

SECTION 285.1000  
SCHEDULE A-1  
SUMMARY OF STANDARD INFORMATION REQUIREMENTS

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line Number	Requested Information	Response
1	Utility Name:	Northern Illinois Gas Company d/b/a Nicor Gas Company
2	Segment of operations and functional service requesting change in rates:	Gas (Delivery)
3	Tariff filing date:	April 29, 2008
4	Test year type:	Future
5	Test year:	12 Months Ended December 31, 2009
6	Utility representative contact:	
7	Name	Gerald P. O'Connor
8	Title	Senior Vice President, Finance and Strategic Planning
9	Address	1844 W. Ferry Road Naperville, Illinois 60563
10	E-mail address	goconno@nicor.com
11	Telephone number	(630) 388-2800
12	Alternate utility representative contact:	
13	Name	Paul Gracey, Jr.
14	Title	Senior Vice President, General Counsel and Secretary
15	Address	1844 W. Ferry Road Naperville, Illinois 60563
16	E-mail address	pgracey@nicor.com
17	Telephone number	(630) 388-2750
18	Utility's attorney contact:	
19	Name	John Rooney
20	Address	Sonnenschein Nath and Rosenthal 7800 Sears Tower 233 South Wacker Drive Chicago, Illinois 60606-6404
21	E-mail address	jrooney@sonnenschein.com
22	Telephone number	(312) 876-8925
23	Change requested over revenues forecasted under existing rates:	
24	Dollars (\$000)	\$140,286
25	Percent	4.89%

**SECTION 285.1000  
SCHEDULE A-1  
SUMMARY OF STANDARD INFORMATION REQUIREMENTS  
List of Schedules, Work Papers and General Information Requirements Not Provided**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line Number	Section Number	Schedule and Description	Reason Schedule Not Provided
<b>SUBPART B: GENERAL INFORMATION REQUIREMENTS</b>			
26	Section 285.305(b)	General Requirements Applicable for All Utilities: Docket number for the most recent rate order from each regulatory entity, other than this Commission, having jurisdiction over the utility, for each type of regulated service offered by the utility.	The Company is only subject to jurisdiction in the state of Illinois. The Company's most recent rate order for interstate services was FERC Docket No. PR-05-12-000.
27	Section 285.305(h)	General Requirements Applicable for All Utilities: A list of all private letter rulings received from the Internal Revenue Service since the utility's last rate filing before the Commission.	None. The Company has not received any private letter rulings from the IRS since its last rate case, ICC Docket No. 04-0779.
28	Section 285.305(i)	General Requirements Applicable for All Utilities: A list of any reports or studies prepared for the utility by outside professional consultants or analysts during the last three years with a cost the lesser of 0.1% of the total utility annual revenues or \$500,000. The list shall include the report/study date, consultant name, subject of the report/study, cost of the report/study, and accounts charged.	None. The Company has not engaged any outside professional consultants or analysts to prepare studies / reports during the last three years that meet the required threshold criteria.
29	Section 285.305(l)	General Requirements Applicable for All Utilities: Quarterly reports to shareholders issued subsequent to the last annual report to shareholders of the utility and any parent company.	None. The Company did not issue any quarterly reports to shareholders subsequent to the last annual report.
30	Section 285.310	General Requirements Applicable for Electric Utilities	Not Applicable - Applies to Electric Utilities Only
31	Section 285.320	General Requirements Applicable for Telecommunications Carriers Subject to this Part	Not Applicable - Applies to Telecommunications Carriers Only
32	Section 285.325	General Requirements Applicable for Water and/or Sewer Utilities	Not Applicable - Applies to Water and/or Sewer Utilities Only
<b>SUBPART D: REVENUE AND FINANCIAL SUMMARY SCHEDULES</b>			
33	Section 285.1025	Schedule A-5: Jurisdictional Allocation Summary	Not Applicable - All test year costs reflected in base rates are part of the utility's provision of ICC-jurisdictional services, as shown on Scheduled B-1 and C-1.
<b>SUBPART E: RATE BASE SCHEDULES</b>			
34	Section 285.2025	Schedule B-4: Summary of Adjustments to Plant in Service	Not Applicable - The Company is not proposing any adjustments to plant-in-service and therefore no schedule is required.
35	Section 285.2035	Schedule B-5.1: Gains and Losses on Sales of Property	Not Applicable - No sales of properties qualified for disclosure.
36	Section 285.2040	Schedule B-5.2: Property Merged or Acquired from Other Utilities	Not Applicable - No properties qualify for disclosure.
37	Section 285.2045	Schedule B-5.3: Leased Property Included in Rate Base	Not Applicable - No leases meet the required criteria.

**SECTION 285.1000**  
**SCHEDULE A-1**  
**SUMMARY OF STANDARD INFORMATION REQUIREMENTS**  
**List of Schedules, Work Papers and General Information Requirements Not Provided**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line Number	Section Number	Schedule and Description	Reason Schedule Not Provided
38	Section 285.2100	Schedule B-11: Property Held for Future Use Included in Rate Base	Not Applicable - No property held for future use is included in rate base.
39	Section 285.2105	Schedule B-12: Analysis of Activity in Property Held for Future Use	Not Applicable - No property is held for future use.
40	Section 285.2200	Schedule B-15: Additions to and Transfers from Customer Advances and Contributions in Aid of Construction - Water and/or Sewer Utilities	Not Applicable - Applies to Water and/or Sewer Utilities Only

**SUBPART F: OPERATING INCOME SCHEDULES**

41	Section 285.3160	Schedule C-15: Major Maintenance Projects	Not Applicable - No projects meet the required criteria.
42	Section 285.3215	Schedule C-22: Cost Savings Programs	Not Applicable - The Company has no qualifying cost savings programs whose initial costs are sought to be recovered in the test year.
43	Section 285.3225	Schedule C-24: Legal Expenses and Reserves	Not Applicable - There are no reserves for outstanding lawsuits, claims, etc. included in rate base. The Company is proposing a downward adjustment of \$883,000, removing the amount in a reserve for injuries and damages from rate base, as reflected on Schedules B-1 and B-1.5.
44	Section 285.3300	Schedule C-27: Fuel Adjustment Clause Revenues and Expenses - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
45	Section 285.3305	Schedule C-28: Fuel Transportation Expense - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
46	Section 285.3310	Schedule C-29: Decommissioning Expense - Electric Utilities with Nuclear Facilities	Not Applicable - Applies to Electric Utilities Only
47	Section 285.3500	Schedule C-31: Competitive Services	Not Applicable - The Company does not provide any competitive services as that term is defined in 220 ILCS 5/16 102.
48	Section 285.3700	Schedule C-33: Billing Experiments (Applicable only to utilities requesting a change in rates for the provision of electric service).	Not Applicable - Applies to Electric Utilities Only

**SUBPART H: RATE AND TARIFF SCHEDULES**

49	Section 285.5120	Schedule E-7: Load Research - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
50	Section 285.5200	Schedule E-5: Long-Run Service Incremental Cost Studies - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
51	Section 285.5205	Schedule E-6: Imputation Tests - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only

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SCHEDULE A-1  
SUMMARY OF STANDARD INFORMATION REQUIREMENTS  
List of Schedules, Work Papers and General Information Requirements Not Provided

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line Number	Section Number	Schedule and Description	Reason Schedule Not Provided
52	Section 285.5210	Schedule E-7: Jurisdictional Operating Revenue - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
53	Section 285.5215	Schedule E-8: Bill Comparisons - Telecommunications Carriers	Not Applicable - Applies to Telecommunications Carriers Only
54	Section 285.5300	Schedule E-5: Jurisdictional Operating Revenue - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only
55	Section 285.5305	Schedule E-6: Embedded Cost of Service Studies - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only
56	Section 285.5315	Schedule E-7: Bill Comparisons - Water and Sewer	Not Applicable - Applies to Water and Sewer Utilities Only
<b>SUBPART I: PLANNING AND OPERATIONS SCHEDULES FOR GAS AND/OR ELECTRIC UTILITIES</b>			
57	Section 285.6005	Schedule F-1: Electric Generating Station Data	Not Applicable - Applies to Electric Utilities Only
58	Section 285.6010	Schedule F-2: Electric Interchange Transactions	Not Applicable - Applies to Electric Utilities Only
59	Section 285.6015	Schedule F-3: Electric Utility Marginal Energy Costs	Not Applicable - Applies to Electric Utilities Only
60	Section 285.6020	Schedule F-3.1: Distribution System Maintenance Expense	Not Applicable - Applies to Electric Utilities Only
61	Section 285.6200	Schedule F-5: Fossil Fuel Inventory - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
62	Section 285.6205	Schedule F-6: Contractual Coal Delivery Schedule Electric Utilities	Not Applicable - Applies to Electric Utilities Only
63	Section 285.6210	Schedule F-7: Fossil Fuel Supply Interruptions - Electric Utilities	Not Applicable - Applies to Electric Utilities Only
64	Section 285.6315	Schedule F-11: Propane, Liquefied Natural Gas, and Synthetic Natural Gas Facilities - Gas Utilities	Not Applicable - The Company has no propane, liquefied natural gas, or synthetic natural gas facilities
65	Section 285.6320	Schedule F-12: Propane, LNG, and SNG Feedstock Inventory Levels - Gas Utilities	Not Applicable - The Company has no propane, liquefied natural gas, or synthetic natural gas feedstock inventory

SECTION 285.1005  
SCHEDULE A-2  
OVERALL FINANCIAL SUMMARY  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Description (A)	Reference to Supporting Schedules (B)	Test Year 2009 (C)
1	Original Cost Rate Base	B-1	\$ 1,535,621
2	Operating Income at Present Rates	C-1	\$ 59,480
3	Rate of Return (line 2 / line 1)	-	3.87%
4	Cost of Capital	D-1	9.21%
5	Operating Income at Proposed Rates (line 1 x line 4)	C-1	\$ 141,431
6	Income Deficiency (line 5 - line 2)	C-1	\$ 81,951
7	Gross Revenue Conversion Factor	A-2.1	1.711825
8	Revenue Increase Requested (line 6 x line 7)	C-1	\$ 140,286
9	Revenue Increase Requested Including Add-on Revenue Taxes	C-25	\$ 143,232

SECTION 285.1010  
SCHEDULE A-2.1  
COMPUTATION OF THE GROSS REVENUE CONVERSION FACTOR

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas

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Project Reported: 12 Months Ended December 31, 1996

Test Year: 12 Months Ended December 31, 2009

Line No.	Description	Calculation
1	Operating Revenues	1.000000
2	Less: Adjustment for State Invested Capital Tax	-0.008000
3	Less: Adjustment for Uncollectible Accounts	-0.022500
4	State Taxable Income	<u>0.969500</u>
5	Less: State Income Tax at 7.30%	0.070774
6	Federal Taxable Income	<u>0.898726</u>
7	Less: Federal Income Tax at 35%	0.314554
8	Operating Income	<u><u>0.584172</u></u>
9	<b>Gross Revenue Conversion Factor</b>	<u><u><b>1.711825</b></u></u>

SECTION 285.1020  
SCHEDULE A-4  
COMPARISON TO PRIOR RATE ORDER  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Description (Applicable to column (B)) (A)	Test Year 2009 (B)	Prior Rate Order on Rehearing Docket #04-0779 (C)	Description (Applicable to column (C)) (D)	ICC Findings Paragraph (E)
1	Original Cost Rate Base	\$ 1,535,621	\$ 1,233,511	ICC Approved Rate Base	(5)
2	Operating Income at Present Rates	\$ 59,480	\$ 79,627	ICC Approved Operating Income at Present Rates	
3	Rate of Return (line 2 / line 1)	3.87%	6.46%	Rate of Return (line 2 / line 1)	
4	Cost of Capital	9.21%	8.85%	ICC Approved Cost of Capital	(6)
5	Operating Income at Proposed Rates (line 1 x line 4)	\$ 141,431	\$ 109,165	ICC Approved Operating Income	(7)
6	Income Deficiency (line 5 - line 2)	\$ 81,951	\$ 29,538	ICC Approved Income Deficiency	
7	Gross Revenue Conversion Factor	1.711825	1.683179	Gross Revenue Conversion Factor	
8	Revenue Increase Requested (line 6 x line 7)	\$ 140,286	\$ 49,719	ICC Approved Revenue Increase	(10)
9	Revenue Increase Requested Including Add-on Revenue Taxes	\$ 143,232	\$ 50,793		
10	The revenue increase granted of \$49,719 per the final Order on Rehearing, ICC Docket 04-0779, included the authorization to pass all Chicago Hub revenues directly through to customers as a credit to Nicor Gas' Purchased Gas Adjustment ("PGA") rider and the shifting of certain storage-related costs from the PGA rider to base rates. Because the order shifted certain items between base rates and Nicor Gas' PGA rider, the company estimates that the revenue increase resulting from implementing the rehearing order was \$30,219.				

SECTION 285.2005  
SCHEDULE B-1  
JURISDICTIONAL RATE BASE SUMMARY BY ICC ACCOUNT  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Supporting Schedule (A)	ICC Acct (B)	Rate Base Component (C)	Forecast as of 12/31/2008 (D)	Forecast as of 12/31/2009 (E)	Average Forecasted Test Year Balance 12/31/2009(1) (F)	Adjustments from Schedule B-2 (G)	Adjusted Average Forecasted Test Year Balance 12/31/2009(2) (H)
1	B-5	101,107,117	Gross Utility Plant	\$ 4,394,717	\$ 4,566,629	\$ 4,480,673	\$ (123)	\$ 4,480,550
2	B-6	108,111	Accumulated Provision for Depreciation and Amortization	2,629,508	2,759,341	2,694,425		2,694,425
3			Net Utility Plant	<u>1,765,209</u>	<u>1,807,288</u>	<u>1,786,248</u>	<u>(123)</u>	<u>1,786,125</u>
4			Add:					
5	B-8	131	Cash Working Capital	99,138	99,138	99,138		99,138
6	B-8.1	154,163	Materials and Supplies	5,675 (3)	5,634 (4)	5,634 (4)		5,634 (4)
7	B-1.1	164.1	Gas in Storage	87,901 (3)	95,645 (4)	95,645 (4)		95,645 (4)
8	B-1.2	182,318,190, 219,242,253	Retirement Benefits, Net	94,473	103,384	99,929		99,929
9			Subtotal	<u>287,187</u>	<u>303,801</u>	<u>299,346</u>	<u>-</u>	<u>299,346</u>
10			Deduct:					
11	WP(B-7.21)	107	Construction Work in Progress subject to AFUDC	18,464	-	9,232		9,232
12	B-9	190,282,283	Accumulated Deferred Income Taxes	275,709	270,407	273,058	641	273,699
13	B-13	235	Customer Deposits	38,644	38,644	38,644		38,644
14	B-14	142,232	Budget Payment Plan Balances	171,684 (3)	160,582 (4)	160,582 (4)		160,582 (4)
15	B-1.3	254	Regulatory Tax Liability	46,593	43,881	45,237		45,237
16	B-1.4	255	Investment Tax Credits	11,271	11,397	11,334		11,334
17	B-1.5	228.2	Reserve for Injuries and Damages	883	883	883		883
18	B-1.6	252	Customer Advances for Construction	9,752	10,726	10,239		10,239
19			Subtotal	<u>573,000</u>	<u>536,520</u>	<u>549,209</u>	<u>641</u>	<u>549,850</u>
20			Total Rate Base	<u>\$ 1,479,396</u>	<u>\$ 1,574,569</u>	<u>\$ 1,536,385</u>	<u>\$ (764)</u>	<u>\$ 1,535,621</u>

(1) Represents average of beginning and end-of-year balances for all components with the exception of Gas in Storage, Materials and Supplies and Budget Payment Balances, which represent an average of 13-month end balances.  
(2) Represents adjusted total company balance and jurisdictional pro forma balance.  
(3) Represents average of 13-month end balances for period ended December 31, 2008.  
(4) Represents average of 13-month end balances for period ended December 31, 2009.

**SECTION 285.2005**  
**SCHEDULE B-1.1**  
**Gas in Storage**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: Gas in Storage is a 13-month average of gas stored in the Company's owned and leased facilities.

Dollars by Account

	<u>Account</u>	<u>Year 2008</u>	<u>Test Year 2009</u>
Gas Stored Underground - Current	164.1	\$ 122,321	\$ 132,025
Less Associated Accounts Payable		<u>34,420</u>	<u>36,380</u>
		87,901	95,645

Reasons for Addition:

Gas in Storage is maintained to meet changes in customer demand between seasons, protect against colder-than-normal weather and assure service reliability. Gas in Storage has been determined to be a proper component of rate base in the Company's prior rate cases. In accordance with prior Commission treatment, the Accounts Payable associated with Gas in Storage is represented by the month's increase in inventory balance.

**SECTION 285.2005  
SCHEDULE B-1.2  
Retirement Benefits, Net  
(\$000)**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: The Company proposes a net addition to rate base relating to its postretirement benefit plans. The primary components of the net addition include a prepaid pension asset and a future health care liability.

The postretirement balances below represent the cumulative postretirement benefit/cost recognized in the income statement in accordance with Statement of Financial Accounting Standards (SFAS) No. 87, *Employers Accounting for Pensions*, or No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions*, which have not yet been paid to, or on behalf of, plan participants. In December 2006, Nicor Gas adopted the recognition provisions of SFAS No. 158, *Accounting for Defined Benefit Pension and Other Postretirement Plans*. Although SFAS No. 158 requires an entity to immediately recognize the funded status of postretirement benefit plans on the balance sheet, it did not change the calculation of postretirement benefit/cost charged to the income statement as prescribed by SFAS No. 87 or SFAS No. 106. Differences between the funded status and the amounts reported below have been deferred as a regulatory asset or accumulated other comprehensive income until recognized in the income statement.

Dollars by Account, as of December 31	Accounts	As of 12/31/08	As of 12/31/09
Additions to Rate Base			
Prepaid Pension	182.3, 186, 190, 219	\$ 227,639	\$ 244,382
Deductions from Rate Base			
Future Health Care-Retirees	182.3, 190, 219, 242, 253	129,351	136,788
Accrued Supplemental Retirement Plan	182.3, 190, 219, 253	1,504	1,545
Directors' Deferred Compensation	253	2,311	2,665
Net Addition to Rate Base		\$ 94,473	\$ 103,384

Reasons for Addition:

The pension asset reflects investments made by the Company in a pension trust in compliance with its obligations under its defined benefit pension plan. While pension expense was a component of approved operating expenses in years prior to 1996, customers did not pay a separate charge or a segregated portion of any charge that directly funded or was tied to the pension asset. Customers did not fund the pension asset any more than they funded any particular item of gas plant that is included in rate base. Furthermore, since 1996, rate payers have received a substantial benefit in the form of pension credits to operating expenses, which effectively have reduced the rates they would otherwise pay. In fact, the cumulative reduction to rates attributable to this pension credit between 1996 and March 2009 (when new rates will be placed in effect as a result of this proceeding) will be over \$100 million.

The Company acknowledges that the Commission has not permitted the Company to include the net pension asset in rate base in its last two rate cases. It is the Company's understanding that the Commission also did not permit Commonwealth Edison Company ("ComEd") to include its net pension asset in rate base in Docket No. 05-0597 and that ComEd has challenged this ruling on appeal in a pending court proceeding. The Company continues to believe that inclusion of its pension asset in rate base is warranted. A court decision in the pending ComEd appeal most likely will also be dispositive of the issue of the appropriate treatment of the pension asset for the Company. In order to preserve its rights in light of the pending ComEd appeal, the Company again proposes that its net pension asset be included in rate base.

(continued on Page 2 of 2)

**SECTION 285.2005**  
**SCHEDULE B-1.2**  
**Retirement Benefits, Net**  
**(\$000)**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Reasons for Addition (continued from Page 1 of 2):

The accumulated deferred income taxes directly associated with the pension balance is included in the accumulated deferred income tax balance on Section 285.2005, Schedule B-1 (Line No. 12). The prepaid balance less the accumulated deferred income taxes directly associated with the pension balance results in a net pension balance as follows:

	As of 12/31/08	As of 12/31/09
Prepaid Pension	\$ 227,639	\$ 244,382
Less: Accumulated Deferred Income Taxes (1)	<u>87,997</u>	<u>94,651</u>
Net Pension Balance	\$ 139,642	\$ 149,731

In accordance with prior Commission treatment, the Future Healthcare-Retirees, the Accrued Supplemental Retirement Plan and Directors' Deferred Compensation balances are deducted from rate base.

(1) Refer to Section 285.2080, Schedule B-9, Line 8

SECTION 285.2005  
SCHEDULE B-1.3  
Regulatory Tax Liability  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: Regulatory Tax Liability represents the amount of taxes deferred and charged to ratepayers over the amount of deferred taxes calculated using the current statutory income tax rates. This account arose when deferred income taxes were transferred from the Deferred Income Tax account upon adoption of SFAS No. 109. The amount in this account will be given back to the ratepayers over the life of the underlying temporary difference.

Dollars by Account, as of December 31

	<u>Account</u>	<u>2008</u>	<u>Test Year 2009</u>
Regulatory Tax Liability	254	\$ 46,593	\$ 43,881

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

SECTION 285.2005  
SCHEDULE B-1.4  
Investment Tax Credits  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: State Investment Tax Credits (ITC) not yet amortized. Pre-1971 Federal ITC has been fully amortized. In the Revenue Act of 1971, Congress enacted legislation prohibiting the reduction of rate base of Post-1971 Federal unamortized ITC.

Dollars by Account, as of December 31

	<u>Account</u>	<u>As of 12/31/08 (1)</u>	<u>As of 12/31/09 (1)</u>
State Investment Tax Credits	255	\$ 11,271	\$ 11,397

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

(1) Additional information supporting this schedule is provided on the schedule listed below. No other work papers were used to support this schedule:

Refer to Section 285.3060, Schedule C-5.5

SECTION 285.2005  
SCHEDULE B-1.5  
Reserve for Injuries and Damages  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: Reserve for Injuries and Damages represents an estimate of outstanding injury and damage claims against the Company .

Dollars by Account, as of December 31

	<u>Account</u>		<u>As of 12/31/08</u>		<u>As of 12/31/09</u>
Reserve for Injuries and Damages	228.2	\$	883	\$	883

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

SECTION 285.2005  
SCHEDULE B-1.6  
Customer Advances for Construction  
(\$000)

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Items: Customer Advances for Construction represent amounts collected by the Company for purposes of main extensions.

Dollars by Account, as of December 31

	<u>Account</u>		<u>Year 2008</u>		<u>Test Year 2009</u>
Customer Advances for Construction	252	\$	9,752	\$	10,726

Reasons for Deduction:

In accordance with prior Commission treatment, this amount is deducted from rate base.

SECTION 285.2010  
SCHEDULE B-2  
SUMMARY OF UTILITY ADJUSTMENTS TO RATE BASE  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Rate Base Component (A)	Supporting Schedule (B)	Mercury Inspection and Repair Program (C)	Service Pipe Extension Charges (D)	Total of Adjustments (E)
1	Gross Utility Plant	B-2.2	\$ -	\$ (123)	\$ (123)
2	Accumulated Provision for Depreciation and Amortization		-	-	-
3	Net Utility Plant		<u>-</u>	<u>(123)</u>	<u>(123)</u>
4	Add:				
5	Cash Working Capital		-	-	-
6	Materials and Supplies		-	-	-
7	Gas in Storage		-	-	-
8	Retirement Benefits, Net		-	-	-
9	Subtotal		<u>-</u>	<u>-</u>	<u>-</u>
10	Deduct:				
11	Construction Work in Progress subject to AFUDC				
12	Accumulated Deferred Income Taxes	B-2.1	641	-	641
13	Customer Deposits		-	-	-
14	Budget Payment Plan Balances		-	-	-
15	Regulatory Tax Liability		-	-	-
16	Investment Tax Credits		-	-	-
17	Reserve for Injuries and Damages		-	-	-
18	Customer Advances for Construction		-	-	-
19	Subtotal		<u>641</u>	<u>-</u>	<u>641</u>
20	Total Rate Base		<u>\$ (641)</u>	<u>\$ (123)</u>	<u>\$ (764)</u>

SECTION 285.2015  
SCHEDULE B-2.1  
DETAILED ADJUSTMENTS TO RATE BASE  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line  
No.

1 Adjustment B-2.1 \$ 641

2 Title of Adjustment: Mercury Inspection and Repair Program

3 Description of Adjustment: In 2000, Nicor Gas initiated a mercury inspection and repair program. The company stated that it would not seek recovery of the costs associated with the mercury program from its customers. Therefore, accumulated deferred income taxes are being adjusted to exclude the deferred taxes associated with the mercury inspection and repair program.

4 Summary Calculation to Support Adjustment:

Balance as of December 31, 2007	<u>\$ 1,177</u>
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Amounts Debited to Account 410.1 in 2008	477
--	-----

Balance as of December 31, 2008 (a)	<u>\$ 700</u>
-------------------------------------	---------------

Amounts Debited to Account 410.1 in 2009	119
--	-----

Balance as of December 31, 2009 (b)	<u>\$ 581</u>
-------------------------------------	---------------

Average Balance of December 31, 2008 & 2009	<u>\$ 641</u> (a) + (b) divided by 2
---	--------------------------------------

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Accumulated Deferred Income Taxes - Mercury Inspection and Repair Program	190	\$ 641

SECTION 285.2015  
SCHEDULE B-2.2  
DETAILED ADJUSTMENTS TO RATE BASE  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line  
No.

1 Adjustment B-2.2 \$ (123)

2 Title of Adjustment: Service Pipe Extension Charges

3 Description of Adjustment: The Company's proposed rate design increases service pipe extension charges 30 percent which reduces Construction Work in Progress. The proposed adjustment results in a reduction in rate base.

4 Summary Calculation to Support Adjustment:

Construction Work in Progress:

Service Charges Billed to Customers	\$	411
Percentage Increase		30%
Charge Increase	\$	<u>123</u>

5 Adjustment Amounts by ICC Account: Account Amount

Construction Work in Progress	107	\$	(123)
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SECTION 285.2030  
SCHEDULE B-5  
GROSS ADDITIONS, RETIREMENTS, AND TRANSFERS  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Page 1 of 1

Test Year: 12 Months Ended 12/31/09

Line No.	Plant Function (A)	Balance as of 12/31/2005 (B)	Adjust for ARC (C)	Adjusted Balance as of 12/31/2005 (D)	Gross Additions (E)	Retirements (F)	Transfers (a) (G)	Balance as of 12/31/2006 (H)	Gross Additions (I)	Retirements (J)	Transfers (b) (K)	Balance as of 12/31/2007 (L)	Gross Additions (M)	Retirements (N)	Transfers (c) (O)	Balance as of 12/31/2008 (P)	Gross Additions (Q)	Retirements (R)	Transfers (c) (S)	Balance as of 12/31/2009 (T)
1	Distribution	2,822,164	(60,300)	2,761,864	110,473	(6,815)	(11)	2,865,511	104,077	(8,509)	(8,875)	2,952,204	126,713	(6,380)	(149)	3,072,388	130,073	(5,755)	-	3,196,706
2	Underground Storage	467,537	-	467,537	12,268	(2,447)	486	477,844	23,373	(5,765)	-	495,452	25,504	(1,739)	-	519,217	47,827	(5,739)	-	561,305
3	Transmission	343,456	(1,800)	341,656	5,511	(279)	30	346,918	4,870	(371)	8,870	360,287	5,616	(1,493)	(2,001)	362,409	4,188	(1,493)	-	365,104
4	General	243,507	(100)	243,407	21,060	(12,700)	(983)	250,784	15,785	(12,291)	1,194	255,472	25,598	(18,507)	-	262,563	35,799	(21,683)	(1,296)	275,383
5	Intangible	74,902	-	74,902	42,079	(21,957)	478	95,502	2,289	(4,854)	-	92,937	9,268	(152)	-	102,053	6,324	(152)	-	108,225
6	Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Asset Retirement Costs	-	62,200	62,200	(100)	-	-	62,100	1,100	-	-	63,200	1,100	-	-	64,300	1,100	-	-	65,400
8	Total A/C 101	3,951,566	-	3,951,566	191,291	(44,198)	-	4,098,659	151,494	(31,790)	1,189	4,219,552	193,799	(28,271)	(2,150)	4,382,930	225,311	(34,822)	(1,296)	4,572,123
9	Gas Stored Underground- Noncurrent -Account 117	50,418	-	50,418	-	-	-	50,418	-	-	-	50,418	-	-	-	50,418	-	-	-	50,418
10	Total Plant in Service	4,001,984	-	4,001,984	191,291	(44,198)	-	4,149,077	151,494	(31,790)	1,189	4,269,970	193,799	(28,271)	(2,150)	4,433,348	225,311	(34,822)	(1,296)	4,622,541
11	Construction Work in Progress- Account 107	41,264	-	41,264	(33,192)	-	-	8,072	1,690	-	-	9,762	15,907	-	-	25,669	(16,181)	-	-	9,488
12	Total Utility Plant	4,043,248	-	4,043,248	158,099	(44,198)	-	4,157,149	153,184	(31,790)	1,189	4,279,732	209,706	(28,271)	(2,150)	4,459,017	209,130	(34,822)	(1,296)	4,632,029
13	Total Utility Plant, Excluding ARC			3,981,048	158,199	(44,198)	-	4,095,049	152,084	(31,790)	1,189	4,216,532	208,606	(28,271)	(2,150)	4,394,717	208,030	(34,822)	(1,296)	4,566,629 (d)

Notes:  
(a) Transfers in 2006 represent transfers between utility property accounts.  
(b) Transfers in 2007 represent transfers between utility property accounts, a transfer to General property of a building previously recovered, and subsequently refunded, through the Company's Environmental Cost Recovery Rider 12, and a transfer to non-utility property.  
(c) Transfers in 2008 and 2009 represent estimated transfers to non-utility property accounts.  
(d) Asset retirement cost (ARC) associated with implementation of FAS 143/FIN 47 is excluded from Schedule B-1, Rate Base.

SECTION 285.2050  
SCHEDULE B-6  
DEPRECIATION RESERVE  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line No.	Major Acct No. or Plant Function (1) (A)	Balance as of 12/31/2005 (B)	Adjust for ARC A/D & Removal Cost (C)	Adjusted Balance as of 12/31/2005 (D)	Depreciation Expense (E)	Retirements (F)	Other (2) (G)	Balance as of 12/31/2006 (H)	Depreciation Expense (I)	Retirements (J)	Other (2) (K)	Balance as of 12/31/2007 (L)	Depreciation Expense (M)	Retirements (N)	Other (2) (O)	Balance as of 12/31/2008 (P)	Depreciation Expense (Q)	Retirements (R)	Other (2) (S)	Balance as of 12/31/2009 (T)
1	Distribution	\$ (1,501,953)	\$ (97,200)	\$ (1,599,153)	(105,775)	\$ 6,815	\$ 6,140	\$ (1,691,973)	\$ (108,927)	\$ 8,509	\$ 5,984	\$ (1,786,407)	\$ (112,993)	\$ 6,380	\$ 14,401	\$ (1,878,619)	\$ (117,455)	\$ 5,755	\$16,000	\$ (1,974,319)
2	Underground Storage	(285,437)	-	(285,437)	(14,039)	2,447	461	(296,568)	(14,356)	5,765	838	(304,321)	(14,938)	1,739	1,527	(315,993)	(15,806)	5,739	1,123	(324,937)
3	Transmission	(236,285)	(3,900)	(240,185)	(12,812)	279	(176)	(252,894)	(13,114)	371	289	(265,348)	(13,422)	1,493	1,616	(275,661)	(13,495)	1,493	144	(287,519)
4	General	(77,479)	(700)	(78,179)	(12,936)	12,700	(4,128)	(82,543)	(13,150)	12,291	(4,256)	(87,658)	(13,347)	18,507	(3,892)	(86,390)	(13,761)	21,683	(3,522)	(81,990)
5	Intangible	(52,656)	-	(52,656)	(14,538)	21,957	-	(45,237)	(16,014)	4,854	-	(56,397)	(16,600)	152	-	(72,845)	(17,883)	152	-	(90,576)
6	Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	ARC A/D & Removal Cost	-	101,800	101,800	-	-	6,300	108,100	-	-	7,700	115,800	-	-	7,700	123,500	-	-	7,700	131,200
9	Total	<u>\$ (2,153,810)</u>	<u>\$ -</u>	<u>\$ (2,153,810)</u>	<u>\$ (160,100)</u>	<u>\$ 44,198</u>	<u>\$ 8,597</u>	<u>\$ (2,261,115)</u>	<u>\$ (165,561)</u>	<u>\$ 31,790</u>	<u>\$ 10,555</u>	<u>\$ (2,384,331)</u>	<u>\$ (171,300)</u>	<u>\$ 28,271</u>	<u>\$ 21,352</u>	<u>\$ (2,506,008)</u>	<u>\$ (178,400)</u>	<u>\$ 34,822</u>	<u>\$21,445</u>	<u>\$ (2,628,141)</u>
10	Total Excluding ARC A/D & ARO Removal Cost			<u>\$ (2,255,610)</u>	<u>\$ (160,100)</u>	<u>\$ 44,198</u>	<u>\$ 2,297</u>	<u>\$ (2,369,215)</u>	<u>\$ (165,561)</u>	<u>\$ 31,790</u>	<u>\$ 2,855</u>	<u>\$ (2,500,131)</u>	<u>\$ (171,300)</u>	<u>\$ 28,271</u>	<u>\$ 13,652</u>	<u>\$ (2,629,508)</u>	<u>\$ (178,400)</u>	<u>\$ 34,822</u>	<u>\$13,745</u>	<u>\$ (2,759,341)</u>

**NOTES**

(1) Includes Account 108 Accumulated Provision for Depreciation of Gas Utility Plant and Account 111 Accumulated Provision for Amortization and Depletion of Gas Utility Plant

(2) Other includes net salvage, capitalized depreciation of transportation equipment, and transfers to nonutility (2008 and 2009).

**SECTION 285.2065**  
**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION**  
**(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

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Test Year: 12 Months Ended 12/31/09

Line No.	Month	Total CWIP Balance (A)	CWIP Balance Accruing AFUDC (1) (B)	CWIP Balance not Accruing AFUDC (C)	AFUDC Accrual Rate (D)	AFUDC Generated (2) (E)
1	Dec 2008	25,669	18,464	7,205	4.25%	61
	<u>2009</u>					
2	Jan	26,665	19,409	7,256	4.25%	67
3	Feb	27,653	20,346	7,307	4.25%	69
4	Mar	30,084	22,676	7,408	4.25%	75
5	Apr	32,966	25,407	7,559	4.25%	83
6	May	36,121	28,410	7,711	4.25%	93
7	Jun	43,088	35,074	8,014	4.25%	110
8	Jul	47,199	38,882	8,317	4.25%	128
9	Aug	51,050	42,430	8,620	4.25%	141
10	Sep	56,165	47,243	8,922	4.25%	155
11	Oct	59,409	50,183	9,226	4.25%	168
12	Nov	12,914	3,486	9,428	4.25%	12
13	Dec	9,488	0	9,488	4.25%	0

Notes: (1) The "CWIP Balance Accruing AFUDC" column reflects the ending CWIP monthly balances subject to AFUDC.

(2) AFUDC is calculated on the books by applying the AFUDC accrual rate to the average beginning and ending CWIP monthly balances accruing AFUDC.

**SECTION 285.2075  
SCHEDULE B-8.1  
MATERIALS AND SUPPLIES  
(\$000)**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Month (A)	<u>2006</u>		<u>2007</u>		<u>2008</u>		<u>2009</u>	
		Materials & Supplies (B)	Accts Payable Associated w/ Matls & Supp (C) (1)	Materials & Supplies (D)	Accts Payable Associated w/ Matls & Supp (E) (1)	Materials & Supplies (F)	Accts Payable Associated w/ Matls & Supp (G) (1)	Materials & Supplies (H)	Accts Payable Associated w/ Matls & Supp (I) (1)
1	Jan	\$ 5,719	\$ 18	\$ 5,408	\$ 104	\$ 5,905	\$ 219	\$ 5,967	\$ 285
2	Feb	5,678		5,746	338	5,859		5,892	
3	Mar	5,700	22	5,668		5,817		5,726	
4	Apr	5,682		5,580		5,793		5,689	
5	May	6,011	329	5,498		5,776		5,714	25
6	Jun	5,951		5,434		5,664		5,697	
7	Jul	5,935		5,197		5,653		5,630	
8	Aug	6,011	76	5,164		5,641		5,563	
9	Sep	5,729		5,261	97	5,579		5,546	
10	Oct	5,330		4,842		5,655	76	5,468	
11	Nov	5,086		5,419	577	5,656	1	5,537	69
12	Dec	5,304	218	5,686	267	5,682	26	5,569	32
13	13 Month Average Balance			5,401	123	5,720	45	5,668	34
14	13 Month Average Balance Materials & Supplies net of Accounts Payable Associated with Materials & Supplies				\$ 5,278		\$ 5,675		\$ 5,634

15 (1) In accordance with prior Commission treatment, the Accounts Payable associated with Materials and Supplies Inventory  
16 is represented by the month's increase in inventory balance.

**SECTION 285.2080  
SCHEDULE B-9  
ACCUMULATED DEFERRED INCOME TAXES  
(\$000)**

Utility: Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas

Test Year: 12 Months Ended December 31, 2009

Dr = asset (Cr) = liability

Line No.	Component of Accumulated Deferred Income Taxes (A)	ICC Acct # (B)	Utility Acct # (C)	Description of Event that Initiated Recording of Component (D)	Beg. State Def. Tax Balance 1/1/2009 Dr or (Cr) (E)	End. State Def. Tax Balance 12/31/2009 Dr or (Cr) (F)	(E)+(F)/2 Avg. State Def. Tax Balance Dr or (Cr) (G)	Beg. Fedl. Def. Tax Balance 1/1/2009 Dr or (Cr) (H)	End. Fedl. Def. Tax Balance 12/31/2009 Dr or (Cr) (I)	(H)+(I)/2 Avg. Fedl. Def. Tax Balance Dr or (Cr) (J)	(E)+(H) Beg. Total Def. Tax Balance 1/1/2009 Dr or (Cr) (K)	(F)+(I) End. Total Def. Tax Balance 12/31/2009 Dr or (Cr) (L)	(G)+(J) Avg. Total Def. Tax Balance Dr or (Cr) (M)
1	Depreciation and property items	282	254520 255510 255520 255100 255760 255770	Difference between tax and accounting rules on the timing of when the expense is recorded	(39,166)	(39,070)	(39,118)	(254,052)	(246,623)	(250,338)	(293,218)	(285,693)	(289,456)
2	Unamortized investment credits	190	252510 252520 252530 253510 253520 252530	The timing difference created by grossing up the tax benefit of the credit creating an offsetting regulatory liability	3,073	2,826	2,950	13,658	12,560	13,109	16,731	15,386	16,059
3	Reserve for Future Health Care	190	250100 251100 136100 136110	Books accrues a reserve for future liabilities which is not deductible for tax purposes until paid.	12,754	13,583	13,169	56,906	60,593	58,750	69,660	74,176	71,919
4	Mercury Inspection and Repair Program	190	136100 136110 250100 251100	The reserve set up for books is not deductible for tax purposes until the expenses are paid.	129	107	118	572	474	523	701	581	641
5	Uncollectible Accounts	190	136100 136110	Books accrues a reserve which for tax purposes is not deductible until the account is written off.	2,025	1,983	2,004	9,002	8,812	8,907	11,027	10,795	10,911
6	Inventory	190	136100 136110	Tax law requires additional overheads to be capitalized where book deducts them as incurred.	270	270	270	1,199	1,199	1,199	1,469	1,469	1,469
7	Alternative Minimum Tax	190	136100	Tax law requires a minimum tax payment which is allowed later as a credit			-	9,553	11,016	10,285	9,553	11,016	10,285
8	Pension	283	254530 255110	Books is reflecting earnings on the pension trust which are not income for tax purposes.	(16,191)	(17,413)	(16,802)	(71,806)	(77,238)	(74,522)	(87,997)	(94,651)	(91,324)

**SECTION 285.2080  
SCHEDULE B-9  
ACCUMULATED DEFERRED INCOME TAXES  
(\$000)**

Utility: Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas

Test Year: 12 Months Ended December 31, 2009

Dr = asset (Cr) = liability

Line No.	Component of Accumulated Deferred Income Taxes (A)	ICC Acct # (B)	Utility Acct # (C)	Description of Event that Initiated Recording of Component (D)	Beg. State	End. State	(E)+(F)/2	Beg. Fedl.	End. Fedl.	(H)+(I)/2	(E)+(H)	(F)+(I)	(G)+(J)
					Def. Tax Balance 1/1/2009 Dr or (Cr) (E)	Def. Tax Balance 12/31/2009 Dr or (Cr) (F)	Avg. State Def. Tax Balance Dr or (Cr) (G)	Def. Tax Balance 1/1/2009 Dr or (Cr) (H)	Def. Tax Balance 12/31/2009 Dr or (Cr) (I)	Avg. Fedl. Def. Tax Balance Dr or (Cr) (J)	Beg. Total Def. Tax Balance Dr or (Cr) (K)	End. Total Def. Tax Balance Dr or (Cr) (L)	Avg. Total Def. Tax Balance Dr or (Cr) (M)
9	Call Premium and Amortization	283	254530 255110 250100 251100	Tax is allowed to deduct expenses associated with called bonds sooner than books can expense the costs.	(1,122)	(1,040)	(1,081)	(4,985)	(4,623)	(4,804)	(6,107)	(5,663)	(5,885)
10	Other	283, 190	136150 136100 136110 136140 254530 250100 250110 254510 255530 255540 251110 251100 255120 252100	Other Book/Tax Differences	226	164	194	2,246	2,013	2,129	2,472	2,177	2,323
<b>Total Deferred Tax</b>					<u>(38,002)</u>	<u>(38,590)</u>	<u>(38,296)</u>	<u>(237,707)</u>	<u>(231,817)</u>	<u>(234,762)</u>	<u>(275,709)</u>	<u>(270,407)</u>	<u>(273,058)</u>

**SECTION 285.2110  
SCHEDULE B-13  
CUSTOMER DEPOSITS  
(\$000)**

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Month (A)	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
		Credit	Credit	Credit	Credit
		Balance at	Balance at	Balance at	Balance at
		End of Month	End of Month	End of Month	End of Month
		(B)	(C)	(D)	(E)
1	Jan	\$ 28,813	\$ 37,099	\$ 38,397	\$ 38,397
2	Feb	29,933	37,332	38,638	38,638
3	Mar	30,692	37,745	39,066	39,066
4	Apr	31,861	38,211	39,548	39,548
5	May	32,848	38,579	39,929	39,929
6	Jun	33,979	39,039	40,405	40,405
7	Jul	34,515	39,305	40,681	40,681
8	Aug	34,995	39,359	40,737	40,737
9	Sep	35,175	36,900	38,191	38,191
10	Oct	35,200	36,666	37,949	37,949
11	Nov	35,650	37,268	38,572	38,572
12	Dec	36,116	37,338	38,644	38,644
13	Annual Interest Accrued	\$ 1,499	\$ 1,777	\$ 1,371	\$ 1,373
14	Account Charged	431	431	431	431

**SECTION 285.2115  
SCHEDULE B-14  
BUDGET PAYMENT PLAN BALANCES  
(\$000)**

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Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Month (A)	<u>2006</u> Net Credit Balance at End of Month (B)	<u>2007</u> Net Credit Balance at End of Month (C)	<u>2008</u> Net Credit Balance at End of Month (D)	<u>2009</u> Net Credit Balance at End of Month (E)
1	Jan	\$ 107,391	\$ 172,764	\$ 192,101	\$ 169,155
2	Feb	68,743	125,782	171,890	158,107
3	Mar	37,880	81,806	117,772	107,473
4	Apr	34,452	72,775	95,481	88,712
5	May	52,785	88,551	123,205	118,778
6	Jun	80,363	119,232	153,387	150,819
7	Jul	108,979	152,348	170,387	167,774
8	Aug	143,414	184,669	179,172	176,760
9	Sep	173,949	207,378	188,000	183,453
10	Oct	195,551	234,378	199,713	190,686
11	Nov	204,629	244,777	207,335	190,553
12	Dec	194,034	229,830	203,622	181,678
13	13 month average	\$ 120,247	\$ 162,179	\$ 171,684	\$ 160,582
14	Annual Interest Accrued	\$ 4,814	\$ 7,786	\$ 5,861	\$ 5,510
15	Account Charged	400	400	400	400

SECTION 285.3005  
SCHEDULE C-1  
JURISDICTIONAL OPERATING INCOME SUMMARY  
(\$000)

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Item (A)	ICC Acct (B)	ICC Acct for Operation and Maintenance (C)	Forecast Under Present Rates (D)	Rate Making Adjustments (Schedule C-2) (E)	As Adjusted Under Present Rates (F) = (D) + (E)	Requested Rate Increase (G)	As Adjusted Under Proposed Rates (H) = (F) + (G)
1	OPERATING REVENUES							
2	Base Rate Revenues	400		\$ 547,280	\$ -	547,280	\$ 140,286	\$ 687,566
3	PGA Revenues	400		2,278,386	(2,278,386)	-	-	-
4	ECR Revenues	400		15,049	(15,049)	-	-	-
5	Other Revenues	400		195,414	(175,110)	20,304	-	20,304
6	Total Operating Revenues	400		3,036,129	(2,468,545)	567,584	140,286	707,870
7	OPERATING EXPENSES							
8	Cost of Gas	401	713, 804-813	2,294,806	(2,293,435)	1,371	-	1,371
9	Other Operation and Maintenance:	401 & 402	814-932					
10	Storage	401 & 402	814-837	32,789	-	32,789	-	32,789
11	Transmission	401 & 402	850-867	5,110	-	5,110	-	5,110
12	Distribution	401 & 402	870-893	55,933	(242)	55,691	-	55,691
13	Customer Accounts	401	901-904	112,426	1,074	113,500	3,156	116,656
14	Customer Service and Informational Expenses	401	909	631	-	631	-	631
15	Sales	401	911-916	416	-	416	-	416
16	Administrative and General	401 & 402	920-932	109,084	(11,790)	97,294	-	97,294
17	Total Other Operation and Maintenance	401 & 402	814-932	316,389	(10,958)	305,431	3,156	308,587
18	Depreciation	403 & 404		178,400	-	178,400	-	178,400
19	Taxes Other Than Income	408.1		184,909	(164,784)	20,125	1,122	21,247
20	Income Taxes							
21	Federal - Current	409.1		13,440	(902)	12,538	44,128	56,666
22	State - Current	409.1		499	(205)	294	9,929	10,223
23	Deferred	410.1 & 411.1		(8,014)	-	(8,014)	-	(8,014)
24	ITC	411.4		(2,041)	-	(2,041)	-	(2,041)
25	Total Operating Expenses			2,978,388	(2,470,284)	508,104	58,335	566,439
26	JURISDICTIONAL OPERATING INCOME			\$ 57,741	\$ 1,739	\$ 59,480	\$ 81,951	\$ 141,431

SECTION 285.3010  
SCHEDULE C-2  
SUMMARY OF UTILITY PROPOSED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Item (A)	Interest Synchronization (B)	Charitable Contributions (C)	Interest on Customer Deposits (D)	Lobbying Expense (E)	Rate Case Expenses Amortization (F)	Rider 7 Governmental Agency Compensation Adjustment (G)	NSF Charge Increase (H)	Service Hit Charge (I)	Reconnection Fees Increase (J)	Rider 2 Franchise Cost Adjustment (K)	Incentive Compensation (L)	Add-On Taxes (M)	Non-Base Rate Revenues and Expenses (N)	Total Operating Income Adjustments (O)
1	OPERATING REVENUES														
2	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	PGA Revenues	-	-	-	-	-	-	-	-	-	-	-	-	(2,278,386)	(2,278,386)
4	ECR Revenues	-	-	-	-	-	-	-	-	-	-	-	-	(15,049)	(15,049)
5	Other Revenues	-	-	-	-	-	-	-	-	-	(7,905)	-	(167,205)	-	(175,110)
6	Total Operating Revenues	-	-	-	-	-	-	-	-	-	(7,905)	-	(167,205)	(2,293,435)	(2,468,545)
7	OPERATING EXPENSES														
8	Cost of Gas	-	-	-	-	-	-	-	-	-	-	-	-	(2,293,435)	(2,293,435)
9	Other Operation and Maintenance:														
10	Storage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Distribution	-	-	-	-	-	(210)	-	(32)	-	-	-	-	-	(242)
13	Customer Accounts	-	-	1,373	-	-	-	(96)	-	(203)	-	-	-	-	1,074
14	Customer Service and Informational Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Administrative and General	-	1,486	-	(1,004)	1,708	-	-	-	-	(9,673)	(1,859)	(2,448)	-	(11,790)
17	Total Other Operation and Maintenance	-	1,486	1,373	(1,004)	1,708	(210)	(96)	(32)	(203)	(9,673)	(1,859)	(2,448)	-	(10,958)
18	Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	(27)	(164,757)	-	(164,784)
20	Income Taxes														
21	Federal - Current	(1,554)	(482)	-	326	(554)	68	31	11	66	574	612	-	-	(902)
22	State - Current	(350)	(109)	-	73	(125)	15	7	2	15	129	138	-	-	(205)
23	Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	ITC	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total Operating Expenses	(1,904)	895	1,373	(605)	1,029	(127)	(58)	(19)	(122)	(8,970)	(1,136)	(167,205)	(2,293,435)	(2,470,284)
26	JURISDICTIONAL OPERATING INCOME	\$ 1,904	\$ (895)	\$ (1,373)	\$ 605	\$ (1,029)	\$ 127	\$ 58	\$ 19	\$ 122	\$ 1,065	\$ 1,136	\$ -	\$ -	\$ 1,739
27	Supporting Schedules	C-5.4	C-7	B-13	C-2.1	C-2.2	C-2.3	C-2.4	C-2.5	C-2.6	C-2.7	C-2.8	C-25	E-5	

SECTION 285.3015  
SCHEDULE C-2.1  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2009

Line  
No.

1 Adjustment C-2.1 \$ 1,004

2 Title of Adjustment: Lobbying Expense

3 Description of Adjustment: The test year operating expenses includes lobbying expense.  
Expenses related to lobbying are not recoverable per Section 9-224  
of the Public Utilities Act

4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance:  
Lobbying Expense \$ (1,004)

Income Taxes:  
State at 7.3% 73  
Federal at 35% 326  
399

Operating Income Adjustment \$ 605

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Administrative and General Salaries	401	\$ (933)
Miscellaneous General Expenses	401	<u>(71)</u>
		\$ (1,004)
Income Taxes	409.1	399

SECTION 285.3015  
SCHEDULE C-2.2  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2009

Line  
No.

- 1 Adjustment C-2.2 \$ 1,708
- 2 Title of Adjustment: Rate Case Expenses Amortization
- 3 Description of Adjustment: Amortization of test year rate case expenses deferred including the unamortized rate case expenses from Docket No. 04-0779
- 4 Summary Calculation to Support Adjustment:

Docket No. 04-0779 Rate Case Expenses:	
Rate Case Expenses Deferred (1)	\$ 3,575
Amortization of Expenses (2):	
2005	(112)
2006	(447)
2007	(446)
2008	(447)
Unamortized Rate Case Expense Balance as of 12/31/08	<u>2,123</u>

Deferred Rate Case Expenses:	
Test Year Rate Case Expenses Deferred (3)	\$ 4,341 (a)
Docket No. 04-0779 Unamortized Rate Case Expenses as of 12/31/08	<u>2,123 (b)</u>
Total Rate Case Expenses to be amortized	6,464

Amortization Period 3 years

Rate Case Expenses Amortization:	
Test Year Rate Case Expenses Deferred (3)	\$ 1,447 (a) divided by 3 years
Docket No. 04-0779 Unamortized Rate Case Expenses as of 12/31/08	<u>708 (b) divided by 3 years</u>
Rate Case Expenses Amortization	\$ 2,155

Other Operation and Maintenance:	
Reverse 2009 amortization of Docket No. 04-0779 rate case expenses (2)	\$ (447)
Rate Case Expenses Amortization	<u>2,155</u>
Other Operation and Maintenance Increase	\$ 1,708

Income Taxes:	
State at 7.3%	\$ (125)
Federal at 35%	<u>(554)</u>
	(679)

Operating Income Adjustment \$ (1,029)

5 Adjustment Amounts by ICC Account:	Account	Amount
Regulatory Commission Expenses	401	\$ 1,708
Income Taxes	409.1	(679)

6 Additional information supporting this schedule is provided on the schedules listed below. No other work papers were used to support this schedule:

- (1) Refer to Section 285.3090, Schedule C-10.1  
(2) Refer to Section 285.3235, Schedule C-26  
(3) Refer to Section 285.3085, Schedule C-10

SECTION 285.3015  
SCHEDULE C-2.3  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2009

Line  
No.

- 1 Adjustment C-2.3 \$ 210
- 2 Title of Adjustment: Rider 7 Governmental Agency Compensation Adjustment
- 3 Description of Adjustment: The test year operating expenses includes Cook County Forest Preserve license fee expenses.
- 4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance:	
License Fee Expense	\$ (210)
Income Taxes:	
State at 7.3%	15
Federal at 35%	68
	<u>83</u>
Operating Income Adjustment	<u>\$ 127</u>

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Rents	401	\$ (210)
Income Taxes	409.1	83

SECTION 285.3015  
SCHEDULE C-2.4  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line  
No.

1 Adjustment C-2.4 \$ 96

2 Title of Adjustment: NSF Charge Increase

3 Description of Adjustment: The Company's proposed rate design change increases the amount customers will pay for an NSF check from \$16 to \$25. Consequently, this change results in a decrease to operating expense and an increase in net operating income.

4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance Reduction:  
Customer Records and Collection Expenses

NSF at \$16	\$	170
NSF at \$25		<u>266</u>
Decrease to expense	\$	<u>(96)</u>

Income Taxes:

State at 7.3%		7
Federal at 35%		<u>31</u>
		38

Operating Income Adjustment	\$	<u><u>58</u></u>
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5 Adjustment Amounts by ICC Account:

	Account	Amount
Customer Records and Collection Expenses	401	\$ (96)
Income Taxes	409.1	38

SECTION 285.3015  
SCHEDULE C-2.5  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line  
No.

1	Adjustment C-2.5	\$	32
2	Title of Adjustment:		Service Hit Charge
3	Description of Adjustment:		The Company's proposed rate design change increases the amount charged for damaging a gas service pipe (pipe of 1 1/8th inches or less) from \$360 to \$410 a hit, which will reduce Other Operation and Maintenance expense.
4	Summary Calculation to Support Adjustment:		
	Other Operation and Maintenance Reduction:		
	637 Claims x \$50 Increase	\$	(32)
	Income Taxes:		
	State at 7.3%		2
	Federal at 35%		11
			<u>13</u>
	Operating Income Adjustment	\$	<u>19</u>

5	Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
	Maintenance of Services	402	\$ (32)
	Income Taxes	409.1	13

SECTION 285.3015  
SCHEDULE C-2.6  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line  
No.

1 Adjustment C-2.6 \$ 203  
2 Title of Adjustment: Reconnection Fees Increase

3 Description of Adjustment: The Company's proposed rate design change increases the amount customers will pay for reconnection of service that has previously been turned off for nonpayment of service from \$23 to \$42. Consequently, this change results in a decrease in operating expense and an increase in net operating income. Customers would still be entitled to one free reconnection each year if disconnected for nonpayment of services.

4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance Reduction:	
Customer Records and Collection Expenses	
Reconnection Fee at \$23	\$ 245
Reconnection Fee at \$42	<u>448</u>
Decrease to expense	\$ (203)
Income Taxes:	
State at 7.3%	15
Federal at 35%	<u>66</u>
	81
Operating Income Adjustment	<u>\$ 122</u>

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Customer Records and Collection Expenses	401	\$ (203)
Income Taxes	409.1	81

SECTION 285.3015  
SCHEDULE C-2.7  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Page 1 of 1

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2009

Line  
No.

1 Adjustment C-2.7 \$ 1,768

2 Title of Adjustment: Rider 2 Franchise Cost Adjustment

3 Description of Adjustment: Removing test year Rider 2 Franchise Cost Adjustment revenues and expenses.

4 Summary Calculation to Support Adjustment:

Rider 2 Franchise Cost Adjustment:

Revenue (a)	\$	(7,905)
Less:		
Administrative and General Expenses, Franchise Requirements (b)		<u>(9,673)</u>
Operating Income Adjustment before Taxes	\$	1,768
Income Taxes:		
State at 7.3%		129
Federal at 35%		<u>574</u>
		703

Operating Income Adjustment \$ 1,065

5 Adjustment Amounts by ICC Account:	<u>Account</u>	<u>Amount</u>
Revenue	400	\$ (7,905)
Franchise Requirements	401	(9,673)
Income Taxes	409.1	703

6 Additional information supporting this schedule is provided on the schedules listed below. No other work papers were used to support this schedule:

- (a) Refer to Section 285.5105, Schedule E-5
- (b) Refer to Section 285.3025, Schedule C-4

SECTION 285.3015  
SCHEDULE C-2.8  
DETAILED ADJUSTMENTS TO OPERATING INCOME  
(\$000)

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended December 31, 2009

Line  
No.

- 1 Adjustment C-2.8 \$ 1,886
- 2 Title of Adjustment: Incentive Compensation
- 3 Description of Adjustment: Excluding incentive compensation expense that is dependent upon the financial goals of the Company and associated payroll taxes.
- 4 Summary Calculation to Support Adjustment:

Other Operation and Maintenance:

Financial Based Incentive Compensation	\$	(1,859) (a)
Associated Payroll Taxes at 1.45% (1)		<u>(27) (a) times 1.45%</u>
Total Adjustment	\$	<u>(1,886)</u>

Income Taxes:

State at 7.3%		138
Federal at 35%		<u>612</u>
		750

Operating Income Adjustment \$ 1,136

5 Adjustment Amounts by ICC Account:

	<u>Account</u>	<u>Amount</u>
Administrative and General Expenses	401	\$ (1,859)
Taxes Other Than Income	408.1	<u>(27)</u>
		(1,886)
Income Taxes	409.1	750

- 6 (1) Medicare basic hospital insurance rate applies; Social Security rate of 6.2% does not apply as social security wage base has been met.

SECTION 285.3055  
SCHEDULE C-5.4  
INTEREST SYNCHRONIZATION

Utility: Northern Illinois Gas Company  
d/b/a Nicor Gas Company

Test Year: 12 Months Ended 12/31/09

Line No.	Description	Test Year 2009	Reference
1	Original Cost Rate Base (US\$ '000)	1,535,621	B-1
2	Weighted Cost of Debt	2.93%	D-1
3	Synchronized Interest (1) x (2)	<u>\$ 44,994</u>	
4	<u>Components of Interest Expense</u> <u>Used for Computing Test Year</u> <u>Income Tax Expense:</u>		
		<u>Amount</u>	<u>Reference</u>
			<u>ICC Account Description</u>
			<u>ICC Acct #</u>
			<u>Reference</u>
			<u>Util. A/C #</u>
			<u>Reference</u>
5	Interest on Long-Term Debt	31,106	D-9, D-9a
6	Interest on Short-Term Debt	9,075	D-9, D-9a
7	AFUDC - Interest	(1,100)	D-9, D-9a
8	Amortization of Debt Discount and Expense	1,557	D-9, D-9a
9	Interest on Tax Deficiencies	(1,934)	D-9, D-9a
10	Miscellaneous Interest	1,500	D-9, D-9a
11	Total	<u>\$ 40,204</u>	(a)
<i>(a) The Total amount on Line 11 is the amount of interest expense used in calculating test year income taxes.</i>			
12	Synchronized Interest	44,994	
13	Test Year Interest Expense	(40,204)	
14	Difference	<u>\$ 4,790</u>	
15	State Tax Expense Reduction (at 7.3%)	350	
16	Federal Tax Expense Reduction (at 35% - (35%*7.3%))	1,554	
17	Reduction in Tax Expense (Adjust Operating Income)	<u>\$ 1,904</u>	

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Page 1 of 8

Test Year: 12 Months Ended 12/31/09

**Year: 2006**

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	105,775
2	Underground Storage	Underground Storage	*	*	14,039
3	Transmission	Transmission	*	*	12,812
4	General	General	*	*	12,936
5	Intangible	Intangible	*	*	14,538
6	Total				<u><u>160,100</u></u>

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 04-0779.

**Nicor Gas Company**  
**Depreciation Expense - 2006**  
**(000's)**

	Gross Property	CWIP	Property in Service	Depreciable Property	Non-Depreciable (Land)	Asset Retirement Costs (ARC)
<b>Balance @ 12/31/05</b>	\$ 4,043,248	\$ 41,264	\$ 4,001,984	\$ 3,931,577	\$ 8,207	\$ 62,200
Gross Additions	158,199	158,199	-	-	-	-
Transfers	-	(191,391)	191,391	191,636	(245)	-
Reclass to Non-Utility	-	-	-	-	-	-
Retirements	(44,198)	-	(44,198)	(44,198)	-	-
Change in Asset Retirement Costs	(100)	-	(100)	-	-	(100)
<b>Balance @12/31/06</b>	<b>\$ 4,157,149</b>	<b>\$ 8,072</b>	<b>\$ 4,149,077</b>	<b>\$ 4,079,015</b>	<b>\$ 7,962</b>	<b>\$ 62,100</b>

Average Balance \$ 4,005,296

Depreciation Rate 4.1%

Depreciation Provision \$ 164,217

Less: Transportation Equipment Depreciation \$ (7,600)

\$ 156,617

		Rounded
Total Depreciation Expense, excluding Transportation Equipment	\$ 156,617	\$ 156,600
Transportation Equipment Depreciation Expense - 46%	\$ 3,496	\$ 3,500
Total Depreciation Expense		\$ 160,100

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Page 3 of 8

Test Year: 12 Months Ended 12/31/09

**Year: 2007**

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	108,927
2	Underground Storage	Underground Storage	*	*	14,356
3	Transmission	Transmission	*	*	13,114
4	General	General	*	*	13,150
5	Intangible	Intangible	*	*	16,014
6	Total				<u><u>165,561</u></u>

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 04-0779.

**Nicor Gas Company**  
**Depreciation Expense - 2007**  
**(000's)**

	Gross Property	CWIP	Property in Service	Depreciable Property	Non-Depreciable (Land)	Asset Retirement Costs (ARC)
<b>Balance @ 12/31/06</b>	\$ 4,157,149	\$ 8,072	\$ 4,149,077	\$ 4,079,015	\$ 7,962	\$ 62,100
Gross Additions	152,084	152,084	-	-		
Transfers	1,194	(150,394)	151,588	151,168	420	
Reclass to Non-Utility	(5)		(5)	-	(5)	
Retirements	(31,790)		(31,790)	(31,790)		
Change in Asset Retirement Costs	1,100		1,100	-		1,100
<b>Balance @12/31/07</b>	<b>\$ 4,279,732</b>	<b>\$ 9,762</b>	<b>\$ 4,269,970</b>	<b>\$ 4,198,393</b>	<b>\$ 8,377</b>	<b>\$ 63,200</b>

Average Balance \$ 4,138,704

Depreciation Rate 4.1%  
 Depreciation Provision \$ 169,687  
 Less: Transportation Equipment Depreciation \$ (7,600)  
\$ 162,087

	Rounded
Total Depreciation Expense, excluding Transportation Equipment	\$ 162,087
Transportation Equipment Depreciation Expense - 46%	\$ 3,496
Total Depreciation Expense	<u>\$ 165,600</u>

Adjustment to 2007 Depreciation Expense (a): \$ (39)  
 Total 2007 Depreciation Expense \$ 165,561

(a) Represents prior year adjustment related to transfer to General property of a building previously recovered, and subsequently refunded, through the Company's Environmental Cost Recovery Rider 12, as well as a transfer of land from depreciable property to non-depreciable property.

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Page 5 of 8

Test Year: 12 Months Ended 12/31/09

**Year: 2008**

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	112,993
2	Underground Storage	Underground Storage	*	*	14,938
3	Transmission	Transmission	*	*	13,422
4	General	General	*	*	13,347
5	Intangible	Intangible	*	*	16,600
6	Total				<u><u>171,300</u></u>

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 04-0779.

Nicor Gas Company  
Depreciation Expense Estimate - 2008  
(000's)

	Gross Property	CWIP	Property in Service	Depreciable Property	Non-Depreciable (Land)	Asset Retirement Costs (ARC)
<b>Balance @12/31/07</b>	\$ 4,279,732	\$ 9,762	\$ 4,269,970	\$ 4,198,393	\$ 8,377	\$ 63,200
Gross Additions	208,606	208,606	-	-		
Transfers		(192,699)	192,699	190,620	2,079	
Reclass to Non-Utility	(2,150)	-	(2,150)	(2,150)		
Retirements	(28,271)	-	(28,271)	(28,271)		
Change in Asset Retirement Costs	1,100	-	1,100	-		1,100
<b>Estimated Balance @ 12/31/08</b>	<b>\$ 4,459,017</b>	<b>\$ 25,669</b>	<b>\$ 4,433,348</b>	<b>\$ 4,358,592</b>	<b>\$ 10,456</b>	<b>\$ 64,300</b>

Average Balance \$ 4,278,493

Depreciation Rate 4.1%

Depreciation Provision \$ 175,418

Less: Transportation Equipment Depreciation \$ (7,500)

			Rounded
Total Depreciation Expense, excluding Transportation Equipment	\$ 167,918	\$ 167,900	
Transportation Equipment Depreciation Expense - 46%	\$ 3,450	\$ 3,400	
Total Depreciation Expense		<u>\$ 171,300</u>	

**SECTION 285.3145  
SCHEDULE C-12  
DEPRECIATION EXPENSE  
(\$000)**

Utility: Northern Illinois Gas Company  
d/b/a: Nicor Gas Company

Page 7 of 8

Test Year: 12 Months Ended 12/31/09

**Year: 2009**

Line No.	Functional Account Grouping (A)	Account Description (B)	Amount of Plant Investment to which Rate is Applied (C)	Composite Depreciation Rate (D)	Depreciation Expense (E)
1	Distribution	Distribution	*	*	117,455
2	Underground Storage	Underground Storage	*	*	15,806
3	Transmission	Transmission	*	*	13,495
4	General	General	*	*	13,761
5	Intangible	Intangible	*	*	17,883
6	Total				<u><u>178,400</u></u>

**\*Note:**

Depreciation expense is computed using a 4.1% composite rate applied to all depreciable property balances and not by functional group (see attached calculation). Allocation to functional group is estimated based upon plant investment in that functional group and the estimated portion of the 4.1% composite rate that applies to that functional group. The 4.1% composite depreciation rate was approved by the Illinois Commerce Commission in Docket 04-0779.

**Nicor Gas Company**  
**Depreciation Expense Estimate-2009**  
**(000's)**

	Gross Property	CWIP	Property in Service	Depreciable Property	Non-Depreciable (Land)	Asset Retirement Costs (ARC)
<b>Estimated Balance @ 12/31/08</b>	\$ 4,459,017	\$ 25,669	\$ 4,433,348	\$ 4,358,592	\$ 10,456	\$ 64,300
Gross Additions	208,030	208,030	-	-		
Transfers		(224,211)	224,211	218,894	5,317	
Reclass to Non-Utility	(1,296)	-	(1,296)	(1,276)	(20)	
Retirements	(34,822)	-	(34,822)	(34,822)		
Change in Asset Retirement Costs	1,100	-	1,100	-		1,100
<b>Estimated Balance @ 12/31/09</b>	<b>\$ 4,632,029</b>	<b>\$ 9,488</b>	<b>\$ 4,622,541</b>	<b>\$ 4,541,388</b>	<b>\$ 15,753</b>	<b>\$ 65,400</b>

Average Balance \$ 4,449,990

Depreciation Rate 4.1%

Depreciation Provision \$ 182,450

Less: Transportation Equipment Depreciation \$ (7,500)

		Rounded
Total Depreciation Expense, excluding Transportation Equipment	\$ 174,950	\$ 175,000
Transportation Equipment Depreciation Expense - 46%	\$ 3,450	\$ 3,400
Total Depreciation Expense		<u>\$ 178,400</u>

**SECTION 285.3175  
SCHEDULE C-18  
Test Year  
TAXES OTHER THAN INCOME TAXES  
(000's)**

Utility: Northern Illinois Gas Company

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Test Year: 12 Months Ended 12/31/09

Line No.	Type of Tax (A)	Amt. Charged to Oper. Expense (B)	Amt. Charged to Clearing Accts. (C)	Amt. Charged to Construction (D)	Amt. Charged to Other (E)	Total (F)
1	<u>2006</u>					
2	Federal Unemployment Tax	100		41		141
3	Federal Unemployment Insurance Contributions	7,548		3,061		10,609
4	Illinois Gas Revenue Tax	57,189				57,189
5	Illinois Gas Use Tax	24,605				24,605
6	State Unemployment Tax	507		207		714
7	State Retailers Occupation and Use Tax	-			(2) 637	637
8	State Invested Capital Tax	7,809				7,809
9	Public Utilities Tax	2,429				2,429
10	State Franchise Tax	131				131
11	Illinois Vehicle License Tax	-			(2) 361	361
12	Real Estate Tax	2,576		455	(3) 120	3,151
13	Municipal Gas Revenue Taxes	48,026				48,026
14	Municipal Gas Use Tax	12,091				12,091
15		<u>163,011</u>	<u>-</u>	<u>3,764</u>	<u>1,118</u>	<u>167,893</u>
16	<u>2007</u>					
17	Federal Unemployment Tax	98		40		138
18	Federal Unemployment Insurance Contributions	7,027		2,862		9,889
19	Illinois Gas Revenue Tax	61,437		8		61,445
20	Illinois Gas Use Tax	25,012				25,012
21	State Unemployment Tax	452		185		637
22	State Retailers Occupation and Use Tax	-			(2) 860	860
23	State Invested Capital Tax	7,912				7,912
24	Public Utilities Tax	2,397				2,397
25	State Franchise Tax	131				131
26	Illinois Vehicle License Tax	-			(2) 400	400
27	Real Estate Tax	2,537		448	(3) 134	3,119
28	Municipal Gas Revenue Taxes	47,012				47,012
29	Municipal Gas Use Tax	12,900				12,900
30		<u>166,915</u>	<u>-</u>	<u>3,543</u>	<u>1,394</u>	<u>171,852</u>
31	<u>2008</u>					
32	Federal Unemployment Tax	108		44		152
33	Federal Unemployment Insurance Contributions	7,172		2,929		10,101
34	Illinois Gas Revenue Tax	65,323				65,323
35	Illinois Gas Use Tax	25,690				25,690
36	State Unemployment Tax	418		171		589
37	State Retailers Occupation and Use Tax	-				-
38	State Invested Capital Tax	8,092				8,092
39	Public Utilities Tax	2,613				2,613
40	State Franchise Tax	131				131
41	Illinois Vehicle License Tax	-			(2) 399	399
42	Real Estate Tax	2,881		508		3,389
43	Municipal Gas Revenue Taxes	50,690				50,690
44	Municipal Gas Use Tax	12,738				12,738
45	Other Taxes	4				4
46		<u>175,860</u>	<u>-</u>	<u>3,652</u>	<u>399</u>	<u>179,911</u>
47	<u>2009</u>					
48	Federal Unemployment Tax	115		47		162
49	Federal Unemployment Insurance Contributions	8,046		3,286		11,332
50	Illinois Gas Revenue Tax	68,527				68,527
51	Illinois Gas Use Tax	26,949				26,949
52	State Unemployment Tax	471		192		663
53	State Retailers Occupation and Use Tax	-				-
54	State Invested Capital Tax	8,360				8,360
55	Public Utilities Tax	2,741				2,741
56	State Franchise Tax	131				131
57	Illinois Vehicle License Tax	-			(2) 399	399
58	Real Estate Tax	3,024		534		3,558
59	Municipal Gas Revenue Taxes	53,176				53,176
60	Municipal Gas Use Tax	13,364				13,364
61	Other Taxes	5				5
62		<u>184,909</u>	<u>-</u>	<u>4,059</u>	<u>399</u>	<u>189,367</u>

63 **Notes**

- 64 (1) The above taxes exclude sales taxes which have been charged to the accounts to which the taxed material was charged.  
65 (2) charged to various accounts  
66 (3) charged to other income and deductions