ICC Docket Nos. 07-0241 and 07-0242
The Peoples Gas Light and Coke Company's and
North Shore Gas Company's Response to
Staff Data Request BAP 15.01-15.03
Dated: August 2, 2007

REQUEST NO. BAP 15.01:

Referring to North Shore/Peoples Gas Ex. JCH 1.0, lines 90 through 103, in which Mr. Hoover discusses the 2006 Individual Performance Bonus ("IPB") Plan, provide:

a) For the last five fiscal years, the total dollar amount paid under the IPB Plan;

b) For the last five fiscal years, a listing of recipients of IPBs that includes each employee's job title and the amount of annual bonus paid to each employee under the IPB Plan;

c) Using the response to (b) for the most recent three years, ending with the 2006 test year, provide the specific criteria that formed the basis for the IPB of each individual; and,

d) Using the response to (c), provide a detailed description of how these specific criteria directly benefited ratepayers.

RESPONSE:

(a) IPB plan was only in place for 2006. In 2006, $1,228,809 was paid, including the amounts paid to Peoples Gas and North Shore employees referenced on page 9 of the rebuttal testimony of Linda Kallas. See attached spreadsheet.

(b) IPB plan was only in place for 2006. See attached spreadsheet for 2006 data.

(c) IPB plan was only in place for 2006. In order to be eligible to receive an award under the Individual Performance Bonus (IPB) Plan, an employee needed to receive an above average performance evaluation of either Outstanding or Very Effective. In addition, the IPB guidelines recommended that no more than 33% of the employees receive an award.

(d) As indicated in the response to subpart (c), there were no specific criteria forming the basis for the IPB of each of the over 400 employees receiving an IPB. Rather, the general criterion was to reward outstanding employees. Although the criteria for determining an outstanding employee can differ, in general these are employees who perform their assignments efficiently, understand the importance of providing quality service to customers (internal or external), know how to solve problems, and look for ways to do things better. Despite the absence of specific criteria, customers were benefited by the IPB because it is in the best interest of customers that the Companies' outstanding employees are compensated appropriately and provide incentives to do their best work. It is also in the best interest of the Companies'

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customers that its outstanding employees remain employed by the Companies and not seek work elsewhere. As pointed out by Mr. Hoover, on pages 3-4, lines 55 through 66 of his rebuttal testimony, incentive programs are designed to attract and retain a sufficient, qualified, and motivated work force. By doing so, the Companies make "sure that there are enough employees to perform needed work, by maintaining and improving the productivity and quality of work, and by reducing the expenses associated with recruiting and training new employees".