646	RE	107675	Huron Consulting Services LLC	06/15/06	115409	(219,124.30)	2000066775	06/20/06
Investigation	1000	5100015124	RE	107675	Huron Consulting Services LLC	08/07/06	116408	(357,874.06)	2000069432	08/10/06
Investigation	1000	5100015426	RE	107675	Huron Consulting Services LLC	09/05/06	115830	(408,535.72)	2000070948	09/14/06
Investigation	1000	5100015699	RE	107675	Huron Consulting Services LLC	09/19/06	116804	(221,186.52)	2000071607	09/21/06
Investigation	1000	5100015184	RE	107767	Kenneth J Kogul & Associates	08/10/06	8/10/2006	(4,050.00)	2000069545	08/15/06
Investigation	1000	5100015185	RE	107767	Kenneth J Kogul & Associates	08/10/06	8/10/2006	(1,275.00)	2000069545	08/15/06
Investigation	1000	5100015267	RE	107769	SPI Litigation Direct LLC	08/16/06	03-1056	(8,632.00)	2000069765	08/17/06
Investigation	1000	5100016688	RE	107769	SPI Litigation Direct LLC	11/02/06	56350.55-11/03	(56,350.55)	2000074235	11/07/06
Investigation	1000	5100016894	RE	107769	SPI Litigation Direct LLC	11/16/06	03-1172	(820.00)	2000074522	11/21/06
Investigation Total								(2,658,965.88)		
							Investigation Total Allocation	(2,658,965.88)		
							PGL	(1,728,327.82)	65%	
							NSG	(239,306.93)	9%	
							PESC	(53,179.32)	2%	
							PERC	(79,768.98)	3%	
							PEP	(212,717.27)	8%	
							PEC	(345,665.56)	13%	
								(2,658,965.88)		

North Shore Gas Company
Medical and insurance costs for Fiscal 2007
Fiscal Year: 2006

WPC-2.10.1

Ratemaking adjustment

Medical and insurance costs for Fiscal 2007

ICC 926- Employee pension & benefits	Fiscal 2007	\$ 2,546,000
ICC 926- Employee pension & benefits	Fiscal 2006	2,307,000
	Total	<u><u>\$239,000</u></u>

OPERATING EXPENSES

General Operation and Maintenance		\$239,000
Income Taxes - State	(7.300% x 239,000)	(\$17,000)
- Federal	(35.000% x 222,000)	<u>(78,000)</u>
Total Operating Expenses		<u>144,000</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>(\$144,000)</u>
Tie to Schedule C-2.10	<u>(\$144,000)</u>
	-

() Denotes red figure.

Cost Centers by Project Group

Posting	
Compar	
CCA: P	
Project	
WBS Le	
WBS: C	
Partner	
Partner	
WBS El	
Vendor	
Account	PECCFB29 GROUP INSURANCE, PECCFB209 WELFARE TRANSFERRED FROM EXPENSE
Key Fig	Amount
Structur	Original Budget (2007-2008)
Cost Ce	
Cost Ca	
Project	

InfoProv	0COOM_C02
Query Te	ZCO_QCCBYPRJGRP
Status of	2/9/2007 06:25:00
Last Refr	2/9/2007 16:30:24

Fiscal Ye	2007
Posting F	October, September
Posting F	1..12
Version 1	Original Budget (2007-2008)
Version 2	Original Budget (2007-2008)
Company	1100..1200
Cost Cen	Empty Demarcation
Project G	Empty Demarcation
Account I	Empty Demarcation
Cost Calt	Empty Demarcation

Posting period		October	November	December	January	February	March	April	May	June	July	August	September	Overall Result
1100	PEOPLES GAS LIGHT & COKE	Result	\$2,491,875.49	\$2,491,875.49	\$2,491,875.49	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$2,489,375.51	\$29,880,006.06
		F GROUP INSURANCE	\$2,194,778.81	\$2,194,778.81	\$2,194,778.81	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$2,192,705.51	\$26,318,686.02
		F WELFARE TRANSFERRED	\$297,096.68	\$297,096.68	\$297,096.68	\$296,670.00	\$296,670.00	\$296,670.00	\$296,670.00	\$296,670.00	\$296,670.00	\$296,670.00	\$296,670.00	\$3,561,320.04
1200	NORTH SHORE GAS COMPANY	Result	\$305,242.18	\$305,242.18	\$305,242.18	\$302,518.54	\$302,518.54	\$302,518.54	\$302,518.54	\$302,518.54	\$302,518.54	\$302,518.54	\$302,518.54	\$3,638,393.40
		F GROUP INSURANCE	\$259,234.86	\$259,234.86	\$259,234.86	\$257,146.50	\$257,146.50	\$257,146.50	\$257,146.50	\$257,146.50	\$257,146.50	\$257,146.50	\$257,146.50	\$3,092,023.08
		F WELFARE TRANSFERRED	\$46,007.32	\$46,007.32	\$46,007.32	\$45,372.04	\$45,372.04	\$45,372.04	\$45,372.04	\$45,372.04	\$45,372.04	\$45,372.04	\$45,372.04	\$546,370.32
Overall Result			\$2,797,117.67	\$2,797,117.67	\$2,797,117.67	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$2,791,894.05	\$33,518,399.46

	PEOPLES GAS LIGHT & COKE	NORTH SHORE GAS COMPANY
GROUP INSURANCE-TOTAL	\$26,318,686.02	\$3,092,023.08
Less: WELFARE TRANSFERRED	\$(3,561,320.04)	\$(546,370.32)
GROUP INSURANCE - O&M	\$22,757,365.98	\$2,545,652.76
ROUNDED	\$22,757,000.00	\$2,546,000.00

Posting	
Compa	
CCA: P	
Project	
WBS Lc	
WBS: C	
Partner	
Partner	
WBS El	
Vendor	
Account	PECCFB30 PENSION EXPENSE, PECCFB208 PENSION TRANSFERRED FROM EXPENSE...
Key Fig	Amount
Structur	Actual
Cost Ce	
Cost Ca	
Project	

InfoProv	0COOM_C02
Query T	ZCO_QCCBYPRJGRP
Status c	2/9/2007 06:25:00
Last Re	2/9/2007 15:17:14

Fiscal Y	2006
Posting	October..September
Posting	1..12
Version	Actual
Version	Actual
Compar	1100..1200
Cost Ce	Empty Demarcation
Project	Empty Demarcation
Account	Empty Demarcation
Cost Ca	Empty Demarcation

Posting period		October	November	December	January	February	March	April	May	June	July	August	September	Overall Result
1100	PEOPLES GAS LIGHT & COKE	\$2,971,012.39	\$2,979,403.73	\$3,330,044.80	\$2,831,111.40	\$2,557,104.85	\$3,773,363.13	\$3,114,581.05	\$3,086,433.94	\$3,412,811.10	\$3,049,786.84	\$2,830,218.12	\$3,616,744.08	\$37,552,615.43
	Result	\$2,971,012.39	\$2,979,403.73	\$3,330,044.80	\$2,831,111.40	\$2,557,104.85	\$3,773,363.13	\$3,114,581.05	\$3,086,433.94	\$3,412,811.10	\$3,049,786.84	\$2,830,218.12	\$3,616,744.08	\$37,552,615.43
	PENSION EXPENSE	\$941,667.00	\$941,667.00	\$941,667.00	\$941,667.00	\$941,667.00	\$941,667.00	\$941,667.00	\$941,667.00	\$1,097,313.00	\$958,961.00	\$958,961.00	\$958,961.00	\$11,507,532.00
	GROUP INSURANCE	\$1,652,432.41	\$1,659,343.88	\$1,797,695.77	\$1,684,104.08	\$1,215,998.68	\$2,395,965.29	\$1,745,818.76	\$1,746,120.21	\$1,853,063.66	\$1,704,831.29	\$1,493,383.41	\$2,150,518.94	\$21,099,276.38
	PENSION TRANSFERRED	\$188,427.57	\$188,427.57	\$376,855.13	\$0.01	\$188,427.57	\$188,427.57	\$188,427.57	\$188,427.57	\$219,572.33	\$191,888.10	\$191,888.10	\$191,888.10	\$2,302,657.19
	WELFARE TRANSFERRED	\$188,485.41	\$189,965.28	\$213,826.90	\$205,340.31	\$211,011.60	\$247,303.27	\$238,667.72	\$210,219.16	\$242,862.11	\$194,106.45	\$185,985.61	\$315,376.04	\$2,643,149.86

PEOPLES GAS LIGHT & COKE	
PENSION EXPENSE -TOTAL	\$11,507,532.00
Less: PENSION TRANSFERRED	<u>\$ (2,302,657.19)</u>
PENSION EXP - O&M	\$9,204,874.81
ROUNDED	\$9,205,000.00
GROUP INSURANCE -TOTAL	\$21,099,276.38
Less: WELFARE TRANSFERRED	<u>\$ (2,643,149.86)</u>
GROUP INSURANCE-O&M	\$18,456,126.52
ROUNDED	\$18,456,000.00

Posting period		October	November	December	January	February	March	April	May	June	July	August	September	Overall Result
1200	NORTH SHORE GAS COMPANY	\$663,228.88	\$660,980.24	\$740,106.30	\$572,498.83	\$623,377.85	\$696,048.64	\$714,719.24	\$709,639.15	\$238,154.54	\$665,797.33	\$710,314.21	\$520,382.57	\$7,515,247.78
	Result	\$663,228.88	\$660,980.24	\$740,106.30	\$572,498.83	\$623,377.85	\$696,048.64	\$714,719.24	\$709,639.15	\$238,154.54	\$665,797.33	\$710,314.21	\$520,382.57	\$7,515,247.78
	PENSION EXPENSE	\$308,334.00	\$308,334.00	\$308,334.00	\$308,334.00	\$308,334.00	\$308,334.00	\$308,334.00	\$308,334.00	\$51,177.00	\$279,760.00	\$279,760.00	\$279,760.00	\$3,357,129.00
	GROUP INSURANCE	\$225,461.83	\$223,708.83	\$215,332.60	\$223,400.39	\$185,908.26	\$266,450.43	\$271,453.77	\$268,530.61	\$159,254.43	\$270,313.26	\$290,840.16	\$145,780.74	\$2,746,435.31
	PENSION TRANSFERRED	\$89,293.53	\$89,293.53	\$178,587.05	\$0.00	\$89,293.53	\$89,293.53	\$89,293.53	\$89,293.53	\$14,820.86	\$81,018.50	\$81,018.50	\$81,018.50	\$972,224.59
	WELFARE TRANSFERRED	\$40,139.52	\$39,643.88	\$37,852.65	\$40,764.44	\$39,842.06	\$31,970.68	\$45,637.94	\$43,481.01	\$12,902.25	\$34,705.57	\$58,695.55	\$13,823.33	\$439,458.88
	Overall Result	\$3,634,241.27	\$3,640,383.97	\$4,070,151.10	\$3,403,610.23	\$3,180,482.70	\$4,469,411.77	\$3,829,300.29	\$3,796,073.09	\$3,650,965.64	\$3,715,584.17	\$3,540,532.33	\$4,137,126.65	\$45,067,863.21

NORTH SHORE GAS COMPANY	
PENSION EXPENSE -TOTAL	\$3,357,129.00
Less: PENSION TRANSFERRED	<u>\$ (972,224.59)</u>
PENSION EXP - O&M	\$2,384,904.41
ROUNDED	\$2,385,000.00
GROUP INSURANCE -TOTAL	\$2,746,435.31
Less: WELFARE TRANSFERRED	<u>\$ (439,458.88)</u>
GROUP INSURANCE-O&M	\$2,306,976.43
ROUNDED	\$2,307,000.00

Rate making adjustment

Eliminate effects of 2006 PGA Settlement Charge		Amount
OPERATING EXPENSES		
ICC 930.20-Miscellaneous General Expenses		(4,300,000)
		-
		(4,300,000)
Income Taxes	- State (7.3% x (4,300,000))	\$314,000
	- Federal (35.0% x (3,986,000))	<u>1,395,000</u>
		1,709,000
	Current (409.1) - State	314,000
	- Federal	<u>1,395,000</u>
	Deferred (410.1)	1,709,000
TOTAL OPERATING EXPENSES		(2,591,000)

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment \$2,591,000
 Tie to Schedule C-2.11 \$2,591,000

Regulatory accounts for nat. account 2900000

Reg. acct	G/L Acct Long Text	ValCOArCur
F693020	Miscellaneous General Expenses	4,300,000.00
* Receiving company code 1200		4,300,000.00
** Natural account 2900000		4,300,000.00
*** Sending company code 1200		4,300,000.00

FROM PEOPLES ENERGY CORPORATION SEC 10K FILING – SEPT 30, 2006

The following table summarizes the power generation items which are reflected as assets of and deferred credit related to discontinued operations in the Company's consolidated balance sheets.

	September 30,	
	2006	2005
<i>(In Thousands)</i>		
Investments in unconsolidated affiliates	\$ 74,071	\$ 115,168
Other investments	10,400	12,245
Property, plant and equipment, net	-	906
Total assets	<u>\$ 84,471</u>	<u>\$ 128,319</u>
Deferred credit	<u>\$ -</u>	<u>\$ 2,201</u>

The summarized financial results for the Company's discontinued operations were as follows:

<u>Fiscal Year Ended September 30,</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<i>(In Thousands)</i>			
Operation and maintenance	\$ (3,600)	\$ (2,009)	\$ (4,055)
Taxes, other than income taxes	(84)	(63)	(104)
Gains on property sales	4,139	-	-
Impairments and losses on property sales	(2,156)	(143)	-
Equity investment income	18,803	20,944	15,481
Income before income taxes	<u>17,102</u>	<u>18,729</u>	<u>11,322</u>
Income tax expense	<u>6,797</u>	<u>7,444</u>	<u>4,500</u>
Income from discontinued operations, net of income taxes	<u>\$ 10,305</u>	<u>\$ 11,285</u>	<u>\$ 6,822</u>

C. Gas Charge Settlement

On March 28, 2006, the Commission approved orders that settle gas charge reconciliation proceedings for fiscal years 2001 through 2004 for Peoples Energy Corporation and its utility subsidiaries. The orders, which became publicly available March 30, adopt a January 17, 2006 Settlement Agreement and Release, as amended by an Amendment and Addendum dated March 6, 2006 (the Agreement).

Pursuant to the Agreement, Peoples Gas and North Shore Gas agreed to refund (through a credit applied to customer bills) the total sum of \$100 million to their customers. In its orders approving the Agreement, the Commission determined that \$96 million should be refunded to customers of Peoples Gas and \$4 million should be refunded to customers of North Shore Gas. In April 2006, the refund was credited to customer accounts.

Pursuant to the Agreement, Peoples Energy also paid \$5 million jointly to the City of Chicago and the Illinois Attorney General in 2006. The Company also agreed to pay up to \$5 million per year over the next five years towards the funding of conservation and weatherization programs for low and moderate-income residential dwellings (Conservation Programs). The five subsequent payments of up to \$5 million shall be paid based upon Conservation Programs to be developed by the City of Chicago and/or the Illinois Attorney General. Peoples Gas and North Shore Gas will not seek recovery in any future rate or reconciliation cases of any amounts associated with the Conservation Programs.

Peoples Gas and North Shore Gas agreed to forgive all outstanding bad debt from fiscal years 2000-2005 existing as of March 6, 2006, estimated at \$207 million, remove the bad debt from customers' records and to not use any forgiven indebtedness as a reason to deny gas service. Peoples Gas and North Shore Gas had written off the estimated \$207 million in prior periods.

Peoples Gas and North Shore Gas agreed to credit fiscal 2005 and fiscal 2006 revenues derived from the provision of gas Hub services as an offset to utility customers' gas charges and to account for such revenues received from gas Hub services in the same manner in all future gas charge reconciliation cases.

The Company has reported for the fiscal year ended September 30, 2006 a charge reflecting the terms of the settlement. This charge totaled \$107.3 million pretax or \$1.68 per share after tax. The charge reflects \$100 million in refunds to customers, \$10.7 million to reflect a change in the regulatory accounting treatment for fiscal 2005 Hub revenues, \$5 million in estimated additional bad debt expense due to termination of collection activity on amounts previously written off and \$5 million related to the first payment to the Illinois Attorney General and City of Chicago under the settlement, and is net of approximately \$13.3 million in previously recorded liabilities related to the cases. The \$107.3 million charge has been allocated \$103.0 million to Peoples Gas and \$4.3 million to North Shore Gas in accordance with the Order. Accrued liabilities totaling \$11.3 million at September 30, 2006 are included in the consolidated balance sheet caption regulatory liabilities under current liabilities. Following is a reconciliation of the total gas charge settlement per the statement of operations and the related liability.

	Total	Peoples Gas	North Shore Gas
<i>(Dollars in Thousands)</i>			
Refund	\$ 100,000	\$ 96,000	\$ 4,000
Payment to Illinois Attorney General and City of Chicago	5,000	4,800	200
Hub fiscal 2005 revenues	10,662	10,662	-
Bad debt expense	5,000	4,900	100
Amounts recognized prior to fiscal 2006	<u>(13,332)</u>	<u>(13,332)</u>	<u>-</u>
Gas charge settlement per consolidated statements of operations for fiscal 2006	\$ 107,330	\$ 103,030	\$ 4,300
Add:			
Amounts recognized prior to fiscal 2006	13,332	13,332	-
Interest on Hub fiscal 2005 revenues refundable and other minor amounts refundable	588	587	1
Less:			
Addition to reserve for uncollectible accounts	5,000	4,900	100
Less payments in fiscal 2006:			
Refund credited to customer accounts	100,000	96,000	4,000
Payment to Illinois Attorney General and City of Chicago	<u>5,000</u>	<u>4,800</u>	<u>200</u>
Gas charge settlement liability per consolidated balance sheets at September 30, 2006 (1)	<u>\$ 11,250</u>	<u>\$ 11,249</u>	<u>\$ 1</u>

(1) Represents 2005 Hub Revenue and related interest that will be refunded to customers pending close of the Commission's review of 2005 gas charge reconciliation and minor amounts to be refunded to customers through the monthly gas charge filings in early fiscal 2007.

See Note 8A for a complete discussion of the gas charge cases and the settlement agreement.

Rate making adjustment

Uncollectibles-Commodity Portion from Base Rates to Uncollectible Balance Adjustment (UBA) Tracker				Amount
<u>Commodity Portion of Uncollectibles under Uncollectible Balance Adjustment (UBA)</u>				
OPERATING REVENUES				\$1,542,000
OPERATION EXPENSES				1,542,000
Commodity Portion of Uncollectibles under Uncollectible Balance Adjustment (UBA)				
				Margin Portion
				-
<u>Commodity Portion of Provision for Uncollectibles from Base Rates</u>				
OPERATING EXPENSES				
ICC 904-Provision for Uncollectibles (Customer Sales Portion)				
			\$ 2,086,000	
% Uncollectible - Commodity Pass Through (A) / (B)			73.94%	(1,542,000)
(A) Total Gas Charge	\$ 220,300,000		WPC-2.12.2	
(B) Total Retail & Transportation Sales	297,933,000		WPC-2.12.2	
% Bad Debt on Sales	0.70%		Schedule C-16, p. 1	
Total: Uncollectibles-Commodity Portion to exclude out of Rev Req				(\$1,542,000)
				(\$1,542,000)
Income Taxes related to Uncollectibles-Commodity Portion				
Income Taxes - State	(7.3% x	(1,542,000)		\$113,000
- Federal	(35.0% x	(1,429,000)		500,000
				613,000
OPERATING EXPENSES				(1,542,000)
INCOME TAX EFFECTS				613,000
				(929,000)
EFFECT ON OPERATING INCOME				Schedule C-2 ratemaking adjustment \$929,000
				Tie to Schedule C-2.12 \$929,000
				-

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Periods	1	161,941	159,788	152,642	158,001	147,841	161,320	162,217	163,646	153,068	158,217	160,746	159,851	1,899,279		1,899,279
Customer Periods	1	8,928	8,940	8,652	8,961	8,370	9,159	9,000	9,154	8,429	8,700	9,084	8,892	106,269		106,269
Customer Periods	2	4,298	4,293	4,221	4,280	4,112	4,393	4,349	4,385	4,126	4,266	3,857	4,174	50,754		50,754
Total Periods	1	13,226	13,233	12,874	13,241	12,482	13,553	13,349	13,539	12,554	12,966	12,941	13,066	157,023		157,023
Number of Bills	1	156,992	158,694	160,039	160,893	159,845	160,485	159,212	158,425	157,994	158,645	158,060	157,795	1,907,079		1,907,079
Stby Dem Thm	1	339,582	346,539	343,878	411,378	331,389	336,731	319,143	306,057	320,412	306,903	313,685	312,588	3,988,282		3,988,282
Stby Com Thm	1	97,962	171,049	189,965	386,847	108,357	110,453	42,825	1,478	25,439	65,016	161,451	59,441	1,420,283		1,420,283
Muni Use Therms	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Dem Thms	1	31,033	30,127	16,852	30,999	30,841	30,997	30,959	31,018	30,916	30,932	29,950	30,560	355,183		355,183
Dem Thms	2	55,389	55,389	58,001	64,260	65,410	65,410	65,410	65,410	65,410	65,410	65,410	65,410	756,319		756,319
Total Demand Therms	1	86,421	85,515	74,853	95,260	96,251	96,407	96,369	96,428	96,326	96,343	95,360	95,970	1,111,502		1,111,502
Com Thms	1	8,389,831	9,862,549	10,336,331	10,580,119	9,961,043	10,754,592	9,693,123	7,404,248	6,232,493	6,965,882	5,875,754	7,008,735	103,064,699	-76,270	103,140,969
Com Thms	2	8,510,336	18,960,188	40,384,748	28,858,737	31,325,476	26,061,354	9,309,350	5,907,498	3,736,496	3,706,626	3,267,416	4,679,379	184,707,605	-6,606,610	191,314,215
Com Thms	3	3,340,811	5,633,742	10,284,827	7,896,858	8,369,023	7,705,687	3,710,987	3,409,521	2,975,573	2,849,980	2,697,023	2,622,301	61,496,333	-2,855,120	64,351,453
Total Com Therms	1	20,240,978	34,456,480	61,005,907	47,335,714	49,655,541	44,521,633	22,713,459	16,721,266	12,944,562	13,522,488	11,840,194	14,310,415	349,268,637	-9,538,000	358,806,637
Authorized Overtake Thm	1	0	0	0	0	0	0	0	16	27,661	19,577	79,187	21,100	147,540		147,540
Unauth - Monthly	1	0	0	0	0	186	0	0	0	0	0	0	0	186		186
Unauth - NonCritical	1	102,563	0	181	3,720	5,697	759	9,409	0	0	2,963	12,323	0	137,616		137,616
Stby Service Therms	1	43,058	42,172	43,056	43,056	43,056	43,056	43,056	46,536	46,536	46,536	46,536	46,536	533,190		533,190
Transitional Adjustment	1	4,932,328	6,607,722	9,503,836	14,433,088	12,439,554	12,949,802	12,369,641	7,734,163	6,542,889	5,547,227	5,107,672	5,232,247	103,400,169		103,400,169
Transportation Therms	1	5,101,986	6,697,697	9,617,073	14,941,644	12,552,756	12,976,747	12,315,221	7,654,728	6,529,195	5,555,960	5,396,721	5,304,529	104,644,258		104,644,258
Trades	1	0	18	12	24	40	50	32	26	26	22	8	8	266		266
Pool Customer Changes	1	295	231	287	391	264	201	162	192	191	116	144	171	2,645		2,645
Required Delv SVT Thms	1	479,920	726,470	506,240	673,850	703,510	896,490	693,840	699,710	631,890	457,560	484,030	481,830	7,435,340		7,435,340
Net Storage SVT Thms	1	-265,340	-288,660	124,590	411,970	286,490	460,080	364,170	-186,430	-293,830	-317,160	-319,240	-322,740	-346,100		-346,100
Net Gas Availabl SVT Thms	1	179,340	445,001	645,759	1,153,687	1,047,798	1,215,742	1,046,603	581,742	432,448	213,846	221,101	231,775	7,414,841		7,414,841
Non-Crit Non-Del SVT Thms	1	0	10,161	4	2	552	0	0	496	214	0	0	0	11,429		11,429
Ov Del Crit Short Thms	1	0	4	580	0	15	0	4	103	0	0	0	892	1,598		1,598
Unauth - Gas Charge	1	102,563	0	68	3,213	5,883	479	7,887	0	0	0	12,323	0	132,417		132,417
NDBQ	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CDBQ	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ	1	0	0	0	0	0	0	0	0	929,050	929,050	929,050	929,050	3,716,200		3,716,200
Scheduling - Non Critical	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Month-end Imb Penalty Thm	1	21	-21	0	0	0	0	0	0	0	0	0	1,682	1,682		1,682
ABGC Therms	1	148,474	363,927	568,962	1,272,183	1,046,759	1,131,755	941,470	500,813	365,655	137,987	257,189	223,517	6,958,689		6,958,689
Underage - 100%	1	106	0	0	0	0	0	0	0	0	0	0	0	106		106
Underage - 110%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 120%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 130%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 140%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Und COut N-Crit N-Del Thm	1	1,503	7,992	4	2	552	0	0	496	214	0	0	0	10,763		10,763
Excess Bank (FST,SST)	1	6,385	18,221	36,346	40,394	277,842	66,672	-9,737	0	48,914	0	9,461	11,386	505,884		505,884
Imbal Acct - Non Critical	1	0	0	559,736	112,724	0	0	0	0	0	0	171,887	0	844,347		844,347
Cashout - Termination	1	504	208	256	0	7,997	9,062	0	11,095	1,298	456	47	238	31,160		31,160
Ov COut N-Crit N-Del Thm	1	1,626	11,003	580	0	15	0	4	3,479	0	0	0	892	17,599		17,599
Overage - 100%	1	0	0	5,960	33,374	0	0	0	0	0	0	0	0	39,334		39,334
Overage - 90%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 80%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 70%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Overage - 60%	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Number of TB Customers	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Customer Charges	1	1,496,976	1,468,010	1,419,201	1,462,091	1,368,228	1,481,695	1,496,795	1,512,135	1,413,416	1,462,342	1,482,960	1,476,419	17,540,268		17,540,268
Dem Chgs	1	16,011	15,436	15,834	15,978	15,822	15,976	15,939	15,997	15,896	15,912	14,944	15,545	189,290		189,290
Dem Chgs	2	21,402	21,402	22,411	24,830	25,274	25,274	25,274	25,274	25,274	25,274	25,274	25,274	292,242		292,242
Total Demand Charges	1	37,413	36,838	38,245	40,808	41,097	41,250	41,213	41,272	41,170	41,187	40,218	40,820	481,532		481,532
Com Chgs	1	1,503,005	1,832,123	1,878,851	1,918,459	1,798,655	1,940,099	1,778,116	1,239,769	999,453	1,152,066	875,605	1,172,986	18,089,187	-17,574	18,106,760
Com Chgs	2	885,958	2,153,312	4,700,857	3,327,221	3,616,058	2,995,699	994,617	572,212	329,900	336,125	302,082	457,839	20,671,881	-794,022	21,465,903
Com Chgs	3	178,032	300,222	548,078	420,824	445,985	410,636	197,758	181,694	158,568	151,875	143,724	139,742	3,277,140	-152,149	3,429,289
Total Com Charges	1	2,566,995	4,285,657	7,127,786	5,666,504	5,860,698	5,346,434	2,970,491	1,993,675	1,487,922	1,640,066	1,321,412	1,770,567	42,038,207	-963,745	43,001,952
Energy Assistance Charges	1	112,393	110,705	106,786	110,154	103,328	111,867	111,230	112,692	105,034	108,510	109,884	109,368	1,311,952		1,311,952
Renewable Energy Charges	1	13,846	13,984	13,305	13,676	12,957	14,110	13,834	14,143	13,154	13,362	13,910	13,684	163,964		163,964
Trans Admin Charges	1	16,519	17,057	17,331	18,168	13,746	13,766	13,916	14,089	6,401	6,075	6,073	6,445	149,588		149,588
Device Charges	1	8,045	8,045	8,079	8,045	7,943	7,977	7,943	7,909	7,977	7,977	7,977	7,909	95,826		95,826
Device Charges	2	11,470	11,544	11,544	11,507	11,507	12,136	10,915	11,914	11,988	11,951	11,914	11,914	140,304		140,304
Device Charges	3	135	135	135	135	135	135	225	180	180	180	180	180	1,935		1,935
Environmental Activities	1	133,546	247,257	413,086	302,682	303,814	302,813	84,576	65,578	50,468	55,430	46,486	59,540	2,065,277	0	2,065,277
Stby Service Charges	1	6,028	5,904	6,028	6,028	6,028	6,028	6,028	6,515	6,515	6,515	6,515	6,515	74,647		74,647
Trades Charges	1	0	90	60	120	200	250	160	130	130	110	40	40	1,330		1,330
Pool Admin Charge	1	20,457	20,539	20,721	20,664	20,880	20,983	21,046	21,053	22,117	22,244	22,282	22,373	255,360		255,360
Pool Cust Change Charge	1	2,950	2,310	2,870	3,910	2,640	2,010	1,620	1,920	1,870	1,160	1,440	1,710	26,410		26,410
Rider TB Admin Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
CDBQ Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
NDBQ Charge	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ Charge	1	0	0	0	0	0	0	0	0	4,645	4,645	4,645	4,645	18,581		18,581
C/L Storage and Balancing	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Total Service Charges	1	4,426,775	6,228,077	9,185,177	7,664,492	7,753,200	7,361,454	4,779,993	3,803,205	3,172,987	3,381,755	3,075,937	3,532,128	64,365,179	-963,745	65,328,924
Retail Gas Charge	1	12,621,585	24,234,489	46,838,429	33,994,872	31,793,452	25,186,050	8,937,827	5,244,939	3,371,516	3,917,938	2,757,113	3,769,623	202,667,833	-6,015,569	208,683,402
Take-or-Pay Charges	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Stby Dem Charges	1	78,073	84,827	76,804	92,574	66,141	66,016	60,937	56,787	63,051	62,721	65,284	65,043	838,257		838,257
Stby Com Charges	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Excess Bank (FST,SST) Chg	1	639	1,822	3,635	4,039	27,784	6,667	-974	0	4,735	0	946	1,139	50,432		50,432
Unauthorized Use Charges	1	0	0	0	0	93	0	0	0	0	0	0	0	93		93
Unauth - Noncritical Chg	1	51,282	0	91	1,860	2,849	140	4,704	0	0	1,481	6,162	0	68,568		68,568
IA - Non Critical Chg	1	0	0	55,974	11,272	0	0	0	0	0	0	17,189	0	84,435		84,435
CDBQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
NDBQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
DSQ Gas Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Scheduling - NonCrit Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Month-end Imb Penalty Chg	1	21	-21	0	0	0	0	0	0	0	0	0	1,682	1,682		1,682
ABGC Chg	1	10,156	25,329	42,501	86,127	72,331	65,755	55,170	27,044	16,345	8,183	17,360	16,294	442,595		442,595
Underage - 100% Chg	1	12	0	0	0	0	0	0	0	0	0	0	0	12		12
Underage - 110% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 120% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 130% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Underage - 140% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Und COut N-Crit N-Del Chg	1	1,941	9,867	3	3	518	0	0	327	-191	0	0	0	12,469		12,469
Non-Com Gas Chg	1	915,451	1,894,831	3,342,649	2,541,893	2,262,870	2,017,859	815,602	431,128	377,375	493,589	429,252	611,353	16,133,851		16,133,851
Total Gas Charges	1	13,679,159	26,251,133	50,360,086	36,732,640	34,226,039	27,342,487	9,873,267	5,760,224	3,832,830	4,483,912	3,293,305	4,465,133	220,300,215	-6,015,569	226,315,784

North Shore Gas Company
2006 Monthly Closing (12-0) September
Revenue Detail Report

Description	Block	2005 Oct	2005 Nov	2005 Dec	2006 Jan	2006 Feb	2006 Mar	2006 Apr	2006 May	2006 Jun	2006 Jul	2006 Aug	2006 Sep	Total	Wthr Effect	Normalized
Gross Revenue Taxes	1	17,138	30,328	58,848	43,858	41,941	34,687	14,642	9,548	6,972	7,844	6,396	7,983	280,187	-6,979	287,166
State Per Therm Taxes	1	277,611	545,655	1,048,456	785,648	828,081	723,765	318,291	198,598	134,352	153,614	120,966	177,261	5,312,298	-139,586	5,451,884
State Percent Taxes	1	8,818	14,095	17,009	15,009	14,788	13,744	9,619	7,557	5,482	5,133	3,950	5,736	120,940	0	120,940
Total State Taxes	1	303,567	590,077	1,124,312	844,516	884,810	772,196	342,552	215,703	146,806	166,591	131,312	190,980	5,713,424	-139,586	5,853,010
Municipal Taxes	1	478,769	874,575	1,578,594	1,176,144	1,120,166	913,594	393,663	264,744	173,857	205,376	170,822	204,194	7,554,498	-195,421	7,749,918
City Use Taxes (NON-REV)	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
St Use Taxes (NON-REV)	1	142,387	167,534	256,948	220,970	225,631	215,587	142,766	131,176	124,950	117,610	112,493	118,713	1,976,766		1,976,766
Total Taxes	1	782,336	1,464,652	2,702,906	2,020,660	2,004,977	1,685,790	736,215	480,447	320,663	371,967	302,135	395,174	13,267,922	-341,986	13,609,908
Taxes With Gas Use Tax	1	924,723	1,632,186	2,959,854	2,241,630	2,230,608	1,901,377	878,981	611,623	445,613	489,578	414,628	513,887	15,244,689		15,244,689
Net Bill Amount	1	18,888,270	33,943,862	62,248,169	46,417,792	43,984,215	36,389,730	15,389,475	10,043,876	7,326,480	8,237,634	6,671,377	8,392,435	297,933,316	-7,321,300	305,254,616
Gross Bill Amount	1	18,888,270	33,943,862	62,248,169	46,417,792	43,984,215	36,389,730	15,389,475	10,043,876	7,326,480	8,237,634	6,671,377	8,392,435	297,933,316	-7,321,300	305,254,616
Delayed Payment Charges	1	96,524	186,602	390,260	232,240	230,138	222,639	108,336	72,769	48,747	53,147	44,733	49,489	1,735,625		1,735,625
Net With Gas Use Taxes	1	19,030,657	34,111,396	62,505,117	46,638,762	44,209,846	36,605,318	15,532,242	10,175,053	7,451,430	8,355,244	6,783,870	8,511,148	299,910,083		299,910,083
Gross With Gas Use Taxes	1	19,030,657	34,111,396	62,505,117	46,638,762	44,209,846	36,605,318	15,532,242	10,175,053	7,451,430	8,355,244	6,783,870	8,511,148	299,910,083		299,910,083
Total Cashout Credits	1	-2,023	-11,313	-6,026	-43,720	-7,710	-8,260	-2	-9,247	-1,060	-285	-32	-703	-90,380		-90,380
Contract Term Cashouts	1	-354	-190	-266	0	-7,698	-8,260	0	-7,289	-816	-285	-32	-148	-25,338		-25,338
Ov COUt N-Crit N-Del Chg	1	-1,669	-11,122	-503	0	-12	0	-2	-1,958	-244	0	0	-555	-16,066		-16,066
Overage - 100% Chg	1	0	0	-5,257	-43,720	0	0	0	0	0	0	0	0	-48,976		-48,976
Overage - 90% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 80% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 70% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Overage - 60% Chg	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0
City Use Tax Cr (NON-REV)	1	0	0	0	0	0	0	0	0	0	0	0	0	0		0

Check: FERC Income Stmt

ICC 480	235,760,000
ICC 481	47,830,000
ICC 489.30	14,343,000
Total sales	297,933,000

Service Charges -963,745

DPC	-12,624
Tax in DPC	-344
Bad Debt	-2,377
MUT ACR	-5,692

Net Margin -971,470

	Total	Wthr Effect	Normalized
Total Gas Charges	220,300,215	-6,015,569	226,315,784
Total Service Charges	64,365,179	-963,745	65,328,924
Total State Taxes	5,713,424	-139,586	5,853,010
Municipal Taxes	7,554,498	-195,421	7,749,918
	13,267,922	-335,007	13,602,929
Net Bill Amount	Check 297,933,316	-7,314,321	305,247,637
	0	6,979	-6,979
Net Bill Amount	297,933,316	-7,321,300	305,254,616
Net Bill Amount	Rounded 297,933,000	-7,321,000	305,254,000
Revenue R/M adjustments			
Energy Assistance Charges	-1,311,952	0	-1,311,952
Renewable Energy Charges	-163,964	0	-163,964
Add-on Charges - R/M adjustment	-1,475,915	0	-1,475,915
	Rounded -1,476,000		
Total Taxes	-13,267,922		
	Rounded -13,268,000		

North Shore Gas Company
 Annualize O&M union wage and nonunion merit increases for 2006
 Fiscal Year: 2006

WPC-2.13.1

Ratemaking adjustment

Annualize O&M union wage and nonunion merit increases for 2006	\$154,000
Total	<u>\$154,000</u>

OPERATING EXPENSES

General Operation and Maintenance	\$154,000
Income Taxes - State (7.300% x \$154,000)	(\$11,000)
- Federal (35.000% x 143,000)	<u>(50,000)</u>
Total Operating Expenses	<u>93,000</u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>(\$93,000)</u>
Tie to Schedule C-2.13	<u>(\$93,000)</u>
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() Denotes red figure.

North Shore Gas Company

This reflects labor -regular and overtime. Does not include STIC or TIA

		WPC-2.13.3	Annualize 3.50% Oct 05 - June 06	Annualize nonunion 2006	Adjust 3.50% Oct 06 - Sept 07	Adjust nonunion 2007	
NSG Non-Union	2005 October	229,581.42	8,035.35	237,616.77	8,316.59	245,933.36	
NSG Non-Union	2005 November	237,213.16	8,302.46	245,515.62	8,593.05	254,108.67	
NSG Non-Union	2005 December	355,176.24	12,431.17	367,607.41	12,866.26	380,473.67	
NSG Non-Union	2006 January	245,349.05 (a)		245,349.05	8,587.22	253,936.27	
NSG Non-Union	2006 February	248,697.71		248,697.71	8,704.42	257,402.13	
NSG Non-Union	2006 March	249,010.23		249,010.23	8,715.36	257,725.59	
NSG Non-Union	2006 April	250,319.48		250,319.48	8,761.18	259,080.66	
NSG Non-Union	2006 May	250,058.91		250,058.91	8,752.06	258,810.97	
NSG Non-Union	2006 June	370,926.73		370,926.73	12,982.44	383,909.17	
NSG Non-Union	2006 July	261,650.50		261,650.50	9,157.77	270,808.27	
NSG Non-Union	2006 August	260,978.27		260,978.27	9,134.24	270,112.51	
NSG Non-Union	2006 September	273,901.67		273,901.67	9,586.56	283,488.23	
NSG Non-Union	Total	3,232,863.37	28,768.98	3,261,632.35	114,157.13	3,375,789.48	3,375,789.48

		WPC-2.13.3	Annualize 3.00% Oct 05-June 06	Annualize union 2006	Adjust 3.50% Oct 06 - Sept 07	Adjust union 2007	
NSG Union	2005 October	584,178.21	17,525.35	601,703.56	21,059.62	622,763.18	
NSG Union	2005 November	585,939.47	17,578.18	603,517.65	21,123.12	624,640.77	
NSG Union	2005 December	886,657.91	26,599.74	913,257.65	31,964.02	945,221.66	
NSG Union	2006 January	585,934.51	17,578.04	603,512.55	21,122.94	624,635.48	
NSG Union	2006 February	573,523.25	17,205.70	590,728.95	20,675.51	611,404.46	
NSG Union	2006 March	568,042.88	17,041.29	585,084.17	20,477.95	605,562.11	
NSG Union	2006 April	571,036.13	17,131.08	588,167.21	20,585.85	608,753.07	
NSG Union	2006 May	575,379.47	17,261.38	592,640.85	20,742.43	613,383.28	
NSG Union	2006 June	865,821.29	25,974.64	891,795.93	31,212.86	923,008.79	
NSG Union	2006 July	580,604.28 (b)		580,604.28	20,321.15	600,925.43	
NSG Union	2006 August	586,227.76		586,227.76	20,517.97	606,745.73	
NSG Union	2006 September	594,560.93		594,560.93	20,809.63	615,370.56	
NSG Union	Total	7,557,906.09	173,895.39	7,731,801.48	270,613.05	8,002,414.54	8,002,414.54

NSG Non-Union and Union	Total	10,790,769.46	202,664.37	10,993,433.83	384,770.18	11,378,204.02	11,378,204.02
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		WPC-2.13.4*	Allocation of Earnings		WPC-2.14.3*	Allocation of Earnings	
		Labor	Annualize 2006 total		Labor	Adjust 2007	
		2006 \$	2006%	Annualize 2006 total	2007 \$	2007%	Adjust 2007
NSG	<u>Labor-Regular + Overtime (direct)</u>						
Expense		6,213,250.10 *	54.97%	6,042,777.78	6,719,872.98 *	53.93%	6,135,712.25
Capital		1,981,654.33 *	17.53%	1,927,283.72	2,605,202.09 *	20.91%	2,378,731.03
Deferred-Suspense		-	-	-	-	-	-
		<u>8,194,904.43</u>			<u>9,325,075.07</u>		
Overhead Expense to:							
Expense	75.82%	2,356,942.01	20.85%	2,292,274.63	72.06%	2,260,172.24	18.14%
Capital	24.18%	751,723.21	6.65%	731,098.20	27.94%	876,237.61	7.03%
Deferred-Suspense	0.00%	-	-	-	0.00%	-	-
		<u>3,108,665.22 *</u>			<u>3,136,409.85 *</u>		
Total		11,303,569.65	100.00%	10,993,433.83	12,461,484.92	100.00%	11,378,204.02
Expense		8,570,192.11	75.82%	8,335,051.91	8,980,045.22	72.06%	8,199,406.99
Capital		2,733,377.54	24.18%	2,658,381.92	3,481,439.70	27.94%	3,178,797.02
Deferred-Suspense		-	0.00%	-	-	0.00%	-
		<u>11,303,569.65</u>	<u>100.00%</u>	<u>10,993,433.83</u>	<u>12,461,484.92</u>	<u>100.00%</u>	<u>11,378,204.02</u>
				Annualize 2006 increase -union/nonunion			Adjust 2007 increase -union/nonunion
Expense			75.82%	153,657.00	Schedule C-2.13	72.06%	277,274.63
Capital			24.18%	49,007.37		27.94%	107,495.55
Deferred-Suspense			0.00%	-		0.00%	-
			<u>100.00%</u>	<u>202,664.37</u>		<u>100.00%</u>	<u>384,770.18</u>

(a) Merit increase effective January 1, 2006

(b) Wage increase effective May 1, 2006 for PGL and July 1 for NSG

Co	Union Code	Earn Code	Earning Code	Year	Period	Sum Gross MTD	Subtotal by Month	
NSG	Non-Union	OTP	Overtime Pay	2005	October	2,765.42		
NSG	Non-Union	REG	Regular Earnings	2005	October	226,816.00	October	229,581.42
NSG	Non-Union	OTP	Overtime Pay	2005	November	3,161.16		
NSG	Non-Union	REG	Regular Earnings	2005	November	234,052.00	November	237,213.16
NSG	Non-Union	OTP	Overtime Pay	2005	December	4,098.24		
NSG	Non-Union	REG	Regular Earnings	2005	December	351,078.00	December	355,176.24
NSG	Non-Union	OTP	Overtime Pay	2006	January	2,041.05		
NSG	Non-Union	REG	Regular Earnings	2006	January	243,308.00	January	245,349.05
NSG	Non-Union	OTP	Overtime Pay	2006	February	1,905.71		
NSG	Non-Union	REG	Regular Earnings	2006	February	246,792.00	February	248,697.71
NSG	Non-Union	OTP	Overtime Pay	2006	March	2,218.23		
NSG	Non-Union	REG	Regular Earnings	2006	March	246,792.00	March	249,010.23
NSG	Non-Union	OTP	Overtime Pay	2006	April	3,439.48		
NSG	Non-Union	REG	Regular Earnings	2006	April	246,880.00	April	250,319.48
NSG	Non-Union	OTP	Overtime Pay	2006	May	3,590.11		
NSG	Non-Union	REG	Regular Earnings	2006	May	246,468.80	May	250,058.91
NSG	Non-Union	OTP	Overtime Pay	2006	June	4,929.73		
NSG	Non-Union	REG	Regular Earnings	2006	June	365,997.00	June	370,926.73
NSG	Non-Union	OTP	Overtime Pay	2006	July	3,295.45		
NSG	Non-Union	REG	Regular Earnings	2006	July	257,460.00		
NSG	Non-Union	SHO	Shift Earnings - Overtime	2006	July	75.60		
NSG	Non-Union	SHR	Shift Earnings - Regular	2006	July	781.65		
NSG	Non-Union	SPN	Shift Premium - Non-Union	2006	July	37.80	July	261,650.50
NSG	Non-Union	OTP	Overtime Pay	2006	August	2,708.05		
NSG	Non-Union	REG	Regular Earnings	2006	August	257,550.00		
NSG	Non-Union	SHO	Shift Earnings - Overtime	2006	August	21.60		
NSG	Non-Union	SHR	Shift Earnings - Regular	2006	August	687.82		
NSG	Non-Union	SPN	Shift Premium - Non-Union	2006	August	10.80	August	260,978.27
NSG	Non-Union	OTP	Overtime Pay	2006	September	4,992.80		
NSG	Non-Union	REG	Regular Earnings	2006	September	268,139.20		
NSG	Non-Union	SHO	Shift Earnings - Overtime	2006	September	70.54		
NSG	Non-Union	SHR	Shift Earnings - Regular	2006	September	663.86		
NSG	Non-Union	SPN	Shift Premium - Non-Union	2006	September	35.27	September	273,901.67
NSG	Non-Union		Total			3,232,863.37		3,232,863.37

Co	Union Code	Earn Code	Earning Code	Year	Period	Sum Gross MTD	Subtotal by Month
NSG	Union	OTP	Overtime Pay	2005	October	27,487.87	
NSG	Union	REG	Regular Earnings	2005	October	554,224.07	
NSG	Union	SHO	Shift Earnings - Overtime	2005	October	268.53	
NSG	Union	SHR	Shift Earnings - Regular	2005	October	2,062.80	
NSG	Union	SPU	Shift Premium - Union	2005	October	134.94	October
NSG	Union	OTP	Overtime Pay	2005	November	29,780.43	
NSG	Union	REG	Regular Earnings	2005	November	553,620.94	
NSG	Union	SHO	Shift Earnings - Overtime	2005	November	279.51	
NSG	Union	SHR	Shift Earnings - Regular	2005	November	2,118.15	
NSG	Union	SPU	Shift Premium - Union	2005	November	140.44	November
NSG	Union	OTP	Overtime Pay	2005	December	47,482.02	
NSG	Union	REG	Regular Earnings	2005	December	835,865.17	
NSG	Union	SHO	Shift Earnings - Overtime	2005	December	564.41	
NSG	Union	SHR	Shift Earnings - Regular	2005	December	2,459.70	
NSG	Union	SPU	Shift Premium - Union	2005	December	286.61	December
NSG	Union	OTP	Overtime Pay	2006	January	28,392.34	
NSG	Union	REG	Regular Earnings	2006	January	555,168.44	
NSG	Union	SHO	Shift Earnings - Overtime	2006	January	409.78	
NSG	Union	SHR	Shift Earnings - Regular	2006	January	1,756.35	
NSG	Union	SPU	Shift Premium - Union	2006	January	207.60	January
NSG	Union	OTP	Overtime Pay	2006	February	22,744.63	
NSG	Union	REG	Regular Earnings	2006	February	548,152.45	
NSG	Union	SHO	Shift Earnings - Overtime	2006	February	374.66	
NSG	Union	SHR	Shift Earnings - Regular	2006	February	2,062.80	
NSG	Union	SPU	Shift Premium - Union	2006	February	188.71	February
NSG	Union	OTP	Overtime Pay	2006	March	21,847.65	
NSG	Union	REG	Regular Earnings	2006	March	543,642.61	
NSG	Union	SHO	Shift Earnings - Overtime	2006	March	353.76	
NSG	Union	SHR	Shift Earnings - Regular	2006	March	2,019.60	
NSG	Union	SPU	Shift Premium - Union	2006	March	179.26	March
NSG	Union	OTP	Overtime Pay	2006	April	21,879.78	
NSG	Union	REG	Regular Earnings	2006	April	546,722.56	
NSG	Union	SHO	Shift Earnings - Overtime	2006	April	282.87	
NSG	Union	SHR	Shift Earnings - Regular	2006	April	2,007.45	
NSG	Union	SPU	Shift Premium - Union	2006	April	143.47	April
NSG	Union	OTP	Overtime Pay	2006	May	22,883.38	
NSG	Union	REG	Regular Earnings	2006	May	550,017.08	
NSG	Union	SHO	Shift Earnings - Overtime	2006	May	288.94	
NSG	Union	SHR	Shift Earnings - Regular	2006	May	2,043.90	
NSG	Union	SPU	Shift Premium - Union	2006	May	146.17	May
NSG	Union	OTP	Overtime Pay	2006	June	36,342.09	
NSG	Union	REG	Regular Earnings	2006	June	825,997.78	
NSG	Union	SHO	Shift Earnings - Overtime	2006	June	387.51	
NSG	Union	SHR	Shift Earnings - Regular	2006	June	2,899.80	
NSG	Union	SPU	Shift Premium - Union	2006	June	194.11	June
NSG	Union	OTP	Overtime Pay	2006	July	24,260.32	
NSG	Union	REG	Regular Earnings	2006	July	553,995.21	
NSG	Union	SHO	Shift Earnings - Overtime	2006	July	307.17	
NSG	Union	SHR	Shift Earnings - Regular	2006	July	1,887.30	
NSG	Union	SPU	Shift Premium - Union	2006	July	154.28	July
NSG	Union	OTP	Overtime Pay	2006	August	22,458.16	
NSG	Union	REG	Regular Earnings	2006	August	561,312.53	
NSG	Union	SHO	Shift Earnings - Overtime	2006	August	267.34	
NSG	Union	SHR	Shift Earnings - Regular	2006	August	2,054.70	
NSG	Union	SPU	Shift Premium - Union	2006	August	135.03	August
NSG	Union	OTP	Overtime Pay	2006	September	24,745.77	
NSG	Union	REG	Regular Earnings	2006	September	567,373.05	
NSG	Union	SHO	Shift Earnings - Overtime	2006	September	311.81	
NSG	Union	SHR	Shift Earnings - Regular	2006	September	1,972.35	
NSG	Union	SPU	Shift Premium - Union	2006	September	157.95	September
NSG Union						7,557,906.09	7,557,906.09
NSG Non-Union and Union						10,790,769.46	10,790,769.46



Cost Centers by Project Group

Posting period	
Cost Category	
CCA Profit Center	
Partner object	
Partner Object Type	
Company code	
Project Definition	
WBS Level 2	
WBS Element	
WBS Cost Type	
Vendor	
Account Number	PECC/2000000 Labor - Regular, PECC/2000100 Labor - Overtime
Cost Center	
Project Group	
Key Figures	Amount
Structure	Actual

No STIC

InfoProvider	0COOM_C02
Query Technical Name	ZCO_QCCBYPRJGRP
Status of Data	12/6/2006 07:58:26
Last Refreshed	12/6/2006 08:59:50

Fiscal Year (Single Value Entry, R)	2006
Posting Periods (Interval, Opt)	Empty Demarcation
Posting Periods (Interval, Opt)	Empty Demarcation
Version 1	Actual
Version 2	Actual
Company Codes	1200
Cost Centers	Empty Demarcation
Project Groups	Empty Demarcation
Cost Category	Empty Demarcation
Account Numbers	2000000..2000998

Cost Category	Project Group	Amount	
Expense		Actual	
	AA	General and Administrative	\$14,812.97
	MA	Maintenance Administrative/General	\$13,418.59
	MD	Maintenance Distribution System	\$1,707,234.67
	MM	Maintenance Manufactured Gas Production	\$60,715.03
	OC	Operation Customer Accounts	\$1,199,099.30
	OD	Operation Distribution System	\$3,141,359.35
	OM	Operation Manufactured Gas Production	\$46,610.19
	Result		\$6,213,250.10
Capital	AB	Building Improvements Additions	\$1,317.95
	AM	Main Additions	\$224,089.10
	AN	Meters Additions	\$148,948.10
	AP	Station Plant and Equipment Additions	\$8,506.44
	AS	Service Additons	\$1,405,536.07
	RM	Main Retirements	\$29,887.51
	RN	Meters Removal	\$3,576.72
	RS	Service Retirements	\$159,792.44
	Result		\$1,981,654.33
Other Deferred Charges	OH	Over Head Expense	\$3,108,665.22
	Result		\$3,108,665.22
Overall Result			\$11,303,569.65

North Shore Gas Company
O&M union wage & nonunion merit increases for 2007
Fiscal Year: 2006

WPC-2.14.1

Rate-making adjustment

Annualize union labor - Fiscal 2007

O&M union wage & nonunion merit increases for 2007 \$277,000

	Total	277,000
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OPERATING EXPENSES

General Operation and Maintenance		\$277,000
Income Taxes - State	(7.300% x \$277,000)	(\$20,000)
- Federal	(35.000% x 257,000)	(90,000)
Total Operating Expenses		167,000

EFFECT ON OPERATING INCOME

	Schedule C-2 ratemaking adjustment	(\$167,000)
	Tie to Schedule C-2.14	(\$167,000)

() Denotes red figure.

North Shore Gas Company

This reflects labor -regular and overtime. Does not include STIC or TIA

		WPC-2.13.3	Annualize 3.50% Oct 05 - June 06	Annualize nonunion 2006	Adjust 3.50% Oct 06 - Sept 07	Adjust nonunion 2007	
NSG Non-Union	2005 October	229,581.42	8,035.35	237,616.77	8,316.59	245,933.36	
NSG Non-Union	2005 November	237,213.16	8,302.46	245,515.62	8,593.05	254,108.67	
NSG Non-Union	2005 December	355,176.24	12,431.17	367,607.41	12,866.26	380,473.67	
NSG Non-Union	2006 January	245,349.05 (a)		245,349.05	8,587.22	253,936.27	
NSG Non-Union	2006 February	248,697.71		248,697.71	8,704.42	257,402.13	
NSG Non-Union	2006 March	249,010.23		249,010.23	8,715.36	257,725.59	
NSG Non-Union	2006 April	250,319.48		250,319.48	8,761.18	259,080.66	
NSG Non-Union	2006 May	250,058.91		250,058.91	8,752.06	258,810.97	
NSG Non-Union	2006 June	370,926.73		370,926.73	12,982.44	383,909.17	
NSG Non-Union	2006 July	261,650.50		261,650.50	9,157.77	270,808.27	
NSG Non-Union	2006 August	260,978.27		260,978.27	9,134.24	270,112.51	
NSG Non-Union	2006 September	273,901.67		273,901.67	9,586.56	283,488.23	
NSG Non-Union	Total	3,232,863.37	28,768.98	3,261,632.35	114,157.13	3,375,789.48	3,375,789.48

		WPC-2.13.3	Annualize 3.00% Oct 05-June 06	Annualize union 2006	Adjust 3.50% Oct 06 - Sept 07	Adjust union 2007	
NSG Union	2005 October	584,178.21	17,525.35	601,703.56	21,059.62	622,763.18	
NSG Union	2005 November	585,939.47	17,578.18	603,517.65	21,123.12	624,640.77	
NSG Union	2005 December	886,657.91	26,599.74	913,257.65	31,964.02	945,221.66	
NSG Union	2006 January	585,934.51	17,578.04	603,512.55	21,122.94	624,635.48	
NSG Union	2006 February	573,523.25	17,205.70	590,728.95	20,675.51	611,404.46	
NSG Union	2006 March	568,042.88	17,041.29	585,084.17	20,477.95	605,562.11	
NSG Union	2006 April	571,036.13	17,131.08	588,167.21	20,585.85	608,753.07	
NSG Union	2006 May	575,379.47	17,261.38	592,640.85	20,742.43	613,383.28	
NSG Union	2006 June	865,821.29	25,974.64	891,795.93	31,212.86	923,008.79	
NSG Union	2006 July	580,604.28 (b)		580,604.28	20,321.15	600,925.43	
NSG Union	2006 August	586,227.76		586,227.76	20,517.97	606,745.73	
NSG Union	2006 September	594,560.93		594,560.93	20,809.63	615,370.56	
NSG Union	Total	7,557,906.09	173,895.39	7,731,801.48	270,613.05	8,002,414.54	8,002,414.54

NSG Non-Union and Union	Total	10,790,769.46	202,664.37	10,993,433.83	384,770.18	11,378,204.02	11,378,204.02
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		WPC-2.13.4*	Allocation of Earnings		WPC-2.14.3*	Allocation of Earnings	
		Labor	Annualize 2006 total		Labor	Adjust 2007	
		2006 \$	2006%	Annualize 2006 total	2007 \$	2007%	Adjust 2007
NSG	<u>Labor-Regular + Overtime (direct)</u>						
	Expense	6,213,250.10 *	54.97%	6,042,777.78	6,719,872.98 *	53.93%	6,135,712.25
	Capital	1,981,654.33 *	17.53%	1,927,283.72	2,605,202.09 *	20.91%	2,378,731.03
	Deferred-Suspense	- *	-	-	- *	-	-
		<u>8,194,904.43</u>			<u>9,325,075.07</u>		
Overhead Expense to:							
	Expense	75.82% 2,356,942.01	20.85%	2,292,274.63	72.06% 2,260,172.24	18.14%	2,063,694.74
	Capital	24.18% 751,723.21	6.65%	731,098.20	27.94% 876,237.61	7.03%	800,065.99
	Deferred-Suspense	0.00% -	-	-	0.00% -	-	-
		<u>3,108,665.22 *</u>			<u>3,136,409.85 *</u>		
	Total	11,303,569.65	100.00%	10,993,433.83	12,461,484.92	100.00%	11,378,204.02
	Expense	8,570,192.11	75.82%	8,335,051.91	8,980,045.22	72.06%	8,199,406.99
	Capital	2,733,377.54	24.18%	2,658,381.92	3,481,439.70	27.94%	3,178,797.02
	Deferred-Suspense	-	0.00%	-	-	0.00%	-
		<u>11,303,569.65</u>	<u>100.00%</u>	<u>10,993,433.83</u>	<u>12,461,484.92</u>	<u>100.00%</u>	<u>11,378,204.02</u>
	Expense		75.82%	153,657.00	72.06%	277,274.63	Schedule C-2.14
	Capital		24.18%	49,007.37	27.94%	107,495.55	
	Deferred-Suspense		0.00%	-	0.00%	-	
			<u>100.00%</u>	<u>202,664.37</u>	<u>100.00%</u>	<u>384,770.18</u>	

(a) Merit increase effective January 1, 2006

(b) Wage increase effective May 1, 2006 for PGL and July 1 for NSG

WPC-2.14.3



Cost Centers by Project Group

Posting period	
Cost Category	
COA - Profit Center	
Partner object	
Partner Object Type	
Company code	
Project Definition	
WBS Level 2	
WBS Element	
WBS - Cost Type	
Vendor	
Account Number	PECC/2000000 Labor - Regular, PECC/2000100 Labor - Overtime
Cost Center	
Project Group	
Key Figures	Amount
Structure	Prior Period Forecast (0 & 12 2007)

Info Provider	QCOOM_C02
Query Technical Name	ZCO_QCCBYPRJGRP
Status of Data	12/6/2006 07:58:26
Last Refreshed	12/6/2006 09:00:33

Fiscal Year (Single Value Entry, R)	2007
Posting Periods (Interval, Opt)	Empty Demarcation
Posting Periods (Interval, Opt)	Empty Demarcation
Version 1	Prior Period Forecast (0 & 12 2007)
Version 2	Prior Period Forecast (0 & 12 2007)
Company Codes	1200
Cost Centers	Empty Demarcation
Project Groups	Empty Demarcation
Cost Category	Empty Demarcation
Account Numbers	2000000..2000998

Cost Category	Project Group	Amount	
			Prior Period Forecast (0 & 12 2007)
Expense	AA	General and Administrative	\$0.00
	MA	Maintenance Administrative/General	\$31,329.60
	MD	Maintenance Distribution System	\$1,678,709.44
	MM	Maintenance Manufactured Gas Production	\$58,481.93
	OC	Operation Customer Accounts	\$1,438,364.61
	OD	Operation Distribution System	\$3,387,636.02
	OM	Operation Manufactured Gas Production	\$62,659.18
	OT	Operation Transmission System	\$62,692.20
	Result		\$6,719,872.98
	Capital	AI	Intangible Plant (Software) Additions	$310,165.99
AM		Main Additions	\$480,133.07
AN		Meters Additions	\$144,039.95
AS		Service Additons	\$1,459,604.57
RM		Main Retirements	\$24,006.64
RS		Service Retirements	\$187,251.87
Result		\$2,605,202.09	
Other Deferred Charges	OH	Over Head Expense	\$3,136,409.85
	Result		\$3,136,409.85
Overall Result:			\$12,461,484.92

North Shore Gas Company
 Decrease in pension costs for Fiscal 2007
 Fiscal Year: 2006

WPC-2.15.1

Ratemaking adjustment

Decrease in pension costs for Fiscal 2007

ICC 926- Employee pension & benefits	Fiscal 2007 3&9 Forecast	\$ 1,895,000
ICC 926- Employee pension & benefits	Fiscal 2006	2,385,000
	Total	<u><u>(\$490,000)</u></u>

OPERATING EXPENSES

General Operation and Maintenance		(\$490,000)
Income Taxes - State	(7.300% x (490,000))	\$36,000
- Federal	(35.000% x (454,000))	<u>159,000</u>
Total Operating Expenses		<u><u>(295,000)</u></u>

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u><u>\$295,000</u></u>
Tie to Schedule C-2.15	<u><u>\$295,000</u></u>
	-

() Denotes red figure.

Cost Centers by Project Group

Posting
 Compa
 CCA: F
 Project
 WBS L
 WBS: (Partner
 Partner
 WBS E
 Vendor
 Account: PECCFB30 PENSION EXPENSE, PECCFB208 PENSION TRANSFERRED FROM EXPENSE
 Key Fig Amount
 Structu Prior Period Forecast (3 & 9 2007-2009)
 Cost C
 Cost C
 Project

InfoProv 0COOM_C02
 Query Tr ZCO_QCCBYPRJGRP
 Status of 2/9/2007 06:25:00
 Last Ref 2/9/2007 16:29:17

Fiscal Yr 2007
 Posting I October..September
 Posting I 1..12
 Version: Prior Period Forecast (3 & 9 2007-2009)
 Version: Prior Period Forecast (3 & 9 2007-2009)
 Compan 1100..1200
 Cost Cen Empty Demarcation
 Project C Empty Demarcation
 Account Empty Demarcation
 Cost Cal Empty Demarcation

Posting period		October	November	December	January	February	March	April	May	June	July	August	September	Overall Result
1100	PEOPLES GAS LIGHT & COKE	Result	\$809,191.88	\$809,191.88	\$305,442.88	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$1,152,636.28	\$12,297,553.16
		▶ PENSION EXPENSE	\$671,083.00	\$671,083.00	\$167,334.00	\$955,910.00	\$955,910.00	\$955,910.00	\$955,910.00	\$955,910.00	\$955,910.00	\$955,910.00	\$955,910.00	\$10,112,690.00
		▶ PENSION TRANSFERRED	\$138,108.88	\$138,108.88	\$138,108.88	\$196,726.28	\$196,726.28	\$196,726.28	\$196,726.28	\$196,726.28	\$196,726.28	\$196,726.28	\$196,726.28	\$2,184,863.16
1200	NORTH SHORE GAS COMPANY	Result	\$292,684.65	\$292,684.65	\$111,384.65	\$334,882.04	\$334,882.04	\$334,882.04	\$334,882.04	\$334,882.04	\$334,882.04	\$334,882.04	\$334,882.04	\$3,710,692.31
		▶ PENSION EXPENSE	\$224,417.00	\$224,417.00	\$43,117.00	\$256,772.00	\$256,772.00	\$256,772.00	\$256,772.00	\$256,772.00	\$256,772.00	\$256,772.00	\$256,772.00	\$2,802,899.00
		▶ PENSION TRANSFERRED	\$68,267.65	\$68,267.65	\$68,267.65	\$78,110.04	\$78,110.04	\$78,110.04	\$78,110.04	\$78,110.04	\$78,110.04	\$78,110.04	\$78,110.04	\$907,793.31
Overall Result			\$1,101,876.53	\$1,101,876.53	\$416,827.53	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$1,487,518.32	\$16,008,245.47

	PEOPLES GAS LIGHT & COKE	NORTH SHORE GAS COMPANY
PENSION EXPENSE-TOTAL	\$10,112,690.00	\$2,802,899.00
Less: PENSION TRANSFERRED	\$(2,184,863.16)	\$(907,793.31)
GROUP INSURANCE - O&M	\$7,927,826.84	\$1,895,105.69
ROUNDED	\$7,928,000.00	\$1,895,000.00

North Shore Gas Company
 Prior rate case expenses
 Fiscal Year: 2006

WPC-2.16.1

Rate making adjustment

Adjust for prior rate case expenses	Amount
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OPERATING EXPENSES

ICC 930.20-Miscellaneous General Expenses	(941,000)
	-
	<u>(941,000)</u>

Income Taxes - State	(	7.3% x	(941,000)	)	\$69,000
- Federal	(	35.0% x	(872,000)	)	305,000

Current (409.1)	- State	69,000
	- Federal	305,000
Deferred (410.1)		<u>374,000</u>

TOTAL OPERATING EXPENSES	(567,000)
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EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>\$567,000</u>
Tie to Schedule C-2.16	<u>\$567,000</u>
	-

Rate Cast Costs - Expense and Deferred

WPC-2.16.2

	PEC Costs		Billed to PGL - OR			Billed to PGL - SZ			Billed to NSG - OR			Billed to NSG - SZ			Total
	OR Costs	Reg Lbr	Costs	Overhead	Total	Costs	Overhead	Total	Costs	Overhead	Total	Costs	Overhead	Total	
Aug-05 Labor	87,502.14	78,087.64	87,502.14	48,070.75	135,572.89										
OS	31,813.75		31,813.75		31,813.75										
PGL	20,183.88		20,183.88		20,183.88										
					187,570.52										187,570.52
Sep-05 Labor	71,282.57	71,565.34				71,282.57	44,055.62	115,338.19							
OS	(31,813.75)		(31,813.75)		(31,813.75)	0.00		0.00							
Other	14,000.00		14,000.00		14,000.00	0.00		0.00							
PGL	51,185.37		51,185.37		51,185.37	31,813.75		31,813.75							
PM Correction			(87,502.14)	(48,070.75)	(135,572.89)	87,502.14	48,070.75	135,572.89							
PGL STIC Adj					0.00	158.41		158.41							
					(102,201.27)			282,883.24							180,681.97
Oct-05 Labor	83,385.96	65,739.56				50,031.58	26,095.98	76,127.55				33,354.38	17,397.32	50,751.70	
Other	40.05		40.05		40.05			0.00						0.00	
PGL	0.00		40,766.93		40,766.93	53,859.64		53,859.64						0.00	
					40,806.98			129,987.19						50,751.70	221,545.87
Nov-05 Labor	89,972.28	73,159.88				89,972.28	48,402.58	138,374.86				0.00	0.00	0.00	
PGL/NSG			39,239.46		39,239.46	95,895.30		95,895.30				120.62		120.62	
					39,239.46			234,270.16						120.62	273,630.24
Dec-05 Labor	99,108.44	81,956.04				99,108.44	54,222.12	153,330.56				0.00	0.00	0.00	
PGL/NSG			49,359.84		49,359.84	58,613.46		58,613.46				15,933.63		15,933.63	
					49,359.84			211,944.02						15,933.63	277,237.49
Jan-06 Labor	84,143.57	67,694.95				84,143.57	44,786.98	128,930.55							
Other	2,999.39		2,999.39		2,999.39			0.00							
PGL			48,919.76		48,919.76	56,407.06		56,407.06							
					51,919.15			185,337.61							237,256.76
Feb-06 Labor	85,705.17	69,202.77				85,705.17	45,784.55	131,489.72							
Other	(1,433.03)		(1,433.03)		(1,433.03)			0.00							
PGL/NSG			23,548.09		23,548.09	106,191.91		106,191.91	5,600.00		5,600.00	108,996.21		108,996.21	
					22,115.06			237,681.63			5,600.00			108,996.21	374,392.90
Mar-06 Labor	60,940.83	72,207.86				60,940.83	47,772.72	108,713.55							
PGL						(43,485.42)		(43,485.42)				43,485.42		43,485.42	
PGL			16,544.61		16,544.61	193,145.87		193,145.87				77,258.35		77,258.35	
NSG						(77,258.35)		(77,258.35)	(5,600.00)		(5,600.00)	97,981.25		97,981.25	
					16,544.61			181,115.65			(5,600.00)			218,725.02	410,785.28
Apr-06 Labor	76,205.54	64,605.64				76,205.54	42,743.09	118,948.63							
PGL			26,274.11		26,274.11	(47,579.45)		(47,579.45)				47,579.45		47,579.45	
PGL						138,903.01		138,903.01				55,561.20		55,561.20	
NSG						(55,561.20)		(55,561.20)				46,367.00		46,367.00	
					26,274.11			154,710.98						149,507.66	330,492.75
May-06 Labor	81,586.90	69,959.00				81,586.90	46,284.87	127,871.77							
PGL			29,073.83		29,073.83	(51,148.71)		(51,148.71)				51,148.71		51,148.71	
PGL						(78,385.42)		(78,385.42)				(31,354.17)		(31,354.17)	
NSG						31,354.17		31,354.17				104,544.86		104,544.86	
					29,073.83			29,691.81						124,339.40	183,105.04
Jun-06 Labor	(16,706.28)	62,511.71				(16,706.28)	41,357.75	24,651.47							
PGL			17,572.77		17,572.77	(9,860.59)		(9,860.59)				9,860.59		9,860.59	
PGL						0.00		166,508.39				66,603.36		66,603.36	
NSG						(66,603.36)		(66,603.36)				0.00		0.00	

Rate Cast Costs - Expense and Deferred

WPC-2.16.2

	PEC Costs		Billed to PGL - OR			Billed to PGL - SZ			Billed to NSG - OR			Billed to NSG - SZ			Total
	OR Costs	Reg Lbr	Costs	Overhead	Total	Costs	Overhead	Total	Costs	Overhead	Total	Costs	Overhead	Total	
					17,572.77			114,695.91						76,463.94	208,732.63
Jul-06 Labor	(406.98)	(854.50)				(406.98)	(565.34)	(972.32)							
PGL			6,356.96		6,356.96	388.93		388.93				(388.93)		(388.93)	
PGL					0.00	29,110.73		29,110.73				11,644.29		11,644.29	
NSG					0.00	(11,644.29)		(11,644.29)				0.00		0.00	
					6,356.96			16,883.05						11,255.37	34,495.37
Aug-06 Labor	1,286.00	1,252.00				1,286.00	828.32	2,114.32							
PGL						(845.73)		(845.73)				845.73		845.73	
PGL						17,823.78		17,823.78				7,129.51		7,129.51	
NSG						(7,129.51)		(7,129.51)							
								11,962.86						7,975.24	19,938.10
Sep-06 Labor	3,113.11	(1,742.00)				3,113.11	(1,152.51)	1,960.60							
PGL			67,742.44		67,742.44	(784.24)		(784.24)				784.24		784.24	
PGL					0.00	(1,933.09)		(1,933.09)				(773.24)		(773.24)	
NSG					0.00	773.24		773.24	31,765.48		31,765.48	2,228.00		2,228.00	
					67,742.44			16.51			31,765.48			2,239.01	101,763.43
Subtotal Costs					452,374.46			1,791,180.63			31,765.48			766,307.79	3,041,628.36
Adjustment to move from deferred to Expense - August					979,549.60			(1,391,426.77)			909,454.41			(497,577.24)	0.00
Grand Total					<u>1,431,924.06</u>			<u>399,753.86</u>			<u>941,219.89</u>			<u>268,730.55</u>	3,041,628.36
Total Expense	Gas Dist	PGL	NSG												
	2,373,143.95	1,431,924.06	941,219.89												
Total Deferred	668,484.41	399,753.86	268,730.55												
Total Rate Case	3,041,628.36	1,831,677.92	1,209,950.44												
FY2006 Expense	2,287,774.70	1,346,554.81	941,219.89												

PM - Prior Month

North Shore Gas Company
 Depreciation expense on Fiscal 2007 net capital expenditures
 Fiscal Year: 2006

WPC-2.17.1

Rate making adjustment

Depreciation expense on Fiscal 2007 net capital expenditures	Amount
--	--------

OPERATING EXPENSES

ICC 403 -Depreciation Expense	Fiscal 2007	\$6,166,000
ICC 403 -Depreciation Expense	Fiscal 2006	5,724,000
		442,000

Income Taxes - State	(7.300% x \$ 442,000)	(\$32,000)
- Federal	(35.000% x 410,000)	(144,000)
		(176,000)

ICC 409.1	Current-State	(88,000)
ICC 409.1	Current -Federal	(392,000)
ICC 410.1	Deferred	304,000
		(176,000)

TOTAL OPERATING EXPENSES 266,000

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment (\$266,000)
 Tie to Schedule C-2.17 (\$266,000)

North Shore Gas Company
Property Rate making Adjustmnet
Test Year ended September 30th 2006

WPC-2.17.2

Liberalized Depreciation

Additional Accelerated Depreciatiopn	669,114.00
Additional Tax Straight Line Depreciation	508,122.00
Difference	160,992.00

Tax Rates

IRT	2.5000%
SIT	4.8000%
FIT	35.0000%
FIT - SITCR	-2.5550%

Tax Dollars

IRT	4,024.80
SIT	7,727.62
FIT	56,347.20
FIT - SITCR	(4,113.35)

Total	282.00	63,986.27
--------------	---------------	------------------

Book Vs Tax

Tax Straight Line from Above	508,122.00
Basis Differences	538,892.00
Adjusted	1,047,014.00

Book depreciation	441,950.00
-------------------	------------

Difference	605,064.00
------------	------------

Tax Rates

IRT	2.5000%
SIT	4.8000%
FIT	35.0000%
FIT - SITCR	-2.5550%

Tax Dollars

IRT	15,126.60
SIT	29,043.07
FIT	211,772.40
FIT - SITCR	(15,459.39)

Total	283.00	240,482.69
--------------	---------------	-------------------

RateMaking Adjustment- Schedule B-2
Deferred Income Taxes

Total	282.00	63,986.27
Total	283.00	240,482.69
Net		304,468.96

CREDIT

Book Income	441,950.00
Tax rate of 39.745	(175,653.03)

Deferred Taxes	410.10	304,468.96
Current Taxes	409.10	(480,121.98)

RateMaking Adjustment- Schedule C-2

Deferred Federal Taxes	a	248,546.87
Deferred State Taxes	b	55,922.09
Current Federal Taxes	a	(391,937.55)
Current State Taxes	b	(88,184.44)

410.10	Federal	248,546.87	DEBIT
	State	55,922.09	DEBIT
		304,468.96	
409.10	Federal	(391,937.55)	CREDIT
	State	(88,184.44)	CREDIT
		(480,121.98)	

Check: Net Deferred Current

Federal	a	(143,390.68)
State	b	(32,262.35)
		(175,653.03)

Net	(175,653.03)
-----	--------------

PGL and NSG Depreciation
 Fiscal 2007 Profit Plan
 12 & 0 Forecast

WPC-2.17.3

RPT_Consolidated_IS_PGL

Consolidated PGL

Forecast - Next Year

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	2007 FY Total	2006 FY Total	Inc Stmt Change
Depreciation, Depletion, and Amortization	4,763,717	4,854,123	4,697,479	4,739,313	4,806,627	5,022,683	4,857,500	5,026,739	5,065,694	5,140,270	5,154,615	5,107,245	59,236,005	48,663,864 8,185,418 FG40300 FG40430	2,386,723
													<u>59,236,005</u>	<u>56,849,282</u>	

RPT_Consolidated_IS_PEC

1200 North Shore Gas Company

Forecast - Next Year

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	2007 FY Total	2006 FY Total	Inc Stmt Change
Depreciation, Depletion, and Amortization	509,669	511,590	511,267	517,051	514,279	519,887	512,432	517,932	516,670	499,658	519,194	516,505	6,166,135	5,724,185 FG40300 FG40430	441,950
													<u>6,166,135</u>	<u>5,724,185</u>	

North Shore Gas Company
 2007 Inflation for nonpayroll items
 Fiscal Year: 2006

WPC-2.18.1

Rate making adjustment

		Amount
<u>2007 Inflation for nonpayroll items</u>		
<u>OPERATING EXPENSES</u>		
	Fiscal 2007 projected other O&M -nonpayroll @ 2.4% inflation	\$542,000
		<u>542,000</u>
Income Taxes	- State (7.300% x \$ 542,000)	(\$40,000)
	- Federal (35.000% x 502,000)	<u>(176,000)</u>
		<u>(216,000)</u>
	 TOTAL OPERATING EXPENSES	 326,000
EFFECT ON OPERATING INCOME		
	Schedule C-2 ratemaking adjustment	<u>(\$326,000)</u>
	Tie to Schedule C-2.18	<u>(\$326,000)</u>
		-

WPC-2.18.2**Inflation of nonpayroll items - Fiscal 2007**

Schedule C-1, col. C, line 14	Total Other O&M - Fiscal 2006	NSG 43,640,000	
Less:	2006 O&M expense items to exclude		
a	PGA Settlement Charge	4,300,000	Schedule C-2.11
b	Total Labor - O&M (exclude Overhead portion)	6,405,000	WPC-2.18.3
c	Total Labor O&M - Overhead portion	2,425,000	WPC-2.18.3
d	Pension Costs	2,385,000	WPC-2.15.1
e	Medical/Insurance Costs	2,307,000	WPC-2.10.1
f	Legal fees - ICC Investigation	200,000	WPC-2.9.1
g	Prior deferred rate case costs-writeoff	941,000	Schedule C-2.16
h	Bad Debt Expense on Sales	2,086,000	WPC-2.12.1
		<hr/> 21,049,000	
	Adjusted Other O&M -nonpayroll for Fiscal 2006	22,591,000	
	Projected inflation rate for Fiscal 2007	2.40%	542,000
	Projected Other O&M -nonpayroll for Fiscal 2007	23,133,000	WPC-2.18.4

Cost Center Quarterly-Annual Variation

Posting period	
CCA: Profit Center	PECA/100101 Gas Distribution-NSG
Project Group	
Account Number	Labor - Regular, Labor - Overtime, Labor - STIC...
Responsibility	Actual 2006 (October to September)
Cost Category	
Cost Center	

InfoProvider	0COOM_C02
Query Technical Name	ZCO_OCC_SUMMARY_ANNUAL
Status of Data	12/12/2006 06:32:02
Last Refreshed	12/12/2006 11:28:06

Fiscal Year (Single Value Entry, Rec)	2006
Posting Periods (Def)	October..September
Posting Periods (Def)	1..12
Cost Category	Empty Demarcation
Cost Center Groups	Empty Demarcation
Cost Center Hierarchy	PECAPEC_CCSTD
Account Numbers	Empty Demarcation

Cost Category	Project Group	Actual 2006 (October to September)
Expense	AA	General and Administrative
	I5	Gas Ops Reg. Comp (Cap Rebill)
	MA	Maintenance Administrative/General
	MD	Maintenance Distribution System
	MM	Maintenance Manufactured Gas Production
	OC	Operation Customer Accounts
	OD	Operation Distribution System
	OM	Operation Manufactured Gas Production
	OS	Operation Sales Expenses
	OT	Operation Transmission System
	Result	\$6,404,901.16
Capital	AB	Building Improvements Additions
	AI	Intangible Plant (Software) Additions
	AM	Main Additions
	AN	Meters Additions
	AP	Station Plant and Equipment Additions
	AS	Service Additions
	RM	Main Retirements
	RN	Meters Removal
	RS	Service Retirements
	Result	\$1,981,683.76
Other Deferred Charges	OH	Over Head Expense
	Result	\$3,175,214.22
Overall Result	Result	\$11,561,799.14

BW reports	Labor		
NSG	2006 \$		2006%
	Expense	\$6,404,901.16	55.40%
	Capital	\$1,981,683.76	17.14%
	Deferred-Suspense	\$0.00	0.00%
		<u>8,386,584.92</u>	
Overhead Expense to:			
	Expense	76.37%	2,424,936.18
	Capital	23.63%	750,278.04
	Deferred-Suspense	0.00%	-
			<u>\$3,175,214.22</u>
Total			11,561,799.14
			100.00%
Expense			8,829,837.34
Capital			2,731,961.80
Deferred-Suspense			-
			<u>11,561,799.14</u>
			100.00%

SAP GL 2000000-2000998

11,578,504.60

Difference

(16,705.46)

GL 2000205-Individual Performance Bonus

32,501.69 not included in BW report

GL 2000210-STIC Adjustments Prior Fiscal Year

(15,796.23) not included in BW report

16,705.46

<MENU> to return to headlines.

Index **TNI**

Search	GO	Options	Related Info	BN Nov 10 2006 9:25:14
U.S. CPI Forecasts: Bloomberg Monthly Survey Table (Correct)				Page 1/7

(HSBC corrects average 2007 forecast.)

By Andy Burt

Nov. 10 (Bloomberg) -- The following table shows economists' forecasts for the U.S. consumer price index as surveyed by Bloomberg News from Oct. 30 to Nov. 9. All figures are year over year and as of the end of the quarter.

Time period	4Q 2006	1Q 2007	2Q 2007	3Q 2007	4Q 2007	Avg. 2007
# of replies	83	83	81	78	75	78
Median	2.5%	2.6%	2.3%	2.2%	2.4%	2.5%
Average	2.3%	2.7%	2.3%	2.2%	2.4%	2.5%
High Forecast	3.9%	4.2%	4.0%	3.6%	3.6%	3.6%
Low Forecast	-1.6%	0.8%	0.7%	0.8%	0.9%	1.0%
Previous median	3.0%	3.0%	2.5%	2.4%	n/a	2.5%
Change in median	-0.5%	-0.4%	-0.2%	-0.2%	n/a	0.0%

ABN Amro S. Ricchiuto 1.9% 2.0% 1.4% 1.2% 2.3% 1.7%

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2006 Bloomberg L.P.
 H187-976-0 07-Dec-2006 13:20:13

Bloomberg
 TERMINAL

Rate making adjustment

Collection agency fees-effects from 2006 PGA Settlement Charge	Amount
--	--------

OPERATING EXPENSES

ICC 903 - Customer Records & Collection Expenses

GL 1252400-Collection Agency Fees	Actual 2003	138,000	Schedule C-16, p.3	
	Actual 2004	122,000	Schedule C-16, p.3	
	Actual 2005	55,000	Schedule C-16, p.3	
		<u>315,000</u>		
	Fiscal 2003-2005 average	105,000		
	Actual 2006	29,000	Schedule C-16, p.3	
	Adjust collection agency fees - 2006			<u>76,000</u>
				76,000
Income Taxes - State	(7.300% x \$ 76,000)			(\$6,000)
- Federal	(35.000% x 70,000)			<u>(25,000)</u>
				<u>(31,000)</u>
	TOTAL OPERATING EXPENSES			45,000

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>(\$45,000)</u>
Tie to Schedule C-2.19	(\$45,000)
	-

North Shore Gas Company
 Merger Related Synergy Savings
 Fiscal Year: 2006

WPC-2.20.1

Ratemaking adjustment

Merger Related Synergy Savings	(\$1,633,000)
	<u>(1,633,000)</u>

(1,633,000)

OPERATING EXPENSES

General Operation and Maintenance	(\$1,633,000)
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Income Taxes - State	(7.3% x (\$1,633,000))	\$119,000
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- Federal	(35.0% x (1,514,000))	<u>530,000</u>
-----------	-------------------------	----------------

Total Operating Expenses		<u>(984,000)</u>
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EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>\$984,000</u>
---	------------------

Tie to Schedule C-2.20	<u>\$984,000</u>
-------------------------------	------------------

-

() Denotes red figure.

WPC-2.20.2
Condition 13-Appendix A

06-0540
APPENDIX A

the Policy Program in the Energy Division and the Manager of the Accounting Department.

8. Each year, within 90 days of its fiscal year end, Peoples Gas shall file with the Commission's Manager of the Policy Program in the Energy Division and the Manager of the Accounting Department a report that reflects all transactions of Peoples Gas and its affiliates which are described as Structured Services Hub Transactions offered pursuant to Peoples Gas' blanket certificate authority.

9. Peoples Gas and North Shore shall provide to the Manager of the Accounting Department the annual reports described in the S&T Agreement, Section X.4, relative to the test year period for the 2007 rate filings, on the same date that their 2007 general rate case filings are filed with the Commission.

10. Applicants will file a plan, within 120 days of the closing, including a timetable, for development and implementation of a combined affiliate transaction system. This filing will include applications for the required approvals to form a services company and will include a plan and schedule to get to full operation of the services company. A copy of this filing shall be provided to the Manager of the Accounting Department. To the extent that any other new affiliated interest agreements or revisions to previously-approved agreements involving the Gas Companies are necessary to fit new processes from the final design and implementation of the services company, the new or revised affiliate interest agreements will also be submitted to the Commission for approval.

11. Applicants shall provide to the Commission and to the Manager of the Commission's Accounting Department copies of the fully executed S&T Agreement and the Regulated Agreement that are being approved by the Commission in this proceeding, within 60 days after the closing of the Reorganization.

12. The allocation of synergy savings resulting from the reorganization will be according to the terms and provisions of the affiliated interest agreements that will govern the provision and receipt of services among affiliated companies subsequent to the Reorganization as approved by the Commission in this proceeding.

13. In the rate cases to be filed by Peoples Gas and North Shore in 2007, the companies will use historical test years ended September 30, 2006, with adjustments for "known and measurable changes" through September 30, 2007. There will be adjustments for "known and measurable changes" for merger-related synergy savings of \$11,445,400 for Peoples Gas and \$1,633,000 for North Shore. (The foregoing does not include gas cost savings, if any, which would flow through the Peoples Gas and North Shore Purchased Gas Adjustment clauses.)

Rate making adjustment

Amortization of Merger Related Costs	Amount
--------------------------------------	--------

OPERATING EXPENSES

Amortization of Merger Related Costs	\$834,000
--------------------------------------	-----------

834,000

Income Taxes	- State	(7.300% x \$	834,000)		(\$61,000)
--------------	---------	---	-------------	---------	---	--	------------

	- Federal	(35.000% x	773,000)		<u>(271,000)</u>
--	-----------	---	-----------	---------	---	--	------------------

(332,000)

TOTAL OPERATING EXPENSES	502,000
--------------------------	---------

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment	<u>(\$502,000)</u>
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Tie to Schedule C-2.21	<u>(\$502,000)</u>
------------------------	--------------------

-

WPC-2.21.2
Condition 16-Appendix A

06-0540
APPENDIX A

14. Peoples Gas' and North Shore's recovery of merger-related costs to achieve will be limited to the percentage allocations of the total costs to achieve specified in Appendix A to the Cost-to-Achieve Allocation Agreement and the total amount of the cost recovery will be capped at \$44,922,750. Additionally, the individual categories of merger-related costs to achieve will be placed into the following three groups with the total amount of cost recovery in each group capped as follows:

- a) Separation Costs, Retention Costs and Relocation Costs: \$9,699,000.
- b) System Integration Costs: \$28,038,000.
- c) D&O Liability Tail Coverage, Regulatory Process, Facilities Integration, Internal/External Communication Costs and Integration Costs: \$7,185,750

15. The amortization period for the regulatory asset for Peoples Gas' and North Shore's allocated shares of merger-related costs will be five years, commencing on the date rates go into effect incorporating the amortization of specific costs. Therefore, the 5-year amortization of the total of \$35,116,750 of merger-related costs to be included in the 2007 rate case orders (see paragraph 16 below) will commence on the date rates go into effect pursuant to the 2007 rate case orders. The balance of merger-related costs incurred (not to exceed \$9,806,000 per paragraph 14 above) will be amortized over 5 years beginning on January 1, 2010 or the month following expenditure, whichever is later, using a five-year amortization period.

16. The 2007 rate case orders will provide for the amortization of the following amounts of merger-related costs over five years commencing on the effective date of the rates approved by the 2007 rate case orders: \$30,948,040 for Peoples Gas (resulting in an annual amortization of \$6,189,608) and \$4,168,710 for North Shore (resulting in an annual amortization of \$833,742). Peoples Gas and North Shore will provide evidence in their direct case filings to show the amounts of these merger-related costs in each category of costs and the allocations to each utility, summing to the \$30,948,040 and \$4,168,710 amounts. It is recognized that the full amounts of \$30,948,040 and \$4,168,710 may not have been actually incurred by the time the record closes in the 2007 rate cases.

17. In any future rate cases to be filed in which Peoples Gas and North Shore are seeking recovery of merger costs, Peoples Gas and North Shore will present evidence showing the total amounts of merger-related costs actually incurred in each category and the amounts allocated to Peoples Gas and North Shore in accordance with the established allocation percentages, and that the cumulative synergy savings exceed the total costs to achieve being recovered.

North Shore Gas Company
 Normalize 2006 for Net Weather Effect on Sales Revenues
 Fiscal Year: 2006

WPC-2.22.1

Rate-making adjustment

NET OPERATING REVENUES

A. Weather Effect adjustment on Sales Revenues- Change from Actual to 10 years (based on 6,044 HDDs)	\$ 7,321,000
B. Less: Add-on taxes related to Weather Effect adjustment	(342,000)
C. Add: Total Accounting Charges	6,000
D. Add: DPC Revenues	13,000
Net Weather Effect on Sales Revenues	<u>\$ 6,998,000</u>

OPERATING EXPENSES

E. Gas Costs	\$ 6,016,000
F. Uncollectible Expense-Weather Effect on Revenues at 0.70% x \$ 7,321,000	51,000
G. Uncollectible Expense-Revenue Taxes	(2,000)
H. Tax in DPC	-
Operating Revenues less Operating Expenses before Income Taxes	<u>933,000</u>
Total Normalized Income Taxes	
- State (7.3% x \$933,000)	\$68,000
- Federal (35.0% x 865,000)	<u>303,000</u>
Total	<u>371,000</u>
Current (409.1) - State	68,000
- Federal	303,000
Deferred (410.1)	
Total Operating Expenses	<u>6,436,000</u>

EFFECT ON OPERATING INCOME	Schedule C-2 Rate-making Adjustment	<u>\$562,000</u>
	Tie to Schedule C-2.22	\$562,000
		-

() Denotes red figure.

NSG
Ratemaking Adjustment - Weather Effect on Sales
Fiscal 2006

WPC-2.22.2

	Weather Effect Margin before Bad Debt and R/M to remove Taxes	Bad Debt on Sales	R/M to remove Rev Taxes	Net Weather Effect with R/M remove Rev Taxes	Check
<u>Operating Revenues</u>					
Gas Costs	6,016,000			6,016,000	
Add-on Revenue Taxes	342,000		(342,000)	-	
Delivery Portion	963,000			963,000	
Total Sales	7,321,000	-	(342,000)	6,979,000	6,979,000
Accounting Charge-MUT	6,000	-	-	6,000	6,000
DPC Revenues	13,000			13,000	13,000
Net Effect on Sales	7,340,000	-	(342,000)	6,998,000	6,998,000
<u>Operating Expenses</u>					
Gas Costs	6,016,000			6,016,000	
Bad Debt on Sales	0.70%	-	51,000	51,000	
Bad Debt on Rev Taxes		(2,000)		(2,000)	
Tax on DPC		-		-	
Taxes Other Than Income Taxes	342,000		(342,000)	-	
Total Operating Expenses	6,356,000	51,000	(342,000)	6,065,000	6,065,000
Net Rev - Exp before Income Taxes	984,000	(51,000)	-	933,001	933,000
Income Taxes					
State	7.3%	72,000	(4,000)	68,000	68,000
Federal	35.0%	319,000	(16,000)	303,000	303,000
Net Operating Income Effect	593,000	(31,000)	-	562,000	562,000

WPC-2.22.3

fismo rate class htg salestype	Rate 1	Rate 2	Total	Retail	Transportation	Total	Residential 1	Commercial 2	Industrial 3	Total
comthm1	-6,569	-1,058	-7,627	-7,504	-123	-7,627	-7,010	-475	-142	-7,627
comthm2	-489,456	-171,205	-660,661	-566,867	-93,794	-660,661	-511,276	-127,083	-22,302	-660,661
comthm3	0	-285,512	-285,512	-28,306	-257,206	-285,512	-8,137	-221,156	-56,219	-285,512
comthm	-496,025	-457,775	-953,800	-602,677	-351,123	-953,800	-526,423	-348,714	-78,663	-953,800
comchg1	-15,208	-2,366	-17,574	-17,294	-279	-17,574	-16,194	-1,062	-318	-17,574
comchg2	-597,136	-196,886	-794,022	-685,266	-108,756	-794,022	-622,229	-146,146	-25,647	-794,022
comchg3	0	-152,149	-152,149	-15,084	-137,065	-152,149	-4,336	-117,854	-29,959	-152,149
Distr. Charge	-612,344	-351,401	-963,745	-717,645	-246,100	-963,745	-642,759	-265,062	-55,924	-963,745
Gas Charge	-4,820,037	-1,195,532	-6,015,569	-6,015,569	0	-6,015,569	-4,938,531	-842,701	-234,337	-6,015,569
Chgs B4 Taxes	-5,432,381	-1,546,933	-6,979,314	-6,733,213	-246,100	-6,979,314	-5,581,291	-1,107,763	-290,260	-6,979,314
MUT	-152,107	-43,314	-195,421	-188,530	-6,891	-195,421	-156,276	-31,017	-8,127	-195,421 A
GRT	-5,432	-1,547	-6,979	-6,733	-246	-6,979	-5,581	-1,108	-290	-6,979 B
SUT	-108,648	-30,939	-139,586	-134,664	-4,922	-139,586	-111,626	-22,155	-5,805	-139,586 C
Total Net Bill	-5,698,567	-1,622,733	-7,321,300	-7,063,141	-258,159	-7,321,300	-5,854,774	-1,162,043	-304,483	-7,321,300
Add-on Taxes	-266,187	-75,800		-329,927	329,927	0	-273,483	-54,280	-14,223	-341,986 Total of A-C
DPC Rate			0							
DPC	-9,785	-2,840	-12,624	-12,123	-501	-12,624	-10,021	-2,124	-480	-12,624
Tax in DPC	-267	-77	-344	-330	-14	-344	-273	-58	-13	-344 D
Bad Debt	-1,850	-527	-2,377	-2,293	-84	-2,377	-1,901	-377	-99	-2,377 E
MUT ACR	-4,430	-1,262	-5,692	-5,491	-201	-5,692	-4,552	-903	-237	-5,692 F
Tax Accrual	-260,173	-74,089	-334,261	-322,473	-11,788	-334,261	-267,303	-53,057	-13,900	-334,261 Total of A-C minus D plus E + F
Net Margin	-618,358	-353,112	-971,470	-725,099	-246,371	-971,470	-648,939	-266,285	-56,246	-971,470

Total Net Bill -7,321,300
Less: Add-on taxes -341,986
-6,979,314

Less: Gas Costs -6,015,569

Less: Tax in DPC -344
Add: Accounting Charge - MUT 5,692
Add: Bad Debt on Add-on Taxes 2,377
7,725

Weather Effect on Sales Margin -971,470
DPC Revenues -12,624

Add-on Taxes -Revenues -341,986
Less: Tax in DPC -344
Add: Bad Debt on Add-on Taxes 2,377
Add: Accounting Charge - MUT 5,692
Add-on Tax Accrual -334,261

North Shore Gas CompanyIncome Taxes - Workpapers

Part b) 1) Assume a 100% apportionment factor based on the following ratio:

Net Sales from everywhere:	264,846,588
Net Sales in Illinois:	264,846,588
Apportionment Factor	100%

(source: Form IL-1120 Corporation Income and Replacement Tax Return for the tax year ended 9/30/05)

Part b) 2) The following rates are used to calculate income taxes:

Federal	35.000%
Federal-SIT credit	-2.555%
State	4.800%
Illinois Replacement	<u>2.500%</u>
	<u><u>39.745%</u></u>

North Shore Gas Company is a member of a unitary business group. The group files a combined return and apportions 100% of its income to Illinois.

North Shore Gas Company calculates monthly Provision for Depreciation on the basis of Amortizing the Net Book Cost (Original Cost less Accumulated Provision for Depreciation) of each Asset over its Remaining Life. Functional Classification totals are derived from these individual calculations. Remaining Lives are calculated based on Average Service Lives and Iowa Curves, as applicable to each Asset. Additionally, actual Dismantling Cost, net of Salvage, corresponding to normal Retirements is added to the Provision for Depreciation, as incurred. Current Average Service Lives were approved by the Illinois Commerce Commission in Docket Number 05-0079.

North Shore Gas Company

Taxes Other Than Income Taxes - Workpapers

Line No.	Month [A]	Real Estate Tax Accrued [B]	
1	October	\$ (344,685.97)	1
2	November	(358,185.97)	2
3	December	(235,532.78)	3
4	January	(251,108.41)	4
5	February	(265,193.41)	5
6	March	(279,278.41)	6
7	April	(293,363.41)	7
8	May	(187,396.22)	8
9	June	(201,481.22)	9
10	July	(215,566.22)	10
11	August	(109,598.93)	11
12	September	<u>(128,683.93)</u>	12
13	2006 Average balance	\$ <u>(239,172.91)</u>	13

Line No.	Month [A]	Real Estate Tax Accrued [B]	
14	October	\$ (255,397.96)	14
15	November	(276,982.96)	15
16	December	(298,567.96)	16
17	January	(317,152.96)	17
18	February	(335,737.96)	18
19	March	(354,322.96)	19
20	April	(372,907.96)	20
21	May	(355,921.25)	21
22	June	(370,006.25)	22
23	July	(384,091.25)	23
24	August	(317,100.97)	24
25	September	<u>(331,185.97)</u>	25
26	2005 Average balance	\$ <u>(330,781.37)</u>	26

Line No.	Month [A]	Real Estate Tax Accrued [B]	
27	October	\$ (122,169.86)	27
28	November	(140,169.86)	28
29	December	(171,223.12)	29
30	January	(192,223.12)	30
31	February	(213,223.12)	31
32	March	(234,223.12)	32
33	April	(255,223.12)	33
34	May	(143,100.93)	34
35	June	(218,351.30)	35
36	July	(239,351.30)	36
37	August	(127,227.96)	37
38	September	<u>(233,812.96)</u>	38
39	2004 Average balance	\$ <u>(190,858.31)</u>	39

Line No.	Month [A]	Real Estate Tax Accrued [B]	
40	October	\$ (137,668.62)	40
41	November	(154,668.62)	41
42	December	(171,668.62)	42
43	January	(189,668.62)	43
44	February	(207,668.62)	44
45	March	(225,223.03)	45
46	April	(243,223.03)	46
47	May	(261,223.03)	47
48	June	(164,696.49)	48
49	July	(182,696.49)	49
50	August	(86,169.86)	50
51	September	<u>(104,169.86)</u>	51
52	2003 Average balance	\$ <u>(177,395.41)</u>	52