

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Embedded Class Cost of Service Study Summary
 GAS Revenue Deficiency (Excess) by Rate Schedule under Present Rates
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] SUMMARY OF OPERATING INCOME, RATE BASE, AND RATE OF RETURN	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	Operating Revenues under Present Rates:						
2	Tariffed Revenues	62,579,342	48,616,351	13,923,846	0	39,145	NSG Ex. JCHM-1.3, Page 1, line 1
3	Other Revenues	2,713,218	1,983,405	729,271	0	541	NSG Ex. JCHM-1.3, Page 1, line 20
4	Total Operating Revenues:	65,292,560	50,599,756	14,653,117	0	39,686	
5							
6	Operating Expense:						
7	Operation & Maintenance: Non-Cost of Gas	50,718,391	41,394,294	9,295,466	0	28,631	NSG Ex. JCHM-1.3, Page 2, line 53
8	Depreciation Expense - SL	9,398,247	6,800,073	2,593,424	0	4,750	NSG Ex. JCHM-1.3, Page 3, line 39
9	Taxes other than Income Tax	3,445,601	2,538,988	904,769	0	1,844	NSG Ex. JCHM-1.3, Page 4, line 11
10	LESS: Income & Other Adj's Before Income Tax	0	0	0	0	0	NSG Ex. JCHM-1.3, Page 5, line 5
11	Income Tax	(1,552,000)	(1,081,471)	(469,724)	0	(806)	Rate Base
12	ITC Credit	(17,000)	(11,846)	(5,145)	0	(9)	Rate Base
13	LESS: Income & Other Adj's After Income Tax	0	0	0	0	0	NSG Ex. JCHM-1.3, Page 5, line 11
14	Total Operating Expense	61,993,239	49,640,039	12,318,790	0	34,410	
15							
16	NET OPERATING INCOME (Return)	3,299,321	959,717	2,334,328	0	5,276	
17							
18							
19	RATE BASE:						
20	Utility Plant in Service - YE Average	398,609,046	287,487,003	110,925,832	0	196,211	NSG Ex. JCHM-1.3, Page 6, line 41
21	Accumulated Depreciation Reserve - YE Average	(165,669,775)	(120,013,988)	(45,570,662)	0	(85,125)	NSG Ex. JCHM-1.3, Page 7, line 42
22	Construction Work in Progress - YE Average	194,500	119,605	74,866	0	29	NSG Ex. JCHM-1.3, Page 8, line 36
23	Net Plant in Service	233,133,771	167,592,620	65,430,037	0	111,115	
24							
25	Gas Stored Underground - 13 Mo. Ave	8,760,000	4,953,423	3,805,306	0	1,272	NSG Ex. JCHM-1.3, Page 9, line 2
26	Fuel Stock - 13 Mo. Ave	943,145	533,310	409,698	0	137	NSG Ex. JCHM-1.3, Page 9, line 4
27	Cash Working Capital - Year End Ave	397,000	328,860	67,987	0	153	NSG Ex. JCHM-1.3, Page 9, line 14
28	Materials & Supplies - 13 Mo. Ave	1,470,855	1,114,157	356,245	0	452	NSG Ex. JCHM-1.3, Page 9, line 20
29	Accumulated Deferred Taxes - Year End Ave	(48,395,000)	(36,269,446)	(12,111,141)	0	(14,413)	NSG Ex. JCHM-1.3, Page 9, line 30
30	Retirement Benefits, Net	(13,448,000)	(11,139,836)	(2,302,979)	0	(5,185)	NSG Ex. JCHM-1.3, Page 9, line 40
31	Reserve for Injuries & Damages	(1,044,000)	(864,812)	(178,786)	0	(403)	NSG Ex. JCHM-1.3, Page 9, line 50
32	Customer Advances - Year End Ave	(511,000)	(314,231)	(196,692)	0	(77)	NSG Ex. JCHM-1.3, Page 9, line 52
33	Customer Deposits - 13 Mo. Ave	(2,895,000)	(1,854,517)	(1,040,483)	0	0	NSG Ex. JCHM-1.3, Page 9, line 54
34	Budget Plan Balance - 13 Mo. Ave	834,000	823,212	10,788	0	0	NSG Ex. JCHM-1.3, Page 9, line 56
35	TOTAL RATE BASE	179,245,771	124,902,740	54,249,979	0	93,052	
36	% of Rate Base	100.00%	69.68%	30.27%	0.00%	0.05%	RATE BASE
37							
38	PERCENT RATE OF RETURN	1.8407%	0.7684%	4.3029%	0.0000%	5.6701%	
39							
40	Required Rate of Return	9.1800%	9.1800%	9.1800%	9.1800%	9.1800%	
41							
42	Required Return	16,454,762	11,466,072	4,980,148	0	8,542	
43	(Required Return % * Rate Base)						
44	Return Income Deficiency	13,155,441	10,506,354	2,645,820	0	3,266	
45	(Required Ret - Adj Operating Income)						
46	Income Tax Rate	0.6713					
47							
48	Additional Income Tax on Return Def.	8,831,247	6,153,824	2,672,838	0	4,585	Rate Base
49	(Income Deficiency * Tax Factor)						
50	Revenue Deficiency	21,986,688	16,660,179	5,318,659	0	7,851	
51							
52	Revenue Deficiency %	35.13%	34.27%	38.20%	0.00%	20.06%	
53	(Revenue Def / Tariffed Revenues)						
54	Revenue Requirement under Present Rates	84,566,030	65,276,530	19,242,505	0	46,996	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functional Revenue Requirement - at Present Rates
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
		NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service
1	Production & Gathering					
2	Demand	\$ 749,632	\$ 470,989	\$ 278,516	\$ -	\$ 127
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5	Sub-Total	\$ 749,632	\$ 470,989	\$ 278,516	\$ -	\$ 127
6						
7	Storage					
8	Demand	\$ 422,545	\$ 270,403	\$ 152,070	\$ -	\$ 72
9	Commodity	\$ 1,250,529	\$ 707,123	\$ 543,224	\$ -	\$ 182
10	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
11	Sub-Total	\$ 1,673,074	\$ 977,527	\$ 695,294	\$ -	\$ 253
12						
13	Transmission					
14	Demand	\$ 3,479,599	\$ 2,139,723	\$ 1,339,353	\$ -	\$ 522
15	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
16	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
17	Sub-Total	\$ 3,479,599	\$ 2,139,723	\$ 1,339,353	\$ -	\$ 522
18						
19	Distribution					
20	Demand	\$ 27,648,789	\$ 17,203,355	\$ 10,441,080	\$ -	\$ 4,355
21	Commodity	\$ (555,716)	\$ (314,235)	\$ (241,401)	\$ -	\$ (81)
22	Customer	\$ 23,285,279	\$ 19,782,330	\$ 3,477,289	\$ -	\$ 25,660
23	Sub-Total	\$ 50,378,352	\$ 36,671,449	\$ 13,676,969	\$ -	\$ 29,934
24						
25	Customer					
26	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
27	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
28	Customer	\$ 28,285,373	\$ 25,016,841	\$ 3,252,373	\$ -	\$ 16,159
29	Sub-Total	\$ 28,285,373	\$ 25,016,841	\$ 3,252,373	\$ -	\$ 16,159
30						
31	TOTAL					
32	Demand	\$ 32,300,564	\$ 20,084,470	\$ 12,211,019	\$ -	\$ 5,075
33	Commodity	\$ 694,813	\$ 392,889	\$ 301,824	\$ -	\$ 101
34	Customer	\$ 51,570,652	\$ 44,799,171	\$ 6,729,662	\$ -	\$ 41,819
35						
36	TOTAL REVENUE REQUIREMENT	\$ 84,566,030	\$ 65,276,530	\$ 19,242,505	\$ -	\$ 46,996

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functional Rate Base - at Present Rates
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
	NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service	
1	Production & Gathering					
2	Demand	\$ 2,151,642	\$ 1,298,570	\$ 852,752	\$ -	\$ 320
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5	Sub-Total	\$ 2,151,642	\$ 1,298,570	\$ 852,752	\$ -	\$ 320
6						
7	Storage					
8	Demand	\$ 2,222,395	\$ 1,422,199	\$ 799,818	\$ -	\$ 378
9	Commodity	\$ 8,760,000	\$ 4,953,423	\$ 3,805,306	\$ -	\$ 1,272
10	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
11	Sub-Total	\$ 10,982,395	\$ 6,375,622	\$ 4,605,123	\$ -	\$ 1,649
12						
13	Transmission					
14	Demand	\$ 17,368,845	\$ 10,680,693	\$ 6,685,548	\$ -	\$ 2,605
15	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
16	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
17	Sub-Total	\$ 17,368,845	\$ 10,680,693	\$ 6,685,548	\$ -	\$ 2,605
18						
19	Distribution					
20	Demand	\$ 88,948,035	\$ 54,697,168	\$ 34,237,527	\$ -	\$ 13,339
21	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
22	Customer	\$ 58,960,491	\$ 50,226,870	\$ 8,659,884	\$ -	\$ 73,737
23	Sub-Total	\$ 147,908,525	\$ 104,924,038	\$ 42,897,411	\$ -	\$ 87,076
24						
25	Customer					
26	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
27	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
28	Customer	\$ 834,364	\$ 1,623,817	\$ (790,854)	\$ -	\$ 1,401
29	Sub-Total	\$ 834,364	\$ 1,623,817	\$ (790,854)	\$ -	\$ 1,401
30						
31	TOTAL					
32	Demand	\$ 110,690,917	\$ 68,098,630	\$ 42,575,644	\$ -	\$ 16,642
33	Commodity	\$ 8,760,000	\$ 4,953,423	\$ 3,805,306	\$ -	\$ 1,272
34	Customer	\$ 59,794,854	\$ 51,850,687	\$ 7,869,029	\$ -	\$ 75,138
35						
36	TOTAL AVERAGE RATE BASE	\$ 179,245,771	\$ 124,902,740	\$ 54,249,979	\$ -	\$ 93,052

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Unit Costs - at Present Rates
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
		NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service
1	Production & Gathering					
2	Demand	\$ 0.02	\$ 0.02	\$ 0.02	\$ -	\$ 0.02
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5						
6	Storage					
7	Demand	\$ 0.01	\$ 0.01	\$ 0.01	\$ -	\$ 0.01
8	Commodity	\$ 0.004	\$ 0.004	\$ 0.004	\$ -	\$ 0.004
9	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
10						
11	Transmission					
12	Demand	\$ 0.09	\$ 0.08	\$ 0.09	\$ -	\$ 0.03
13	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
14	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
15						
16	Distribution					
17	Demand	\$ 0.68	\$ 0.67	\$ 0.70	\$ -	\$ 0.27
18	Commodity	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ -	\$ (0.00)
19	Customer	\$ 11.88	\$ 11.01	\$ 21.51	\$ -	\$ 27.07
20						
21	Customer					
22	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
23	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
24	Customer	\$ 14.44	\$ 13.92	\$ 20.12	\$ -	\$ 17.05
25						
26	TOTAL					
27	Demand (per UCP, CP, or Billing Demand)	\$ 0.79	\$ 0.78	\$ 0.82	\$ -	\$ 0.34
28	Commodity (per Therm)	\$ 0.00	\$ 0.00	\$ 0.00	\$ -	\$ 0.00
29	Customer (per Customer)	\$ 26.32	\$ 24.93	\$ 41.64	\$ -	\$ 44.11
30						
31						
32	Total Fixed Costs Per Customer					
33	Demand	\$ 16.49	\$ 11.18	\$ 75.55	\$ -	\$ 5.35
34	Customer	\$ 26.32	\$ 24.93	\$ 41.64	\$ -	\$ 44.11
35	Total	\$ 42.81	\$ 36.11	\$ 117.19	\$ -	\$ 49.47
36						
37						
38						
39	Customers - Total Annual	1,959,348	1,796,772	161,628	-	948
40	Unbundled Coincident Peak	40,805,028	25,839,084	14,959,752	-	6,192
41	Billing Demand Determinants	16,092	-	-	-	16,092
42	Coincident Peak Demand	40,805,028	25,839,084	14,959,752	-	6,192
43	Unbundled Coincident Standby	329,558,561	186,351,932	143,158,794	-	47,835
44	Sales - Total Annual Throughput	329,558,561	186,351,932	143,158,794	-	47,835

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Present Rates
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 1 RESIDENTIAL	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	203,399		0							203,399
4	Transmission:				261,347						261,347
5	Distribution:						3,318,476	4,806,805			8,125,281
6	Customer Accounts:									7,353,105	7,353,105
7	Customer Services:									688,511	688,511
8	Customer Sales:									-	-
9	Administrative & General:						2,785,358	4,034,585		17,942,707	24,762,650
10	Total Operation & Maintenance Expense:	203,399	-	-	261,347	-	6,103,834	8,841,390	-	25,984,323	41,394,294
11	Depreciation & Amort Expense:	54,713	-	83,731	353,660		2,793,565	3,339,685		174,720	6,800,073
12	Taxes Other Than Income Taxes:										
13	Illinois Gas Use Tax	14									14
14	Payroll Taxes	27,487					391,034	431,143		355,514	1,205,178
15	Other Taxes										
16	Real Estate	103	392	113	846		4,333	3,979		129	9,895
17	Invested Capital - Underground Storage			29,949							29,949
18	Invested Capital - Other	11,715	44,685	12,830	96,352		493,430	453,103		14,649	1,126,764
19	Federal Excise Tax	2	8	2	18		92	84		3	209
20	State Franchise Tax										
21	Personal Property Tax	1,736	6,622	1,901	14,279		73,123	67,147		2,171	166,979
22	Total Taxes Other Than Income Taxes:	41,056	51,708	44,795	111,495		962,013	955,457		372,465	2,538,988
23	Other Income Before Income Taxes:										
24	Income Taxes	(11,244)	(42,889)	(12,314)	(92,479)		(473,596)	(434,889)		(14,060)	(1,081,471)
25	ITC	(123)	(470)	(135)	(1,013)		(5,188)	(4,764)		(154)	(11,846)
26	Other Income After Income Taxes:										
27	TOTAL EXPENSES:	287,801	8,349	116,077	633,010		9,380,629	12,696,879		26,517,295	49,640,039
28	Other Operating Income (Revenue Credits):										
29	Forfeited Discounts Acct 487									(835,369)	(835,369)
30	Miscellaneous Acct 488									(523,060)	(523,060)
31	Miscellaneous Acct 489									(47,227)	(47,227)
32	Miscellaneous Acct 495									(311,708)	(205,053)
33	Service Class 4 Revenue			(46,302)		(314,235)	106,655			(12,160)	(372,697)
34	Total Other Operating Income:			(46,302)		(314,235)	106,655			(1,729,523)	(1,983,405)
35	Actual Return (Net Operating Income)	9,978	38,061	10,928	82,067		420,278	385,929		12,477	959,717
36	Return Income Deficiency	109,231	416,664	119,630	898,420		4,600,922	4,224,898		136,589	10,506,354
37	Additional Income Taxes on Deficiency:	63,979	244,050	70,070	526,226		2,694,871	2,474,624		80,004	6,153,824
38	REVENUE REQUIREMENTS:	470,989	707,123	270,403	2,139,723	(314,235)	17,203,355	19,782,330		25,016,841	65,276,530
39	RATE BASE:										
40	Utility Plant in Service	4,571,645	-	7,100,332	18,719,897		113,614,068	137,233,355		6,247,704	287,487,003
41	Accumulated Depreciation - S/L	(2,841,205)	-	(4,397,074)	(6,088,729)		(44,107,853)	(58,986,846)		(3,592,582)	(120,013,988)
42	Construction Work in Progress						119,605				119,605
43	Net Plant in Service	1,730,441	-	2,703,259	12,631,168		69,626,120	78,246,509		2,655,122	167,592,620
44	Gas Stored Underground		4,953,423								4,953,423
45	Fuel Stock	533,310									533,310
46	Cash Working Capital	3,870			4,973		63,146	256,871			328,860
47	Materials & Supplies						477,658	636,499			1,114,157
48	Accumulated Deferred Taxes	(827,767)		(1,281,059)	(1,773,912)		(12,850,455)	(19,536,252)			(36,269,446)
49	Retirement Benefits, Net	(131,107)			(168,458)		(2,139,014)	(8,701,258)			(11,139,836)
50	Reserve for Injuries & Damages	(10,178)			(13,078)		(166,057)	(675,499)			(864,812)
51	Customer Advances						(314,231)				(314,231)
52	Customer Deposits									(1,854,517)	(1,854,517)
53	Budget Plan Balance									823,212	823,212
54	TOTAL RATE BASE	1,298,570	4,953,423	1,422,199	10,680,693		54,697,168	50,226,870		1,623,917	124,902,740
55	% of Rate Base	1.0397%	3.9658%	1.1386%	8.5512%	0.0000%	43.7918%	40.2128%	0.0000%	1.3001%	100.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Present Rates
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 2 GENERAL SERVICE	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	117,760		0							117,760
4	Transmission:				163,589						163,589
5	Distribution:						2,077,190	868,271			2,945,461
6	Customer Accounts:									932,792	932,792
7	Customer Services:									61,935	61,935
8	Customer Sales:									-	-
9	Administrative & General:						1,743,487	728,782		2,601,660	5,073,929
10	Total Operation & Maintenance Expense:	117,760	-	-	163,589	-	3,820,677	1,597,054	-	3,596,387	9,295,466
11											
12	Depreciation & Amort Expense:	31,676	-	47,089	221,372		1,748,623	528,946		15,717	2,593,424
13											
14	Taxes Other Than Income Taxes:										
15	Illinois Gas Use Tax	10									10
16	Payroll Taxes	7,335					104,349	115,052		94,870	321,605
17	Other Taxes										-
18	Real Estate	68	301	63	530		2,712	686		(63)	4,298
19	Invested Capital - Underground Storage			16,843							16,843
20	Invested Capital - Other	7,693	34,328	7,215	60,311		308,861	78,122		(7,134)	489,396
21	Federal Excise Tax	1	6	1	11		57	14		(1)	91
22	State Franchise Tax										-
23	Personal Property Tax	1,140	5,087	1,069	8,938		45,771	11,577		(1,057)	72,525
24	Total Taxes Other Than Income Taxes:	16,247	39,723	25,192	69,790	-	461,751	205,452		86,614	904,769
25											
26	Other Income Before Income Taxes:										-
27											
28	Income Taxes	(7,384)	(32,948)	(6,925)	(57,887)		(296,446)	(74,982)		6,848	(469,724)
29	ITC	(81)	(361)	(76)	(634)		(3,247)	(821)		75	(5,145)
30											
31	Other Income After Income Taxes:										-
32											
33	TOTAL EXPENSES:	158,219	6,414	65,280	396,230	-	5,731,358	2,255,649	-	3,705,640	12,318,790
34											
35	Other Operating Income (Revenue Credits):										
36	Forfeited Discounts Acct 487									(222,631)	(222,631)
37	Miscellaneous Acct 488									(47,052)	(47,052)
38	Miscellaneous Acct 489									(4,248)	(4,248)
39	Miscellaneous Acct 495									(66,677)	(186,806)
40	Service Class 4 Revenue			(26,039)		(241,401)	(120,129)			(1,094)	(268,534)
41	Total Other Operating Income:			(26,039)		(241,401)	(120,129)			(341,702)	(729,271)
42											
43	Actual Return (Net Operating Income)	36,693	163,739	34,415	287,673		1,473,210	372,627		(34,030)	2,334,328
44											
45	Return Income Deficiency	41,589	185,588	39,008	326,060		1,669,795	422,350		(38,571)	2,645,820
46											
47	Additional Income Taxes on Deficiency:	42,014	187,483	39,406	329,390		1,686,846	426,663		(38,965)	2,672,838
48											
49	REVENUE REQUIREMENTS:	278,516	543,224	152,070	1,339,353	(241,401)	10,441,080	3,477,289		3,252,373	19,242,505
50											
51											
52											
53	RATE BASE:										
54	Utility Plant in Service	2,646,792	-	3,993,091	11,717,663		71,116,383	20,889,893		562,010	110,925,832
55	Accumulated Depreciation - S/L	(1,644,939)	-	(2,472,830)	(3,811,222)		(27,608,990)	(9,709,512)		(323,169)	(45,707,662)
56	Construction Work in Progress						74,866				74,866
57	Net Plant in Service	1,001,853	-	1,520,261	7,906,442		43,582,260	11,180,380		238,841	65,430,037
58											
59	Gas Stored Underground		3,805,306								3,805,306
60	Fuel Stock	409,698									409,698
61	Cash Working Capital	2,241			3,113		39,526	23,107			67,987
62	Materials & Supplies						298,989	57,296			356,285
63	Accumulated Deferred Taxes	(479,243)		(720,443)	(1,110,375)		(8,043,703)	(1,757,377)			(12,111,141)
64	Retirement Benefits, Net	(75,905)			(105,446)		(1,338,909)	(782,719)			(2,302,979)
65	Reserve for Injuries & Damages	(5,893)			(8,186)		(103,943)	(60,764)			(178,786)
66	Customer Advances						(196,692)				(196,692)
67	Customer Deposits									(1,040,483)	(1,040,483)
68	Budget Plan Balance									10,788	10,788
69	TOTAL RATE BASE	852,752	3,805,306	799,818	6,685,548	-	34,237,527	8,659,884	-	(790,854)	54,249,979
70	% of Rate Base	1.5719%	7.0144%	1.4743%	12.3236%	0.0000%	63.1107%	15.9629%	0.0000%	-1.4578%	100.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Present Rates
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 3 LARGE VOL DEMAND	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	0		0							
4	Transmission:										
5	Distribution:										
6	Customer Accounts:										
7	Customer Services:										
8	Customer Sales:										
9	Administrative & General:										
10	Total Operation & Maintenance Expense:										
11	Depreciation & Amort Expense:										
12											
13	Taxes Other Than Income Taxes:										
14	Illinois Gas Use Tax										
15	Payroll Taxes										
16	Other Taxes										
17	Real Estate										
18	Invested Capital - Underground Storage										
19	Invested Capital - Other										
20	Federal Excise Tax										
21	State Franchise Tax										
22	Personal Property Tax										
23	Total Taxes Other Than Income Taxes:										
24											
25	Other Income Before Income Taxes:										
26	Income Taxes										
27	ITC										
28	Other Income After Income Taxes:										
29											
30	TOTAL EXPENSES:										
31											
32	Other Operating Income (Revenue Credits):										
33	Forfeited Discounts Acct 487										
34	Miscellaneous Acct 488										
35	Miscellaneous Acct 489										
36	Miscellaneous Acct 495										
37	Service Class 4 Revenue										
38	Total Other Operating Income:										
39											
40	Actual Return (Net Operating Income)										
41											
42	Return Income Deficiency										
43	Additional Income Taxes on Deficiency:										
44											
45	REVENUE REQUIREMENTS:										
46											
47											
48	RATE BASE:										
49	Utility Plant in Service										
50	Accumulated Depreciation - S/L										
51	Construction Work in Progress										
52	Net Plant in Service										
53											
54	Gas Stored Underground										
55	Fuel Stock										
56	Cash Working Capital										
57	Materials & Supplies										
58	Accumulated Deferred Taxes										
59	Retirement Benefits, Net										
60	Reserve for Injuries & Damages										
61	Customer Advances										
62	Customer Deposits										
63	Budget Plan Balance										
64	TOTAL RATE BASE										
65	% of Rate Base	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Present Rates
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 5 STANDBY SERVICE	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	49		0							49
4	Transmission:				64						64
5	Distribution:						809	5,964			6,773
6	Customer Accounts:									2,863	2,863
7	Customer Services:									363	363
8	Customer Sales:									-	-
9	Administrative & General:						679	5,006		12,834	18,519
10	Total Operation & Maintenance Expense:	49	-	-	64	-	1,489	10,970	-	16,060	28,631
11											
12	Depreciation & Amort Expense:	13	-	22	86		681	3,855		92	4,750
13											
14	Taxes Other Than Income Taxes:										
15	Illinois Gas Use Tax	0									0
16	Payroll Taxes	20					281	309		255	865
17	Other Taxes	-					1			-	-
18	Real Estate	0	0	0	0			6		0	7
19	Invested Capital - Underground Storage			8							8
20	Invested Capital - Other	3	11	3	23		120	665		13	839
21	Federal Excise Tax	0	0	0	0		0	0		0	0
22	State Franchise Tax	-	-	-	-		-	-		-	-
23	Personal Property Tax	0	2	1	3		18	99		2	124
24	Total Taxes Other Than Income Taxes:	23	13	12	27	-	420	1,079	-	270	1,844
25											
26	Other Income Before Income Taxes:	-	-	-	-		-	-		-	-
27											
28	Income Taxes	(3)	(11)	(3)	(23)		(115)	(638)		(12)	(806)
29	ITC	(0)	(0)	(0)	(0)		(1)	(7)		(0)	(9)
30											
31	Other Income After Income Taxes:	-	-	-	-		-	-		-	-
32											
33	TOTAL EXPENSES:	82	2	31	154	-	2,473	15,258	-	16,409	34,410
34											
35	Other Operating Income (Revenue Credits):										
36	Forfeited Discounts Acct 487										-
37	Miscellaneous Acct 488									(276)	(276)
38	Miscellaneous Acct 489									(25)	(25)
39	Miscellaneous Acct 495									(141)	(141)
40	Service Class 4 Revenue			(12)		(81)				(6)	(99)
41	Total Other Operating Income:	-	-	(12)	-	(81)	-	-	-	(448)	(541)
42											
43	Actual Return (Net Operating Income)	18	72	21	148	-	756	4,181	-	79	5,276
44											
45	Return Income Deficiency	11	45	13	91	-	468	2,588	-	49	3,266
46											
47	Additional Income Taxes on Deficiency:	16	63	19	128	-	657	3,633	-	69	4,585
48											
49	REVENUE REQUIREMENTS:	127	182	72	522	(81)	4,355	25,660	-	16,159	46,996
50											
51											
52											
53	RATE BASE:										
54	Utility Plant in Service	1,096	-	1,886	4,565		27,707	157,660		3,296	196,211
55	Accumulated Depreciation - S/L	(681)	-	(1,168)	(1,485)		(10,757)	(69,139)		(1,895)	(85,125)
56	Construction Work in Progress	-	-	-	-		29	-		-	29
57	Net Plant in Service	415	-	718	3,080	-	16,980	88,521	-	1,401	111,115
58											
59	Gas Stored Underground		1,272								1,272
60	Fuel Stock	137									137
61	Cash Working Capital	1	-	-	1		15	136			153
62	Materials & Supplies	-	-	-	-		116	336			452
63	Accumulated Deferred Taxes	(198)	-	(340)	(433)		(3,134)	(10,308)			(14,413)
64	Retirement Benefits, Net	(31)	-	-	(41)		(522)	(4,591)			(5,185)
65	Reserve for Injuries & Damages	(2)	-	-	(3)		(40)	(356)			(403)
66	Customer Advances						(77)				(77)
67	Customer Deposits										-
68	Budget Plan Balance										-
69	TOTAL RATE BASE	320	1,272	378	2,605	-	13,339	73,737	-	1,401	93,052
70	% of Rate Base	0.3442%	1.3664%	0.4060%	2.7992%	0.0000%	14.3351%	79.2435%	0.0000%	1.5055%	100.0000%

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Detailed Cost of Service Study Allocation Results
 ALLOCATION OF OPERATING REVENUE
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	GAS OPERATING MARGIN REVENUES	62,579,342	48,616,351	13,923,846	0	39,145	Direct
2							
3	OTHER OPERATING INCOME:						
4	Acct 487 - Forfeited Discounts	1,058,000	835,369	222,631	0	0	Delayed Pymt
5	Acct 488 - Miscellaneous Revenue	570,388	523,060	47,052	0	276	Customer
6	Acct 489 - Miscellaneous Revenue	51,500	47,227	4,248	0	25	Customer
7	Acct 493 - Rent from Gas Property	0	0	0	0	0	
8	Acct 494 - Interdepartmental Rents	0	0	0	0	0	
9	Acct 495 - Other Gas Revenue						
10	Miscellaneous	106,167	97,358	8,758	0	51	Customer
11	VBA Related Revenue	13,474	(106,655)	120,129	0	0	Direct
12	Municipal Tax Service Fee	272,359	214,350	57,920	0	89	MUT
13		392,000	205,053	186,806	0	141	
14	Service Class 4 Revenues:						
15	Customer Related	13,260	12,160	1,094	0	6	Customer
16	Commodity Related	555,716	314,235	241,401	0	81	Sales
17	Demand Related	72,354	46,302	26,039	0	12	Storage
18		641,330	372,697	268,534	0	99	
19							
20	TOTAL OTHER REVENUE	2,713,218	1,983,405	729,271	0	541	
21							
22	TOTAL OPERATING REVENUE	65,292,560	50,599,756	14,653,117	0	39,686	

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Detailed Cost of Service Study Allocation Results
 ALLOCATION OF OPERATION & MAINTENANCE
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	Production:						
2	Demand related	321,208	203,399	117,760	0	49	Unbundled CP
3							
4	Storage:						
5	Underground Storage related	0	0	0	0	0	Storage
6							
7	Transmission	425,000	261,347	163,589	0	64	Ave & Peak
8							
9	Distribution:						
10	303	0	0	0	0	0	
11	374	56,069	34,479	21,582	0	8	Ave & Peak
12	375	184,367	113,374	70,966	0	28	Ave & Peak
13	376	5,068,058	3,116,521	1,950,777	0	760	Ave & Peak
14	377	0	0	0	0	0	
15	378	61,733	37,962	23,762	0	9	Ave & Peak
16	379	26,248	16,141	10,103	0	4	Ave & Peak
17	Sub-Total Distribution - Demand related	5,396,476	3,318,476	2,077,190	0	809	
18		100.00%	61.49%	38.49%	0.00%	0.01%	DISTRIBUTION DEMAND O&M
19							
20	380	3,218,079	2,887,956	327,169	0	2,954	Services
21	381.0	1,995,924	1,602,642	390,753	0	2,529	Meters
22	381.2	47,294	42,757	4,487	0	50	AMR Device
23	381.3	59,531	0	59,531	0	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	340,554	273,450	66,672	0	431	Meters
28	385	19,659	0	19,659	0	0	Direct
29	Sub-Total Distribution - Customer related	5,681,040	4,806,805	868,271	0	5,964	DISTRIBUTION CUSTOMER O&M
30		100.00%	84.61%	15.28%	0.00%	0.10%	
31							
32	Total Distribution	11,077,516	8,125,281	2,945,461	0	6,773	
33							
34	Customer Accounts:						
35	Allocable	5,917,000	5,426,040	488,098	0	2,863	Customer
36	Customer - Acct 904 Allocable	2,371,760	1,927,066	444,694	0	0	Bad Debt
37	Total Customer Accounts:	8,288,760	7,353,105	932,792	0	2,863	
38							
39	Customer Services:	750,809	688,511	61,935	0	363	Customer
40	Customer Sales:	0	0	0	0	0	
41	Total Customer:	9,039,569	8,041,616	994,727	0	3,226	
42							
43	Total Customer Function	14,720,609	12,848,422	1,862,998	0	9,190	
44		100.00%	87.28%	12.66%	0.00%	0.06%	CUSTOMER O&M
45	Administrative & General:						
46	Commodity related	0	0	0	0	0	Sales
47	Distribution - Demand related	4,529,524	2,785,358	1,743,487	0	679	Distribution Demand O&M
48	Distribution - Customer related	4,768,373	4,034,585	728,782	0	5,006	Distribution Customer O&M
49	Customer related	20,557,201	17,942,707	2,601,660	0	12,834	Customer O&M
50	Total Administrative and General	29,855,098	24,762,650	5,073,929	0	18,519	
51							
52							
53	Total Operation & Maintenance	50,718,391	41,394,294	9,295,466	0	28,631	

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Detailed Cost of Service Study Allocation Results
 ALLOCATION OF DEPRECIATION EXPENSE
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	DEPRECIATION EXPENSE - S/L:						
2	Production:						
3	Demand related	78,070	49,437	28,622	0	12	Unbundled CP
4							
5	Storage:						
6	Underground Storage related	118,037	75,537	42,480	0	20	Storage
7							
8	Transmission	539,986	332,056	207,849	0	81	Ave & Peak
9							
10	Distribution						
11	303	0	0	0	0	0	
12	374	35,636	21,914	13,717	0	5	Ave & Peak
13	375	219,313	134,863	84,417	0	33	Ave & Peak
14	376	3,890,904	2,392,649	1,497,671	0	583	Ave & Peak
15	377	0	0	0	0	0	
16	378	161,142	99,091	62,026	0	24	Ave & Peak
17	379	22,652	13,929	8,719	0	3	Ave & Peak
18	380	2,811,338	2,522,940	285,817	0	2,581	Services
19	381.0	780,868	627,004	152,875	0	989	Meters
20	381.2	38,640	34,933	3,666	0	41	AMR Device
21	381.3	39,303	0	39,303	0	0	DMD Device
22	382.0	0	0	0	0	0	Meters
23	382.2	0	0	0	0	0	AMR Device
24	382.3	0	0	0	0	0	DMD Device
25	383	192,798	154,808	37,745	0	244	Meters
26	385	9,540	0	9,540	0	0	Direct
27	Total Distribution	8,202,132	6,002,131	2,195,497	0	4,504	
28							
29	General						
30	Commodity related	0	0	0	0	0	Sales
31	Demand related						
32	Production	8,332	5,276	3,055	0	1	Unbundled CP
33	Underground Storage	12,805	8,194	4,608	0	2	Storage
34	Transmission	35,132	21,604	13,523	0	5	Ave & Peak
35	Distribution	213,223	131,118	82,073	0	32	Ave & Peak
36	Customer/Fixed related	190,530	174,720	15,717	0	92	Customer
37	Total General	460,022	340,913	118,976	0	133	
38							
39	Total Depreciation Expense	9,398,247	6,800,073	2,593,424	0	4,750	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results
ALLOCATION OF TAXES OTHER THAN INCOME
TEST YEAR ENDED DECEMBER 31, 2010
[A]

LINE NO.	DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	Unauthorized Insurance Tax	14,200	9,895	4,298	0	7	Rate Base
2	Invested Capital - Underground Storage	46,800	29,949	16,843	0	8	Storage
3	Invested Capital - Other (Replacement Tax)	1,512,000	1,053,598	457,617	0	785	Rate Base
4	-- Rate Making Adjustment	105,000	73,167	31,779	0	55	Rate Base
5	Illinois Gas Use Tax	24	14	10	0	0	Sales
6	Federal Excise Tax	300	209	91	0	0	Rate Base
7	State Franchise Tax	0	0	0	0	0	Rate Base
8	Personal Property Tax	239,629	166,979	72,525	0	124	Rate Base
9	Payroll Taxes	1,527,648	1,205,178	321,605	0	865	Salaries & Wages
10	Other Taxes	0	0	0	0	0	Salaries & Wages
11	TOTAL TAXES OTHER THAN INCOME	3,445,601	2,538,988	904,769	0	1,844	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results
ALLOCATION OF OTHER INCOME & ADJUSTS
TEST YEAR ENDED DECEMBER 31, 2010
[A]

LINE NO.	DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	BEFORE TAX ADJUSTMENTS:						
2	--NONE--	0	0	0	0	0	
3		0	0	0	0	0	
4		0	0	0	0	0	
5	TOTAL OTHER ADJUSTS	0	0	0	0	0	
6							
7							
8	AFTER TAX ADJUSTMENTS:						
9	--NONE--	0	0	0	0	0	
10		0	0	0	0	0	
11	TOTAL OTHER ADJUSTS	0	0	0	0	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results
ALLOCATION OF RATE BASE COMPONENT - PLANT IN SERVICE - YE AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	GAS PLANT:						
2	Production:						
3	Demand related	6,921,601	4,382,985	2,537,566	0	1,050	Unbundled CP
4							
5	Storage:						
6	Underground Storage related	10,637,434	6,807,320	3,828,306	0	1,808	Storage
7							
8							
9	Transmission	29,185,856	17,947,374	11,234,105	0	4,377	Ave & Peak
10							
11	Distribution						
12							
13	303	0	0	0	0	0	
14	374	3,403,614	2,092,998	1,310,106	0	510	Ave & Peak
15	375	10,000,540	6,149,672	3,849,368	0	1,500	Ave & Peak
16	376	159,120,748	97,848,753	61,248,132	0	23,863	Ave & Peak
17	377	0	0	0	0	0	
18	378	3,747,468	2,304,445	1,442,461	0	562	Ave & Peak
19	379	861,284	529,633	331,522	0	129	Ave & Peak
20	380	117,629,200	105,562,333	11,958,883	0	107,984	Services
21	381.0	32,943,157	26,451,954	6,449,468	0	41,735	Meters
22	381.2	780,596	705,715	74,061	0	820	AMR Device
23	381.3	982,565	0	982,565	0	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	5,620,911	4,513,352	1,100,437	0	7,121	Meters
28	385	324,479	0	324,479	0	0	Direct
29	Total Distribution	335,414,562	246,158,857	89,071,482	0	184,224	
30							
31	General						
32	Commodity related	0	0	0	0	0	Sales
33	Demand related						
34	Production	297,932	188,660	109,226	0	45	Unbundled CP
35	Underground Storage	457,876	293,013	164,785	0	78	Storage
36	Transmission	1,256,270	772,523	483,559	0	188	Ave & Peak
37	Distribution	7,624,505	4,688,567	2,934,794	0	1,143	Ave & Peak
38	Customer/Fixed related	6,813,011	6,247,704	562,010	0	3,296	Customer
39	Total General	16,449,593	12,190,468	4,254,374	0	4,751	
40							
41	Total Plant in Service	398,609,046	287,487,003	110,925,832	0	196,211	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results
ALLOCATION OF RATE BASE COMPONENT - ACCUMULATED DEPRECIATION RESERVE - YE AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	DEPRECIATION RESERVE :						
2	Production:						
3	Demand related	(4,219,445)	(2,671,891)	(1,546,914)	0	(640)	Unbundled CP
4							
5	Storage:						
6	Underground Storage related	(6,461,610)	(4,135,043)	(2,325,469)	0	(1,098)	Storage
7							
8							
9	Transmission	(9,311,388)	(5,725,889)	(3,584,103)	0	(1,396)	Ave & Peak
10							
11							
12	Distribution						
13	303	0	0	0	0	0	
14	374	(933,125)	(573,810)	(359,175)	0	(140)	Ave & Peak
15	375	(4,939,580)	(3,037,515)	(1,901,324)	0	(741)	Ave & Peak
16	376	(59,293,116)	(36,461,352)	(22,822,873)	0	(8,892)	Ave & Peak
17	377	0	0	0	0	0	
18	378	(1,790,205)	(1,100,858)	(689,079)	0	(268)	Ave & Peak
19	379	(496,892)	(305,556)	(191,262)	0	(75)	Ave & Peak
20	380	(47,852,681)	(42,943,764)	(4,864,988)	0	(43,929)	Services
21	381.0	(15,809,832)	(12,694,623)	(3,095,180)	0	(20,029)	Meters
22	381.2	(271,414)	(245,378)	(25,751)	0	(285)	AMR Device
23	381.3	(688,317)	0	(688,317)	0	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	(3,864,565)	(3,103,081)	(756,588)	0	(4,896)	Meters
28	385	(278,689)	0	(278,689)	0	0	Direct
29	Total Distribution	(136,218,415)	(100,465,937)	(35,673,224)	0	(79,255)	
30							
31							
32	General						
33	Commodity related	0	0	0	0	0	Sales
34	Demand related						
35	Production	(267,379)	(169,313)	(98,025)	0	(41)	Unbundled CP
36	Underground Storage	(409,462)	(262,031)	(147,361)	0	(70)	Storage
37	Transmission	(590,047)	(362,840)	(227,119)	0	(88)	Ave & Peak
38	Distribution	(4,274,381)	(2,628,462)	(1,645,278)	0	(641)	Ave & Peak
39	Customer/Fixed related	(3,917,647)	(3,592,582)	(323,169)	0	(1,895)	Customer
40	Total General	(9,458,917)	(7,015,229)	(2,440,953)	0	(2,735)	
41							
42	Total Accumulated Depreciation Reserve	(165,669,775)	(120,013,988)	(45,570,662)	0	(85,125)	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results
ALLOCATION OF RATE BASE COMPONENT - CONSTRUCTION WORK IN PROGRESS - YE AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	CONSTRUCTION WORK IN PROGRESS						
2	Production:						
3	Demand related	0	0	0	0	0	Unbundled CP
4							
5	Storage:						
6	Underground Storage related	0	0	0	0	0	Storage
7							
8	Transmission	0	0	0	0	0	Ave & Peak
9							
10	Distribution						
11	303	0	0	0	0	0	
12	374	0	0	0	0	0	Ave & Peak
13	375	24,500	15,066	9,430	0	4	Ave & Peak
14	376	170,000	104,539	65,436	0	25	Ave & Peak
15	377	0	0	0	0	0	
16	378	0	0	0	0	0	Ave & Peak
17	379	0	0	0	0	0	Ave & Peak
18	380	0	0	0	0	0	Services
19	381.0	0	0	0	0	0	Meters
20	381.2	0	0	0	0	0	AMR Device
21	381.3	0	0	0	0	0	DMD Device
22	382.0	0	0	0	0	0	Meters
23	382.2	0	0	0	0	0	AMR Device
24	382.3	0	0	0	0	0	DMD Device
25	383	0	0	0	0	0	Meters
26	385	0	0	0	0	0	Direct
27	Total Distribution	194,500	119,605	74,866	0	29	
28							
29							
30	General						
31	Commodity related	0	0	0	0	0	Sales
32	Demand related	0	0	0	0	0	Ave & Peak
33	Customer/Fixed related	0	0	0	0	0	Customer
34	Total General	0	0	0	0	0	
35							
36	Total Construction Work in Progress	194,500	119,605	74,866	0	29	

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Detailed Cost of Service Study Allocation Results
 ALLOCATION OF OTHER RATE BASE COMPONENTS
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1							
2	Gas Stored Underground - 13 Mo. Ave	8,760,000	4,953,423	3,805,306	0	1,272	Standby Vol
3							
4	Fuel Stock - 13 Mo. Ave	943,145	533,310	409,698	0	137	Standby Vol
5							
6	Cash Working Capital - Year End Ave						
7	Commodity Related	0	0	0	0	0	Sales
8	Demand Related						
9	Production	6,112	3,870	2,241	0	1	Unbundled CP
10	Underground Storage	0	0	0	0	0	Storage
11	Transmission	8,087	4,973	3,113	0	1	Ave & Peak
12	Distribution	102,688	63,146	39,526	0	15	Ave & Peak
13	Customer Related	280,113	256,871	23,107	0	136	Customer
14	Sub-Total	397,000	328,860	67,987	0	153	
15							
16	Materials & Supplies - 13 Mo. Ave						
17	Commodity Related	0	0	0	0	0	Sales
18	Demand Related	776,764	477,658	298,989	0	116	Ave & Peak
19	Customer Related	694,091	636,499	57,256	0	336	Customer
20	Sub-Total	1,470,855	1,114,157	356,245	0	452	
21							
22	Accumulated Deferred Taxes - Year End Ave						
23	Commodity Related	0	0	0	0	0	Sales
24	Demand Related						
25	Production	(1,307,208)	(827,767)	(479,243)	0	(198)	Unbundled CP
26	Underground Storage	(2,001,843)	(1,281,059)	(720,443)	0	(340)	Storage
27	Transmission	(2,884,720)	(1,773,912)	(1,110,375)	0	(433)	Ave & Peak
28	Distribution	(20,897,292)	(12,850,455)	(8,043,703)	0	(3,134)	Ave & Peak
29	Customer Related	(21,303,937)	(19,536,252)	(1,757,377)	0	(10,308)	Customer
30	Sub-Total	(48,395,000)	(36,269,446)	(12,111,141)	0	(14,413)	
31							
32	Retirement Benefits, Net						
33	Commodity Related	0	0	0	0	0	Sales
34	Demand Related						
35	Production	(207,043)	(131,107)	(75,905)	0	(31)	Unbundled CP
36	Underground Storage	0	0	0	0	0	Storage
37	Transmission	(273,945)	(168,458)	(105,446)	0	(41)	Ave & Peak
38	Distribution	(3,478,444)	(2,139,014)	(1,338,909)	0	(522)	Ave & Peak
39	Customer Related	(9,488,567)	(8,701,258)	(782,719)	0	(4,591)	Customer
40	Sub-Total	(13,448,000)	(11,139,836)	(2,302,979)	0	(5,185)	
41							
42	Reserve for Injuries & Damages						
43	Commodity Related	0	0	0	0	0	Sales
44	Demand Related						
45	Production	(16,073)	(10,178)	(5,893)	0	(2)	Unbundled CP
46	Underground Storage	0	0	0	0	0	Storage
47	Transmission	(21,267)	(13,078)	(8,186)	0	(3)	Ave & Peak
48	Distribution	(270,040)	(166,057)	(103,943)	0	(40)	Ave & Peak
49	Customer Related	(736,620)	(675,499)	(60,764)	0	(356)	Customer
50	Sub-Total	(1,044,000)	(864,812)	(178,786)	0	(403)	
51							
52	Customer Advances - Year End Ave	(511,000)	(314,231)	(196,692)	0	(77)	Ave & Peak
53							
54	Customer Deposits - 13 Mo. Ave	(2,895,000)	(1,854,517)	(1,040,483)	0	0	Cust Deposits
55							
56	Budget Plan Balance - 13 Mo. Ave	834,000	823,212	10,788	0	0	Budget
57							
58	TOTAL OTHER RATE BASE COMPONENTS	(53,888,000)	(42,689,879)	(11,180,057)	0	(18,063)	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functionalized and Classified Rate Base
CLASSIFICATION OF PLANT IN SERVICE - YEAR END AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A] ACCT. NO.	[B] NORTH SHORE GAS	[C] COMMODITY	[D] BASIC TRANSMISSION/ DISTRIBUTION DEMAND	[E] BASIC TRANSMISSION/ DISTRIBUTION FIXED COST	[F] SOURCE or ALLOCATION FACTOR
1	PRODUCTION						
2	Manufactured Gas Production Plant	304.2-320	6,921,601	0	6,921,601	0	
3							
4	STORAGE						
5	Underground Storage Plant	350-357	10,637,434	0	10,637,434	0	
6							
7	TRANSMISSION	365-371	29,185,856	0	29,185,856	0	
8							
9							
10							
11	DISTRIBUTION-DIRECT PLANT ACCT						
12	Intangible	303	0	0	0	0	
13	Land and Land Rights	374	3,403,614	0	3,403,614	0	
14	Structures and Improvements	375	10,000,540	0	10,000,540	0	
15	Mains	376	159,120,748	0	159,120,748	0	
16	Compressor Station Equipment	377	0	0	0	0	
17	Measuring & Regulation Equipment - General	378	3,747,468	0	3,747,468	0	
18	Measuring & Regulation Equipment - Gate Station	379	861,284	0	861,284	0	
19	Services	380	117,629,200	0	0	117,629,200	
20	Meters	381.0	32,943,157	0	0	32,943,157	
21	Automated Meter Reading - Purchases	381.2	780,596	0	0	780,596	
22	Demand Devices - Purchases	381.3	982,565	0	0	982,565	
23	Meter Connections & Installations	382.0	0	0	0	0	
24	Automated Meter Installations	382.2	0	0	0	0	
25	Demand Device - Installations	382.3	0	0	0	0	
26	House Regulators	383	5,620,911	0	0	5,620,911	
27	Industrial Metering & Regulating Station Equip.	385	324,479	0	0	324,479	
28	TOTAL DISTRIBUTION		335,414,562	0	177,133,654	158,280,908	
29			100.00%	0.00%	52.81%	47.19%	Distribution Plant (not inc'd Intangible)
30							
31	Sub-Total Prod., Storage, Trans., Dist. Plant		382,159,453	0	223,878,545	158,280,908	
32			100.00%	0.00%	58.58%	41.42%	GROSS PLANT (not inc'd Intang or Gen)
33							
34	GENERAL PLANT	389 - 399	16,449,593	0	9,636,582	6,813,011	
35							
36	TOTAL PLANT IN SERVICE		398,609,046	0	233,515,127	165,093,919	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functionalized and Classified Rate Base
CLASSIFICATION OF DEPRECIATION RESERVE S/L - YEAR END AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]
		ACCT. NO.	NORTH SHORE GAS	COMMODITY		BASIC TRANSMISSION/ DISTRIBUTION DEMAND	BASIC TRANSMISSION/ DISTRIBUTION FIXED COST	
1	PRODUCTION							
2	Manufactured Gas Production Plant	304.2-320	(4,213,237)	0		(4,213,237)	0	
3	-- Rate Making Adjustment	311.3	(6,208)	0		(6,208)	0	
4	TOTAL PRODUCTION		(4,219,445)	0		(4,219,445)	0	
5								
6	STORAGE							
7	Underground Storage Plant	350-357	(6,461,610)	0		(6,461,610)	0	
8								
9								
10	TRANSMISSION	365-371	(9,269,885)	0		(9,269,885)	0	
11	-- Rate Making Adjustment	367.1 & 369.3	(41,503)	0		(41,503)	0	
12	TOTAL TRANSMISSION		(9,311,388)	0		(9,311,388)	0	
13								
14								
15	DISTRIBUTION							
16	Intangible	303	0	0		0	0	
17	Land and Land Rights	374	(933,125)	0		(933,125)	0	
18	Structures and Improvements	375	(4,928,653)	0		(4,928,653)	0	
19	-- Rate Making Adjustment	375	(10,927)	0		(10,927)	0	
20	Mains	376	(58,758,377)	0		(58,758,377)	0	
21	-- Rate Making Adjustment	376	(534,739)	0		(534,739)	0	
22	Compressor Station Equipment	377	0	0		0	0	
23	Measuring & Regulation Equipment - General	378	(1,783,272)	0		(1,783,272)	0	
24	-- Rate Making Adjustment	378	(6,933)	0		(6,933)	0	
25	Measuring & Regulation Equipment - Gate Station	379	(495,686)	0		(495,686)	0	
26	-- Rate Making Adjustment	379	(1,206)	0		(1,206)	0	
27	Services	380	(47,471,549)	0		0	(47,471,549)	
28	-- Rate Making Adjustment	380	(381,132)	0		0	(381,132)	
29	Meters	381.0	(15,823,371)	0		0	(15,823,371)	
30	-- Rate Making Adjustment	381.0	13,539	0		0	13,539	
31	Automated Meter Reading - Purchases	381.2	(271,414)	0		0	(271,414)	
32	Demand Devices - Purchases	381.3	(688,317)	0		0	(688,317)	
33	Meter Connections & Installations	382.0	0	0		0	0	
34	Automated Meter Installations	382.2	0	0		0	0	
35	Demand Device - Installations	382.3	0	0		0	0	
36	House Regulators	383	(3,847,702)	0		0	(3,847,702)	
37	-- Rate Making Adjustment	383	(16,863)	0		0	(16,863)	
38	Industrial Metering & Regulating Station Equip.	385	(278,397)	0		0	(278,397)	
39	-- Rate Making Adjustment	385	(292)	0		0	(292)	
40	TOTAL DISTRIBUTION		(136,218,415)	0		(67,452,918)	(68,765,498)	
41								
42	Sub-Total Prod., Storage, Trans., Dist. Depreciated Plant		(156,210,858)	0		(87,445,361)	(68,765,498)	
43			100.00%	0.00%		55.98%	44.02%	Depreciation Reserve (not inc.'g General or Intangible)
44								
45	GENERAL PLANT	389 - 399	(9,515,280)	0		(5,574,288)	(3,940,992)	
46	-- Rate Making Adjustment		56,363	0		33,019	23,344	
47	TOTAL GENERAL		(9,458,917)	0		(5,541,269)	(3,917,647)	
48								
49	TOTAL DEPRECIATION RESERVE - SL		(165,669,775)	0		(92,986,630)	(72,683,145)	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functionalized and Classified Rate Base
CLASSIFICATION OF CONSTRUCTION WORK IN PROGRESS - YEAR END AVERAGE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]
		ACCT. NO.	NORTH SHORE GAS	COMMODITY		BASIC TRANSMISSION/DISTRIBUTION DEMAND	BASIC TRANSMISSION/DISTRIBUTION FIXED COST	
1	PRODUCTION							
2	Manufactured Gas Production Plant	304.2-320	0		0	0	0	
3								
4	STORAGE							
5	Underground Storage Plant	350-357	0		0	0	0	
6								
7								
8	TRANSMISSION	365-371	0		0	0	0	
9								
10								
11	DISTRIBUTION							
12	Intangible	303	0		0	0	0	
13	Land and Land Rights	374	0		0	0	0	
14	Structures and Improvements	375	24,500		0	24,500	0	
15	Mains	376	170,000		0	170,000	0	
16	Compressor Station Equipment	377	0		0	0	0	
17	Measuring & Regulation Equipment - General	378	0		0	0	0	
18	Measuring & Regulation Equipment - Gate Station	379	0		0	0	0	
19	Services	380	0		0	0	0	
20	Meters	381.0	0		0	0	0	
21	Automated Meter Reading - Purchases	381.2	0		0	0	0	
22	Demand Devices - Purchases	381.3	0		0	0	0	
23	Meter Connections & Installations	382.0	0		0	0	0	
24	Automated Meter Installations	382.2	0		0	0	0	
25	Demand Device - Installations	382.3	0		0	0	0	
26	House Regulators	383	0		0	0	0	
27	Industrial Metering & Regulating Station Equip.	385	0		0	0	0	
28	TOTAL DISTRIBUTION		194,500		0	194,500	0	
29								
30								
31	GENERAL PLANT	389 - 399	0		0	0	0	
32								
33	TOTAL CONSTRUCTION WORK IN PROGRESS		194,500		0	194,500	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functionalized and Classified Expenses
CLASSIFICATION OF DEPRECIATION EXPENSE S/L - YEAR END TOTAL
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A] ACCT. NO.	[B] NORTH SHORE GAS	[C] COMMODITY	[D] BASIC TRANSMISSION/ DISTRIBUTION DEMAND	[E] BASIC TRANSMISSION/ DISTRIBUTION FIXED COST	[F]	[G]
1	PRODUCTION							
2	Manufactured Gas Production Plant	304.2-320	65,654	0	65,654	0		
3	-- Rate Making Adjustment	311.3	12,416	0	12,416	0		
4	TOTAL PRODUCTION		78,070	0	78,070	0		
5								
6	STORAGE							
7	Underground Storage Plant	350-357	118,037	0	118,037	0		
8								
9								
10	TRANSMISSION	365-371	456,980	0	456,980	0		
11	-- Rate Making Adjustment	367.1 & 369.3	83,006	0	83,006	0		
12	TOTAL TRANSMISSION		539,986	0	539,986	0		
13								
14								
15	DISTRIBUTION							
16	Intangible	303	0	0	0	0		
17	Land and Land Rights	374	35,636	0	35,636	0		
18	Structures and Improvements	375	197,459	0	197,459	0		
19	-- Rate Making Adjustment	375	21,854	0	21,854	0		
20	Mains	376	2,821,425	0	2,821,425	0		
21	-- Rate Making Adjustment	376	1,069,479	0	1,069,479	0		
22	Compressor Station Equipment	377	0	0	0	0		
23	Measuring & Regulation Equipment - General	378	147,276	0	147,276	0		
24	-- Rate Making Adjustment	378	13,866	0	13,866	0		
25	Measuring & Regulation Equipment - Gate Station	379	20,240	0	20,240	0		
26	-- Rate Making Adjustment	379	2,412	0	2,412	0		
27	Services	380	2,049,074	0	0	2,049,074		
28	-- Rate Making Adjustment	380	762,264	0	0	762,264		
29	Meters	381.0	807,946	0	0	807,946		
30	-- Rate Making Adjustment	381.0	(27,078)	0	0	(27,078)		
31	Automated Meter Reading - Purchases	381.2	38,640	0	0	38,640		
32	Demand Devices - Purchases	381.3	39,303	0	0	39,303		
33	Meter Connections & Installations	382.0	0	0	0	0		
34	Automated Meter Installations	382.2	0	0	0	0		
35	Demand Device - Installations	382.3	0	0	0	0		
36	House Regulators	383	159,072	0	0	159,072		
37	-- Rate Making Adjustment	383	33,726	0	0	33,726		
38	Industrial Metering & Regulating Station Equip.	385	8,956	0	0	8,956		
39	-- Rate Making Adjustment	385	584	0	0	584		
40	TOTAL DISTRIBUTION		8,202,132	0	4,329,646	3,872,486		
41								
42								
43	GENERAL PLANT	389 - 399	450,690	0	264,025	186,665		
44	-- Rate Making Adjustment		9,332	0	5,467	3,865		
45	TOTAL GENERAL		460,022	0	269,492	190,530		
46								
47	TOTAL DEPRECIATION EXPENSE		9,398,247	0	5,335,231	4,063,016		

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functionalized and Classified Expenses
CLASSIFICATION OF OPERATION & MAINTENANCE - YEAR END TOTAL
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] ACCT. NO.	[C] NORTH SHORE GAS	[D] COMMODITY	[E] BASIC TRANSMISSION/ DISTRIBUTION DEMAND	[F] BASIC TRANSMISSION/ DISTRIBUTION FIXED COST	[G] SOURCE or ALLOCATION FACTOR
1	PRODUCTION EXPENSE:						
2	MFD GAS PRODUCTION	710 - 742	321,208	0	321,208	0	
3	OTHER GAS SUPPLIES EXPENSE	807.5	0	0	0	0	
4	TOTAL PRODUCTION		321,208	0	321,208	0	
5							
6	TRANSMISSION EXPENSE:						
7	NATURAL GAS TRANSMISSION	850-867	425,000	0	425,000	0	
8							
9	DISTRIBUTION-DIRECT PLANT ACCT (1)	870-894					
10	Intangible	303	0	0	0	0	
11	Land and Land Rights	374	56,069	0	56,069	0	
12	Structures and Improvements	375	184,367	0	184,367	0	
13	Mains	376	5,068,058	0	5,068,058	0	
14	Compressor Station Equipment	377	0	0	0	0	
15	Measuring & Regulation Equipment - General	378	61,733	0	61,733	0	
16	Measuring & Regulation Equipment - Gate Station	379	26,248	0	26,248	0	
17	Services	380	3,218,079	0	0	3,218,079	
18	Meters	381.0	1,995,924	0	0	1,995,924	
19	Automated Meter Reading - Purchases	381.2	47,294	0	0	47,294	
20	Demand Device - Purchases	381.3	59,531	0	0	59,531	
21	Meter Connections & Installations	382.0	0	0	0	0	
22	Automated System Installations	382.2	0	0	0	0	
23	Demand Device - Installations	382.3	0	0	0	0	
24	House Regulators	383	340,554	0	0	340,554	
25	Industrial Metering & Regulating Station Equip.	385	19,659	0	0	19,659	
26	TOTAL DISTRIBUTION FUNCTION		11,077,516	0	5,396,476	5,681,040	
27							
28	CUSTOMER ACCOUNTS - ALLOCABLE	901-903, 905	5,917,000	0	0	5,917,000	
29	CUSTOMER UNCOLLECTIBLE - ALLOCABLE	904	2,371,760	0	0	2,371,760	
30	CUSTOMER SVC & INFO - ALLOCABLE	907-910	750,809	0	0	750,809	
31	CUSTOMER SALES - ALLOCABLE	911-917	0	0	0	0	
32	TOTAL CUSTOMER		9,039,569	0	0	9,039,569	
33							
34	Sub-Total O&M, not including A&G		20,863,293	0	6,142,684	14,720,609	
35			100.00%	0.00%	29.44%	70.56%	TOTAL O&M NOT INCLUDING A&G
36							
37	ADMINISTRATIVE & GENERAL - LABOR	925 & 926	9,074,303	0	3,151,224	5,923,079	
38	-- Rate Making Adjustment	926	359,000	0	124,670	234,330	
39	ADMINISTRATIVE & GENERAL - O&M	920-923, 927-931	26,290,852	0	7,740,695	18,550,157	
40	-- Rate Making Adjustment	930.2	(5,901,000)	0	(1,737,404)	(4,163,596)	
41	ADMINISTRATIVE & GENERAL - PLANT	924 & 932	31,943	0	18,713	13,230	
42	TOTAL ADMINISTRATIVE & GENERAL		29,855,098	0	9,297,897	20,557,201	
43							
44	TOTAL OPERATION & MAINTENANCE EXPENSE:		50,718,391	0	15,440,581	35,277,810	
45							

46 NOTE (1): Distribution O&M Accounts 870-894 have been translated to the 300 series of Plant Accounts; please refer to WorkPaper WPE-6.13 for the translation worksheet.

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information
 Allocation Methodologies used within the Cost of Service Study Under Present Rates
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	
2	Percentage	1.00000	0.91703	0.08249	-	0.00048	Customer
3							
4							
5	SERVICES - INVESTMENT						
6	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	Line 1
7	Average Cost per Customer - Services		\$ 677.58	\$ 853.34	-	\$ 1,313.71	
8	Estimated Services Investment	\$ 113,052,689	\$ 101,455,299	\$ 11,493,607	-	\$ 103,783	
9	Percentage	1.00000	0.89742	0.10167	-	0.00092	Services
10							
11							
12	METERS & HOUSE REGULATORS						
13	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	Line 1
14	Average Cost per Customer - Meter & Reg. Investment		\$ 200.96	\$ 544.70	-	\$ 600.96	
15	Estimated Meters & Regulators Investment	\$ 37,474,489	\$ 30,090,421	\$ 7,336,592	-	\$ 47,476	
16	Percentage	1.00000	0.80296	0.19578	-	0.00127	Meters
17							
18							
19	AUTOMATED METER DEVICES (Average)						
20	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	Line 1
21	Average ERT Count per Customer		0.0805	0.0939	-	0.1765	
22	Average Count of Encoder/Receiver Transmitters	13,333	12,054	1,265	-	14	
23	Percentage	1.00000	0.90407	0.09488	-	0.00105	AMR Device
24							
25							
26	BAD DEBT						
27	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	Line 1
28	Average Cost per Customer - Bad Debt		\$ 12.72	\$ 32.62	-	-	
29	Estimated Bad Debt	\$ 2,343,346	\$ 1,903,979	\$ 439,367	-	-	
30	Percentage	1.00000	0.81250	0.18750	-	-	Bad Debt
31							
32							
33	DEMAND GAS MEASUREMENT DEVICES						
34	Total Count of DMD Devices	570	-	570	-	-	
35	Percentage	1.00000	-	1.00000	-	-	DMD Device
36							
37							
38	MUNICIPAL UTILITY TAX - TOTAL	\$ 9,132,000	\$ 7,187,000	\$ 1,942,000	-	\$ 3,000	
39	Percentage	1.00000	0.78701	0.21266	-	0.00033	MUT
40							
41							
42	DELAYED PAYMENT CHARGES - TOTAL	\$ 1,055,000	\$ 833,000	\$ 222,000	-	-	
43	Percentage	1.00000	0.78957	0.21043	-	-	Delayed Pymt
44							

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information
 Allocation Methodologies used within the Cost of Service Study Under Present Rates
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	BUDGET PLAN BALANCES						
2	AVERAGE CUSTOMERS	163,279	149,731	13,469	-	79	Page 1, line 1
3	Average Budget Plan Balance per Customer		\$ 51.18	\$ 7.46	-	-	
4	Estimated Budget Plan Balances	\$ 7,764,161	\$ 7,663,727	\$ 100,434	-	-	
5	Percentage	1.00000	0.98706	0.01294	-	-	Budget
6							
7							
8	CUSTOMER DEPOSITS						
9	AVERAGE CUSTOMERS	163,279	149,731	13,469	0	79	Page 1, line 1
10	Average Customer Deposits per Customer		\$ 11.79	\$ 73.55	-	-	
11	Estimated Customer Deposits	\$ 2,756,310	\$ 1,765,673	\$ 990,637	-	-	
12	Percentage	1.00000	0.64059	0.35941	-	-	Cust Deposits
13							
14							
15	SALES / COMMODITY (Annual)	329,558,561	186,351,932	143,158,794	-	47,835	
16	Percentage	1.00000	0.56546	0.43440	-	0.00015	Sales
17							
18							
19	COINCIDENT PEAK DEMAND	3,400,419	2,153,257	1,246,646	-	516	
20	Percentage	1.00000	0.63323	0.36662	-	0.00015	CP
21							
22							
23	UNBUNDLED COINCIDENT PEAK	3,400,419	2,153,257	1,246,646	-	516	
24	Percentage	1.00000	0.63323	0.36662	-	0.00015	Unbundled CP
25							
26							
27	WEIGHTED PEAK AND SEASONAL VOLUMES						
28	EXCESS WINTER OVER SUMMER	100.000%	63.994%	35.989%	0.000%	0.017%	
29	Percentage	1.00000	0.63994	0.35989	-	0.00017	Storage
30							
31							
32	AVERAGE & PEAK DEMAND						
33	Annual Use (Therms)	329,558,561	186,351,932	143,158,794	-	47,835	Line 15
34	Average Daily Deliveries of Gas (Therms/Day)	902,900	510,553	392,216	-	131	Line 33 divided by 365
35							
36	Peak Demand (Therms)	3,400,419	2,153,257	1,246,646	-	516	Line 19
37	System Load Factor	27.00%					Line 34 divided by Line 36
38							
39	Average Daily Deliveries of Gas (Therms/Day)	902,900	510,553	392,216	-	131	Line 34
40	Percentage	1.00000	0.56546	0.43440	-	0.00015	
41	System Load Factor	27.00%	27.00%	27.00%	27.00%	27.00%	Line 37
42	Average Weighted Daily Therms - Percentage	0.27000	0.15267	0.11729	-	0.00004	
43							
44	Peak Demand (Therms)	3,400,419	2,153,257	1,246,646	-	516	Line 36
45	Percentage	1.00000	0.63323	0.36662	-	0.00015	
46	(1 - System Load Factor)	73.00%	73.00%	73.00%	73.00%	73.00%	(1 - Line 37)
47	Peak Weighted Demand - Percentage	0.73000	0.46226	0.26763	-	0.00011	
48							
49	Average Weighted Daily Therms - Percentage	0.27000	0.15267	0.11729	-	0.00004	Line 42
50	Peak Weighted Demand - Percentage	0.73000	0.46226	0.26763	-	0.00011	Line 47
51	Average & Peak Demand	1.00000	0.61493	0.38492	-	0.00015	Ave & Peak

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information
 Allocation Methodologies used within the Cost of Service Study Under Present Rates
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	UNBUND COMM STANDBY VOLUME	329,558,561	186,351,932	143,158,794	-	47,835	
2	Percentage	1.00000	0.56546	0.43440	-	0.00015	Standby Vol
3							
4							
5	SALARIES & WAGES - FUNCTIONAL:						
6	Production	283,109	2.2807%				
7	Distribution	8,468,348	68.2204%				
8	Transmission	-	0.0000%				
9	Customer Accounting	3,553,871	28.6297%				
10	Customer Sales	107,884	0.8691%				
11	Customer Service	-	0.0000%				
12	TOTAL SALARIES & WAGES	12,413,211	100.000%				
13							
14							
15	SALARIES & WAGES - RATE SCHEDULE:						
16	Production	283,109	179,274	103,792	-	43	Unbundled CP
17	Distribution						
18	Meters & Regulators related	1,652,883	1,327,195	323,594	-	2,094	Meters
19	AMR Devices 381.2 related	33,457	30,247	3,174	-	35	AMR Device
20	DMD Devices 381.3 related	42,113	-	42,113	-	-	DMD Device
21	Industrial Metering Related Acct 385/386	13,907		13,907			Direct
22	Services related	2,698,372	2,421,562	274,333	-	2,477	Services
23	Remaining Distribution labor	4,027,615	2,476,717	1,550,294	-	604	Ave & Peak
24	Transmission	-					
25	Customer Accounting	3,553,871	3,258,990	293,161	-	1,719	Customer
26	Customer Sales	107,884	98,932	8,899	-	52	Customer
27	Customer Service	-					
28	TOTAL SALARIES & WAGES	12,413,211	9,792,918	2,613,268	-	7,025	
29	Percentage	1.00000	0.78891	0.21052	-	0.00057	Salaries & Wages

NORTH SHORE GAS COMPANY
GAS EMBEDDED COST OF SERVICE STUDY
ALLOCATION FACTORS AND RELATED INFORMATION
TEST YEAR ENDED DECEMBER 31, 2010

LIST OF EXTERNAL ALLOCATION FACTORS

- AVERAGE CUSTOMERS
- SERVICES - INVESTMENT
- METERS & HOUSE REGULATORS
- AUTOMATED METER DEVICES
- BAD DEBT
- DEMAND GAS MEASUREMENT DEVICES
- MUNICIPAL UTILITY TAX - TOTAL
- DELAYED PAYMENT CHARGES
- BUDGET PLAN DEBIT BALANCES
- CUSTOMER DEPOSITS
- SALES / COMMODITY (Annual)
- COINCIDENT PEAK DEMAND
- UNBUNDLED COINCIDENT PEAK
- WEIGHTED PEAK AND SEASONAL VOLUMES EXCESS WINTER OVER
SUMMER
- AVERAGE & PEAK DEMAND
- UNBUNDLED COMMODITY STANDBY VOLUME
- SALARIES & WAGES - FUNCTIONAL
- SALARIES & WAGES - RATE SCHEDULE

NORTH SHORE GAS COMPANY
GAS EMBEDDED COST OF SERVICE STUDY
ALLOCATION FACTORS AND RELATED INFORMATION
TEST YEAR ENDED DECEMBER 31, 2010

FULL NARRATIVE DESCRIPTION EXPLAINING DERIVATION OF THE
ALLOCATION METHODOLOGIES USED IN THE ECOS

- AVERAGE CUSTOMERS:

Customer counts were taken from the Sales Forecast, as presented by North Shore witness Mr. David Clabots, for the future test year period January 2010 through December 2010. A simple twelve month average was calculated to arrive at Average Customer for the future 2010 test year.

- SERVICES – INVESTMENT

A data extract was performed on North Shore's customer billing system software system to obtain service pipe length and service pipe type for each customer class for the 12 month period ending June 30, 2008. Another data extract was performed on North Shore's Plant Accounting systems to obtain the footage and cost for each type of service pipe. A per unit cost for each service pipe type was derived from these data extracts and then applied to the service pipe footage by customer class to yield the Total Amount of Service Pipe Investment for each customer class for the 12 month ending period June 30, 2008. This Total Amount of Service Pipe Investment was divided by Average Customer counts for the 12 month period ending June 30, 2008 to arrive at the Average Cost per Customer – Services weighting factor shown in North Shore. Ex. JCHM – 1.5, page 1, line 7. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Services – Investment allocation factor for the 2010 test year.

- METERS & HOUSE REGULATORS

A data extract was performed on North Shore's customer billing system software system to obtain meters and regulators for each customer class for the 12 month period ending June 30, 2008. This data extract included quantity, meter type and regulator type by customer class. Another data extract was performed on North Shore's Plant Accounting systems to obtain meters and regulators data, such as quantity of each type of meter and regulator, as well as the corresponding costs. A per unit cost for each meter and regulator was derived from these data extracts and then applied to the number of meters and regulators by customer class to yield

the Total Amount of Meter and Regulator Investment for each customer class for the 12 month ending period June 30, 2008. This Total Amount of Meter and Regulator Investment was divided by Average Customer counts for the 12 month period ending June 30, 2008 to arrive at the Average Cost per Customer – Meters and Regulators weighting factor shown in North Shore. Ex. JCHM – 1.5, page 1, line 14. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Meters & House Regulators allocation factor for the 2010 test year.

- **AUTOMATED METER DEVICES**

A data extract was performed to obtain the quantity of Encoder/Receiver Transmitters (“ERT”) for each customer class for the 12 month period ending June 30, 2008. This Total Number of ERT’s was divided by Total Customer counts for the 12 month period ending June 30, 2008 to arrive at the Average Number of ERT’s per Customer weighting factor shown in North Shore. Ex. JCHM – 1.5, page 1, line 21. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Automated Meter Devices allocation factor for the 2010 test year.

- **BAD DEBT**

A data extract was performed on North Shore’s customer billing system software system to accumulate data on the Gross Charge-offs and Recoveries by customer class for the 12 month ending period June 30, 2008. The Total Recoveries were subtracted from the Total Gross Charge-offs to arrive at Total Net Write-offs. The Total Net Write-offs was then divided by Average Customer counts for the 12 month ending period June 30, 2008 to arrive at the Average Cost per Customer – Bad Debt weighting factor shown in North Shore Ex. JCHM – 1.5, page 1, line 28. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Bad Debt allocation factor for the 2010 test year.

- **DEMAND GAS MEASUREMENT DEVICES**

Revenues are forecasted for Demand Devices in the 2010 Sales/Revenue Forecast, as presented by North Shore witness Mr. David Clabots. Because the revenues for Demand Devices are forecasted equally for each month in 2010 (i.e. no change or activity from month to month), the December 2010 Demand Device revenues was divided by the present monthly charge for Demand Devices to arrive at the Average Monthly Number of Demand Devices. This Average Monthly Number of Demand Devices was used to derive the Demand Gas Measurement Devices allocation factor for the 2010 test year.

- **MUNICIPAL UTILITY TAX – TOTAL**

Municipal Utility Taxes (“MUT”) by customer class were taken from the 2010 Sales/Revenue Forecast, as presented by North Shore witness Mr. David Clabots, for the future test year period January 2010 through December 2010. The 2010 Sales/Revenue Forecast provided the MUT detail by customer class for sales customers, but a supporting worksheet, which calculated the Contract Level charges by customer class using the contract level billing determinants for each customer class, provided the detail necessary to create Total MUT by customer class (both sales and contract customers). This Total Forecasted MUT was used to derive the MUT allocation factor for the 2010 test year.

- **DELAYED PAYMENT CHARGES – TOTAL**

Delayed Payment Charges by customer class were taken from the 2010 Sales/Revenue Forecast, as presented by North Shore witness Mr. David Clabots, for the future test year period January 2010 through December 2010. The 2010 Sales/Revenue Forecast provided the delayed payment charges detail by customer class for sales customers. Only a yearly total of delayed payment charges for all contract customers for the forecast year was available. That total amount was prorated to the customer classes on the basis of the delayed payment charges by customer class for sales customers. These two amounts by customer class were summed to arrive at the Delayed Payment Charges – Total allocation factor for the 2010 test year.

- **BUDGET PLAN BALANCES**

A data extract was performed to accumulate data on the Customer Budget Plan Balances by customer class for the 12 month ending period June 30, 2008. A simple twelve month average was calculated to arrive at Average Budget Plan Balances. The Average Budget Plan Balance was then divided by Average Customer counts for the 12 month ending period June 30, 2008 to arrive at the Average Budget Plan Balance per Customer weighting factor shown in North Shore Ex. JCHM – 1.5, page 2, line 3. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Budget Plan Balances allocation factor for the 2010 test year.

- **CUSTOMER DEPOSITS**

A data extract was performed to accumulate data on the Customer Deposits by customer class for the 12 month ending period June 30, 2008. A simple twelve month average was calculated to arrive at the Average Customer Deposits for each customer class. The Average Customer Deposits was then divided by Average Customer counts for the 12 month ending period June 30, 2008 to arrive

at the Average Customer Deposit per Customer weighting factor shown in North Shore Ex. JCHM – 1.5, page 2, line 10. This weighting factor was applied against Average Customer counts for the forecasted 2010 test year to derive the Customer Deposits allocation factor for the 2010 test year.

- SALES / COMMODITY (Annual)

Sales were taken from the Sales Forecast, as presented by North Shore witness Mr. David Clabots, for the future test year period January 2010 through December 2010. A total of the twelve months was calculated to arrive at the Sales / Commodity for the future 2010 test year.

- COINCIDENT PEAK DEMAND

Peak Day Consumption (Coincident Peak) for customer classes Rate 1 and 2 are based on a regression analysis of the Total Annual Sales, taken from the Sales Forecast, as presented by North Shore witness Mr. David Clabots, for the future test year period January 2010 through December 2010. In the regression analysis, Total 2010 Sales was the dependent variable and the 12-year Normal Degree Days (6095 degree days, as approved in North Shore's last rate case; please see page 125 of the Consolidated Final Order in Docket No. 07-0241/07-0242) was the independent variable. The regression analysis produced the base load and variable per degree day used in the calculation of the peak day (coincident peak). Using North Shore's assumption that the design peak day occurs on a weekday in January when the average temperature is -20° F. (85 degree days), a Coincident Peak was calculated for customer classes Rate 1 and 2.

The North Shore Non-Winter Peak customers in customer class Rate 5 do not necessarily peak in January. As a proxy, Coincident Peak for these Non-Winter Peak customers were based on the formula used in the calculation of Billing Demand, as stated in the tariff for Rate 3. That formula is "the customer's metered usage in the billing period, adjusted to a 30 day equivalent basis, divided by 21". The highest demand during the period of December through February of the calculated Billing Demand was used as the proxy for the Coincident Peak.

It should be noted that two North Shore customer class Rate 2 customers, Village of Winnetka and Lake Forrest Hospital, use natural gas for electric generation and have non-winter peak consumption. Since Winnetka's and Lake Forrest's consumption is so large, their consumption was removed from the Rate 2 regression analysis and the Rate 2 Peak Day Consumption was calculated excluding these two non-winter peak customers. Winnetka's and Lake Forrest's January Peak Day Consumption was calculated based on the same formula described in the calculation of Billing Demand, as stated in the tariff for Rate 3. Once calculated, these two customers' Peak Day consumption was added to the Rate 2 regression analysis that excluded them to arrive at the Total Rate 2 Coincident Peak.

- **UNBUNDLED COINCIDENT PEAK**

Unbundled Coincident Peak was calculated by multiplying the Coincident Peak of each customer class by the Selected Standby Percent (“SSP”). Customer class Rates 1, 2, and 5 have a standby level of 100%.

- **WEIGHTED PEAK AND SEASONAL VOLUMES EXCESS WINTER OVER SUMMER**

The Weighted Peak and Seasonal Volumes Excess Winter over Summer, or the Underground Storage Allocator, is calculated based on a combination of the Unbundled Coincident Peak allocation factor and an Unbundled Incremental Average Daily Seasonal Volume. The Unbundled Incremental Average Daily Seasonal Volume values were weighting by the Peak Percentage of Average Daily Withdrawal to the January Maximum Daily Withdrawal, which was approximately 28%. Therefore, the Unbundled Coincident Peak was weighted at the remaining 72% (i.e. 100% - 28%) in the Underground Storage Allocator creation.

The derivation of the Unbundled Coincident Peak has already been explained earlier in this exhibit.

The derivation of the Unbundled Incremental Average Daily Seasonal Volume is calculated by first taking the difference of the Average Daily Seasonal Sales (which is Seasonal December – February Sales divided by 90 days) and the Average Daily Base-load Sales (which is March – November Sales divided by 275 days). Second, this difference is multiplied by each customer classes’ SSP to arrive at the Unbundled Incremental Average Daily Seasonal Volume. All sales values used in this calculation was based upon the 2010 forecasted sales, as presented by North Shore witness Mr. David Clabots.

This calculation of the Underground Storage Allocator is calculated based upon the methodology accepted in North Shore’ last rate case, Docket No. 07-0241.

- **AVERAGE & PEAK DEMAND**

The Average & Peak allocation factor was calculated based on a combination of the Average Weighted Daily Therms and the Coincident Peak Weighted Demand allocation factors.

Average Weighted Daily Therms were calculated by taking Annual 2010 Sales and dividing by 365 days. This value was then weighted using the System Load

Factor of 27%. The System Load Factor was calculated by dividing Average Daily Therms for the System by System Coincident Peak Demands.

The Coincident Peak Weighted Demand was calculated by taking Coincident Peak Demands and weighting it with (100% - System Load Factor), or 73%.

This calculation of the Average & Peak Allocator is calculated based upon the methodology used by Commission Staff in North Shore' last rate case, Docket No. 07-0241.

- **UNBUNDLED COMMODITY STANDBY VOLUME**

Unbundled Standby Commodity Volume is calculated by multiplying Total 2010 forecasted Sales by the SSP. Customer class Rates 1, 2 and 5 have a standby level of 100%.

- **SALARIES & WAGES – FUNCTIONAL**

The Functional Salaries & Wages allocation factor was derived by taking the functionalize salaries and wages amounts from Schedule C11 of North Shore' rate case filing for future test year 2010.

- **SALARIES & WAGES - RATE SCHEDULE**

The Salaries & Wages – Rate Schedule allocation factor was derived by taking the Functionalize Salaries & Wages amounts shown in the Functionalized Salaries & Wages allocation factor and allocating them to the customer classes using the appropriate allocation methodology.

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Embedded Class Cost of Service Study Summary With Proposed Rate Design Changes
 GAS Revenue Deficiency (Excess) by Rate Schedule under Proposed Rates
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] SUMMARY OF OPERATING INCOME, RATE BASE, AND RATE OF RETURN	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	Operating Revenues Under Proposed Rates						
2	Tariffed Revenues @ Present Rates w/ Transfers	62,579,342	48,616,351	12,662,418	1,300,573	0	
3	- Adj. to Tariff Revs for Proposed Increase in Other Revs	(97,625)	(197,980)	101,384	(1,029)	0	
4	Other Revenues Under Proposed Rate Design	2,810,843	2,183,507	517,093	110,243	0	
5	Total Operating Revenues:	65,292,560	50,601,878	13,280,895	1,409,787	0	
6							
7	Operating Expense:						
8	Operation & Maintenance: Non-Cost of Gas	50,718,391	41,401,509	8,197,258	1,119,624	0	
9	Depreciation Expense - S/L	9,398,247	6,806,818	2,085,181	506,248	0	
10	Taxes other than Income Tax	3,445,601	2,552,366	725,604	167,631	0	
11	LESS: Income & Other Adj's Before Income Tax	0	0	0	0	0	
12	Income Tax	(1,552,000)	(1,089,193)	(368,597)	(94,210)	0	Rate Base
13	ITC Credit	(17,000)	(11,931)	(4,037)	(1,032)	0	Rate Base
14	LESS: Income & Other Adj's After Income Tax	0	0	0	0	0	
15	Total Operating Expense	61,993,239	49,659,570	10,635,408	1,698,261	0	
16							
17	NET OPERATING INCOME (Return)	3,299,321	942,308	2,645,486	(288,473)	0	
18							
19	RATE BASE:						
20	Utility Plant in Service- YE Average	398,609,046	288,055,386	89,179,742	21,373,919	0	
21	Accumulated Depreciation Reserve - YE Average	(165,669,775)	(120,366,510)	(37,020,517)	(8,282,748)	0	
22	Construction Work in Progress - YE Average	194,500	119,605	56,475	18,420	0	
23	Net Plant in Service	233,133,771	167,808,480	52,215,699	13,109,591	0	
24							
25	Gas Stored Underground - 13 Mo. Ave	8,760,000	5,660,564	2,704,521	394,914	0	
26	Fuel Stock - 13 Mo. Ave	943,145	609,445	291,182	42,518	0	
27	Cash Working Capital - Year End Ave	397,000	329,066	57,285	10,649	0	
28	Materials & Supplies - 13 Mo. Ave	1,470,855	1,114,157	283,036	73,661	0	
29	Accumulated Deferred Taxes - Year End Ave	(48,395,000)	(36,372,151)	(9,709,270)	(2,313,579)	0	
30	Retirement Benefits, Net	(13,448,000)	(11,146,805)	(1,940,467)	(360,728)	0	
31	Reserve for Injuries & Damages	(1,044,000)	(865,353)	(150,643)	(28,004)	0	
32	Customer Advances - Year End Ave	(511,000)	(314,231)	(148,375)	(48,394)	0	
33	Customer Deposits - 13 Mo. Ave	(2,895,000)	(1,851,750)	(1,043,250)	0	0	
34	Budget Plan Balance - 13 Mo. Ave	834,000	823,167	10,833	0	0	
35	TOTAL RATE BASE	179,245,771	125,794,591	42,570,553	10,880,628	0	
36	% of Rate Base	100.00%	70.18%	23.75%	6.07%	0.00%	RATE BASE
37							
38	PERCENT RATE OF RETURN	1.8407%	0.7491%	6.2144%	-2.6513%	0.0000%	
39							
40	Required Rate of Return	9.1800%	9.1800%	9.1800%	9.1800%	9.1800%	
41							
42	Required Return	16,454,762	11,547,943	3,907,977	998,842	0	
43	(Required Return % * Rate Base)						
44	Return Income Deficiency	13,155,441	10,605,635	1,262,490	1,287,315	0	
45	(Required Ret - Adj Operating Income)						
46	Income Tax Rate	0.6713					
47							
48	Add'l Inc.Tax&Prov. for Uncollectibles on Rev. Def.	8,831,247	6,197,765	2,097,406	536,077	0	Rate Base
49	(Income Deficiency * Factor)						
50	Revenue Deficiency	21,986,688	16,803,400	3,359,896	1,823,392	0	
51							
52	Revenue Deficiency %	35.19%	34.70%	26.32%	140.31%	0.00%	
53	(Revenue Def / Tariffed Revenues)						
54	Revenue Requirement (w/Transfers & Proposed Oth. Revs)	84,468,405	65,221,771	16,123,698	3,122,936	0	
55							
56	PROPOSED REVENUE REQUIREMENT RECOVERY:						
57	Proposed Rate of Return	9.18%	9.18%	9.18%	9.18%	9.18%	
58	Proposed Operating Income	16,454,762	11,547,943	3,907,977	998,841	0	
59	Expenses Other than Income Taxes	60,751,396	48,577,186	10,490,950	1,683,260	0	
60	Income Taxes	7,262,247	5,096,641	1,724,771	440,835	0	
61	Revenue Requirement under Proposed Rate Design	84,468,405	65,221,771	16,123,698	3,122,936	0	NSG Ex. VG-1.3
62							
63	Deficiency % Under Proposed Rates	35.19%	34.70%	26.32%	140.31%	0.00%	
64	Revenue to Cost Ratio	1.00	1.00	1.00	1.00	-	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functional Revenue Requirement - Under Proposed Rate Design
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
		NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service
1	Production & Gathering					
2	Demand	\$ 749,632	\$ 501,411	\$ 229,709	\$ 18,512	\$ -
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5	Sub-Total	\$ 749,632	\$ 501,411	\$ 229,709	\$ 18,512	\$ -
6						
7	Storage					
8	Demand	\$ 422,545	\$ 284,317	\$ 129,209	\$ 9,018	\$ -
9	Commodity	\$ 1,250,529	\$ 808,071	\$ 386,083	\$ 56,376	\$ -
10	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
11	Sub-Total	\$ 1,673,074	\$ 1,092,388	\$ 515,292	\$ 65,394	\$ -
12						
13	Transmission					
14	Demand	\$ 3,479,599	\$ 2,139,724	\$ 1,010,340	\$ 329,535	\$ -
15	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
16	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
17	Sub-Total	\$ 3,479,599	\$ 2,139,724	\$ 1,010,340	\$ 329,535	\$ -
18						
19	Distribution					
20	Demand	\$ 27,662,263	\$ 17,097,081	\$ 7,975,761	\$ 2,589,422	\$ -
21	Commodity	\$ (555,716)	\$ (314,235)	\$ (150,136)	\$ (91,345)	\$ -
22	Customer	\$ 23,285,279	\$ 19,782,749	\$ 3,347,311	\$ 155,219	\$ -
23	Sub-Total	\$ 50,391,826	\$ 36,565,595	\$ 11,172,936	\$ 2,653,295	\$ -
24						
25	Customer					
26	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
27	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
28	Customer	\$ 28,174,274	\$ 24,922,654	\$ 3,195,420	\$ 56,201	\$ -
29	Sub-Total	\$ 28,174,274	\$ 24,922,654	\$ 3,195,420	\$ 56,201	\$ -
30						
31	TOTAL					
32	Demand	\$ 32,314,038	\$ 20,022,532	\$ 9,345,020	\$ 2,946,487	\$ -
33	Commodity	\$ 694,813	\$ 493,836	\$ 235,947	\$ (34,969)	\$ -
34	Customer	\$ 51,459,553	\$ 44,705,403	\$ 6,542,731	\$ 211,419	\$ -
35						
36	TOTAL REVENUE REQUIREMENT	\$ 84,468,405	\$ 65,221,771	\$ 16,123,698	\$ 3,122,936	\$ -

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Functional Rate Base - Under Proposed Rate Design
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
	NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service	
1	Production & Gathering					
2	Demand	\$ 2,151,642	\$ 1,415,381	\$ 670,264	\$ 65,996	\$ -
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5	Sub-Total	\$ 2,151,642	\$ 1,415,381	\$ 670,264	\$ 65,996	\$ -
6						
7	Storage					
8	Demand	\$ 2,222,395	\$ 1,487,372	\$ 698,485	\$ 36,538	\$ -
9	Commodity	\$ 8,760,000	\$ 5,660,564	\$ 2,704,521	\$ 394,914	\$ -
10	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
11	Sub-Total	\$ 10,982,395	\$ 7,147,936	\$ 3,403,006	\$ 431,452	\$ -
12						
13	Transmission					
14	Demand	\$ 17,368,845	\$ 10,680,693	\$ 5,043,239	\$ 1,644,913	\$ -
15	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
16	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
17	Sub-Total	\$ 17,368,845	\$ 10,680,693	\$ 5,043,239	\$ 1,644,913	\$ -
18						
19	Distribution					
20	Demand	\$ 88,948,035	\$ 54,697,170	\$ 25,827,057	\$ 8,423,807	\$ -
21	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
22	Customer	\$ 58,960,491	\$ 50,226,870	\$ 8,419,570	\$ 314,051	\$ -
23	Sub-Total	\$ 147,908,525	\$ 104,924,040	\$ 34,246,627	\$ 8,737,859	\$ -
24						
25	Customer					
26	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
27	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
28	Customer	\$ 834,364	\$ 1,626,540	\$ (792,584)	\$ 408	\$ -
29	Sub-Total	\$ 834,364	\$ 1,626,540	\$ (792,584)	\$ 408	\$ -
30						
31	TOTAL					
32	Demand	\$ 110,690,917	\$ 68,280,617	\$ 32,239,045	\$ 10,171,255	\$ -
33	Commodity	\$ 8,760,000	\$ 5,660,564	\$ 2,704,521	\$ 394,914	\$ -
34	Customer	\$ 59,794,854	\$ 51,853,410	\$ 7,626,986	\$ 314,459	\$ -
35						
36	TOTAL AVERAGE RATE BASE	\$ 179,245,771	\$ 125,794,591	\$ 42,570,553	\$ 10,880,628	\$ -

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Unit Costs - Under Proposed Rate Design
Summary and Detail by Customer Class
TEST YEAR ENDED DECEMBER 31, 2010

Line No.	[A]	[B]	[C]	[D]	[E]	[F]
		NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service
1	Production & Gathering					
2	Demand	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.02	\$ -
3	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
4	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
5						
6	Storage					
7	Demand	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01	\$ -
8	Commodity	\$ 0.004	\$ 0.004	\$ 0.004	\$ 0.004	\$ -
9	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
10						
11	Transmission					
12	Demand	\$ 0.09	\$ 0.08	\$ 0.08	\$ 0.10	\$ -
13	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
14	Customer	\$ -	\$ -	\$ -	\$ -	\$ -
15						
16	Distribution					
17	Demand	\$ 0.68	\$ 0.66	\$ 0.66	\$ 0.81	\$ -
18	Commodity	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ -
19	Customer	\$ 11.88	\$ 11.01	\$ 20.62	\$ 562.39	\$ -
20						
21	Customer					
22	Demand	\$ -	\$ -	\$ -	\$ -	\$ -
23	Commodity	\$ -	\$ -	\$ -	\$ -	\$ -
24	Customer	\$ 14.38	\$ 13.87	\$ 19.69	\$ 203.63	\$ -
25						
26	TOTAL					
27	Demand (per UCP, CP, or Billing Demand)	\$ 0.79	\$ 0.77	\$ 0.77	\$ 0.95	\$ -
28	Commodity (per Therm)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ -
29	Customer (per Customer)	\$ 26.26	\$ 24.88	\$ 40.31	\$ 766.01	\$ -
30						
31						
32	Total Fixed Costs Per Customer					
33	Demand	\$ 16.49	\$ 11.14	\$ 57.58	\$ 10,675.68	\$ -
34	Customer	\$ 26.26	\$ 24.88	\$ 40.31	\$ 766.01	\$ -
35	Total	\$ 42.76	\$ 36.02	\$ 97.89	\$ 11,441.69	\$ -
36						
37						
38						
39	Customers - Total Annual	1,959,348	1,796,772	162,300	276	-
40	Unbundled Coincident Peak	38,745,522	25,839,084	12,153,726	752,712	-
41	Billing Demand Determinants	3,198,600	-	-	3,198,600	-
42	Coincident Peak Demand	40,805,026	25,839,084	12,152,975	2,812,967	-
43	Unbundled Coincident Standby	288,388,718	186,351,932	89,035,783	13,001,003	-
44	Sales - Total Annual Throughput	329,558,561	186,351,932	89,035,783	54,170,846	-

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Proposed Rate Design
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 1 RESIDENTIAL	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	214,211		0							214,211
4	Transmission:				261,347						261,347
5	Distribution:						3,318,476	4,806,805			8,125,281
6	Customer Accounts:									7,351,604	7,351,604
7	Customer Services:									688,511	688,511
8	Customer Sales:									-	-
9	Administrative & General:						2,785,358	4,034,585		17,940,611	24,760,554
10	Total Operation & Maintenance Expense:	214,211	-	-	261,347	-	6,103,834	8,841,390	-	25,980,726	41,401,509
11											
12	Depreciation & Amort Expense:	57,621	-	87,568	353,660		2,793,565	3,339,685		174,720	6,806,818
13											
14	Taxes Other Than Income Taxes:										
15	Illinois Gas Use Tax	14									14
16	Payroll Taxes	27,513					391,415	431,563		355,860	1,206,351
17	Other Taxes										
18	Real Estate	112	448	118	846		4,333	3,979		129	9,966
19	Invested Capital - Underground Storage			32,844							32,844
20	Invested Capital - Other	12,768	51,065	13,418	96,352		493,430	453,103		14,673	1,134,810
21	Federal Excise Tax	2	9	2	18			84		3	211
22	State Franchise Tax										
23	Personal Property Tax	1,892	7,567	1,988	14,279		73,123	67,147		2,174	168,172
24	Total Taxes Other Than Income Taxes:	42,302	59,090	48,371	111,495		962,393	955,876		372,839	2,552,366
25											
26	Other Income Before Income Taxes:										
27											
28	Income Taxes	(12,255)	(49,012)	(12,878)	(92,479)		(473,596)	(434,889)		(14,083)	(1,089,193)
29	ITC	(134)	(537)	(141)	(1,013)		(5,188)	(4,764)		(154)	(11,931)
30											
31	Other Income After Income Taxes:										
32											
33	TOTAL EXPENSES:	301,745	9,541	122,919	633,010		9,381,009	12,697,298		26,514,048	49,659,570
34											
35	Other Operating Income (Revenue Credits):										
36	Forfeited Discounts Acct 487									(886,615)	(886,615)
37	Miscellaneous Acct 488									(549,317)	(549,317)
38	Miscellaneous Acct 489									(47,227)	(47,227)
39	Miscellaneous Acct 495									(325,530)	(325,530)
40	Service Class 4 Revenue			(48,424)		(314,235)				(12,160)	(374,819)
41	Total Other Operating Income:			(48,424)		(314,235)				(1,820,848)	(2,183,507)
42											
43	Actual Return (Net Operating Income)	10,602	42,402	11,142	80,007		409,728	376,242		12,184	942,308
44											
45	Return Income Deficiency	119,330	477,237	125,399	900,480		4,611,472	4,234,585		137,132	10,605,635
46											
47	Add'l Inc.Tax&Prov. for Uncollectibles on Rev. Def.	69,734	278,890	73,281	526,226		2,694,871	2,474,624		80,138	6,197,765
48											
49	REVENUE REQUIREMENTS:	501,411	808,071	284,317	2,139,724	(314,235)	17,097,081	19,782,749		24,922,854	65,221,771
50											
51											
52											
53	RATE BASE:										
54	Utility Plant in Service	4,814,650	-	7,425,707	18,719,898		113,614,072	137,233,355		6,247,704	288,055,386
55	Accumulated Depreciation - S/L	(2,992,228)	-	(4,598,570)	(6,088,729)		(44,107,554)	(58,986,846)		(3,592,582)	(120,366,510)
56	Construction Work in Progress						119,605				119,605
57	Net Plant in Service	1,822,422		2,827,136	12,631,169		69,626,122	78,246,509		2,655,122	167,808,480
58											
59	Gas Stored Underground		5,660,564								5,660,564
60	Fuel Stock	609,445									609,445
61	Cash Working Capital	4,076			4,973		63,146	256,871			329,066
62	Materials & Supplies						477,658	636,499			1,114,157
63	Accumulated Deferred Taxes	(871,767)		(1,339,764)	(1,773,912)		(12,850,455)	(19,536,252)			(36,372,151)
64	Retirement Benefits, Net	(138,076)			(168,458)		(2,139,014)	(8,701,258)			(11,146,805)
65	Reserve for Injuries & Damages	(10,719)			(13,078)		(166,057)	(675,499)			(865,353)
66	Customer Advances						(314,231)				(314,231)
67	Customer Deposits									(1,851,750)	(1,851,750)
68	Budget Plan Balance									823,167	823,167
69	TOTAL RATE BASE	1,415,381	5,660,564	1,487,372	10,680,693		54,697,170	50,226,870		1,626,540	125,794,591
70	% of Rate Base	1.1252%	4.4998%	1.1824%	8.4906%	0.0000%	43.4813%	39.9277%	0.0000%	1.2930%	100.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Proposed Rate Design
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 2 GENERAL SERVICE	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
2	Operation & Maintenance Expense:										
3	Production:	100,757		0							100,757
4	Transmission:				123,404						123,404
5	Distribution:						1,566,927	833,800			2,400,727
6	Customer Accounts:									936,322	936,322
7	Customer Services:									62,192	62,192
8	Customer Sales:									-	-
9	Administrative & General:						1,315,198	699,849		2,558,810	4,573,857
10	Total Operation & Maintenance Expense:	100,757	-	-	123,404	-	2,882,125	1,533,648	-	3,557,325	8,197,258
11	Depreciation & Amort Expense:	27,103	-	41,123	166,992		1,319,073	515,108		15,782	2,085,181
12	Taxes Other Than Income Taxes:										
13	Illinois Gas Use Tax	6									6
14	Payroll Taxes	6,160					87,635	96,624		79,674	270,093
15	Other Taxes	53	214	55	400		2,046	667		(63)	3,372
16	Real Estate			11,115							11,115
17	Invested Capital - Underground Storage	6,047	24,398	6,301	45,496		232,989	75,954		(7,150)	384,035
18	Invested Capital - Other	1	5	1	8		43	14		(1)	71
19	Federal Excise Tax										
20	State Franchise Tax										
21	Personal Property Tax	896	3,616	934	6,742		34,528	11,256		(1,060)	56,911
22	Total Taxes Other Than Income Taxes:	13,163	28,232	18,406	52,646	-	357,241	184,515	-	71,401	725,604
23	Other Income Before Income Taxes:										
24	Income Taxes	(5,803)	(23,417)	(6,048)	(43,667)		(223,624)	(72,901)		6,863	(368,597)
25	ITC	(64)	(257)	(66)	(478)		(2,449)	(799)		75	(4,037)
26	Other Income After Income Taxes:										
27	TOTAL EXPENSES:	135,156	4,559	53,415	298,896	-	4,332,366	2,159,572	-	3,651,446	10,635,408
28	Other Operating Income (Revenue Credits):										
29	Forfeited Discounts Acct 487									(221,388)	(221,388)
30	Miscellaneous Acct 488									(49,619)	(49,619)
31	Miscellaneous Acct 489									(4,266)	(4,266)
32	Miscellaneous Acct 495									(67,845)	(67,845)
33	Service Class 4 Revenue			(22,740)		(150,136)				(1,098)	(173,975)
34	Total Other Operating Income:			(22,740)		(150,136)				(344,216)	(517,093)
35	Actual Return (Net Operating Income)	41,653	168,069	43,406	313,405		1,604,986	523,222		(49,254)	2,645,486
36	Return Income Deficiency	19,878	80,206	20,715	149,564		765,938	249,694		(23,505)	1,262,490
37	Add'l Inc.Tax&Prov. for Uncollectibles on Rev. Def.	33,023	133,249	34,414	248,475		1,272,471	414,823		(39,050)	2,097,406
38	REVENUE REQUIREMENTS:	229,709	386,083	129,209	1,010,340	(150,136)	7,975,761	3,347,311	-	3,195,420	16,123,698
39	RATE BASE:										
40	Utility Plant in Service	2,264,629	-	3,487,187	8,839,212		53,646,599	20,377,768		564,347	89,179,742
41	Accumulated Depreciation - S/L	(1,407,431)	-	(2,159,535)	(2,874,993)		(20,826,824)	(9,427,222)		(324,513)	(37,020,517)
42	Construction Work in Progress						56,475				56,475
43	Net Plant in Service	857,198	-	1,327,652	5,964,219		32,876,250	10,950,546		239,834	52,215,689
44	Gas Stored Underground		2,704,521								2,704,521
45	Fuel Stock	291,182									291,182
46	Cash Working Capital	1,917			2,348		29,816	23,203			57,285
47	Materials & Supplies						225,542	57,494			283,036
48	Accumulated Deferred Taxes	(410,046)		(629,167)	(837,611)		(6,067,763)	(1,764,683)			(9,709,270)
49	Retirement Benefits, Net	(64,946)			(79,543)		(1,010,005)	(785,973)			(1,940,467)
50	Reserve for Injuries & Damages	(5,042)			(6,175)		(78,409)	(61,017)			(150,643)
51	Customer Advances						(148,375)				(148,375)
52	Customer Deposits									(1,043,250)	(1,043,250)
53	Budget Plan Balance									10,833	10,833
54	TOTAL RATE BASE	670,264	2,704,521	698,485	5,043,239	-	25,827,057	8,419,570	-	(792,584)	42,570,553
55	% of Rate Base	1.5745%	6.3530%	1.6408%	11.8468%	0.0000%	60.6688%	19.7779%	0.0000%	-1.8618%	100.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Proposed Rate Design
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL	
1	RATE: SC 3 LARGE VOL DEMAND										
2	Operation & Maintenance Expense:										
3											
4	6,240		0								6,240
5				40,250							40,250
6							511,072	40,436			551,508
7									833		833
8									106		106
9							428,968	33,940	-	57,780	520,687
10	6,240	-	-	40,250	-		940,040	74,375	-	58,719	1,119,624
11											
12	1,679	-	2,151	54,466			430,232	17,693		27	506,248
13	Depreciation & Amort Expense:										
14	Taxes Other Than Income Taxes:										
15	4										4
16	1,168						16,614	18,318		15,105	51,204
17											
18	5	31	3	130			667	25	-	0	862
19			2,841								2,841
20	595	3,563	330	14,839			75,992	2,833	-	4	98,156
21	0	1	0	3			14	1	-	0	18
22											
23	88	528	49	2,199			11,262	420	-	1	14,546
24	1,861	4,122	3,222	17,171			104,549	21,596	-	15,109	167,631
25											
26											
27											
28	(571)	(3,419)	(316)	(14,242)			(72,938)	(2,719)	-	(4)	(94,210)
29	(6)	(37)	(3)	(156)			(799)	(30)	-	(0)	(1,032)
30											
31											
32											
33	9,202	666	5,054	97,489			1,401,084	110,916	-	73,851	1,698,261
34	Other Operating Income (Revenue Credits):										
35											
36									(14,901)		(14,901)
37									(84)		(84)
38									(7)		(7)
39									(2,714)		(2,714)
40			(1,190)		(91,345)				(2)		(92,537)
41			(1,190)		(91,345)				(17,708)		(110,243)
42											
43	(1,750)	(10,470)	(969)	(43,611)			(223,337)	(8,326)	-	(11)	(288,473)
44											
45	7,808	46,723	4,323	194,614			996,642	37,156	-	48	1,287,315
46											
47	3,252	19,457	1,800	81,043			415,032	15,473	-	20	536,077
48											
49	18,512	56,376	9,018	329,535	(91,345)		2,589,422	155,219	-	56,201	3,122,936
50	REVENUE REQUIREMENTS:										
51											
52	RATE BASE:										
53											
54	140,254	-	182,416	2,883,016			17,497,488	669,785	960		21,373,919
55	(87,166)	-	(112,966)	(937,714)			(6,792,921)	(351,429)	(552)		(8,282,748)
56							18,420				18,420
57	53,089	-	69,450	1,945,302			10,722,987	318,355	-	408	13,109,591
58											
59		394,914									394,914
60	42,518										42,518
61	119			766			9,725	39			10,649
62							73,563	98			73,661
63	(25,395)		(32,912)	(273,197)			(1,979,074)	(3,001)			(2,313,579)
64	(4,022)			(25,944)			(329,425)	(1,337)			(360,728)
65	(312)			(2,014)			(25,574)	(104)			(28,004)
66							(48,394)				(48,394)
67											
68											
69	65,996	394,914	36,538	1,644,913			8,423,807	314,051	-	408	10,880,628
70	0.6085%	3.6295%	0.3358%	15.1178%	0.0000%		77.4202%	2.8863%	0.0000%	0.0037%	100.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Summary and Detail by Customer Class
Revenue Deficiency (Excess) and Rate Base by Individual Rate Schedule Under Proposed Rate Design
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
	RATE: SC 5 STANDBY SERVICE	PRODUCTION DEMAND COST	STORAGE VOLUMETRIC COST	STORAGE DEMAND COST	TRANSMISSION DEMAND	DISTRIBUTION VOLUMETRIC	DISTRIBUTION DEMAND	DISTRIBUTION CUSTOMER	CUSTOMER VOLUMETRIC COST	CUSTOMER / FIXED COST	TOTAL
1	Operation & Maintenance Expense:										
2	Production:	0		0							
3	Transmission:										
4	Distribution:										
5	Customer Accounts:										
6	Customer Services:										
7	Customer Sales:										
8	Administrative & General:										
9	Total Operation & Maintenance Expense:										
10	Depreciation & Amort Expense:										
11	Taxes Other Than Income Taxes:										
12	Illinois Gas Use Tax										
13	Payroll Taxes										
14	Other Taxes										
15	Real Estate										
16	Invested Capital - Underground Storage										
17	Invested Capital - Other										
18	Federal Excise Tax										
19	State Franchise Tax										
20	Personal Property Tax										
21	Total Taxes Other Than Income Taxes:										
22	Other Income Before Income Taxes:										
23	Income Taxes										
24	ITC										
25	Other Income After Income Taxes:										
26	TOTAL EXPENSES:										
27	Other Operating Income (Revenue Credits):										
28	Forfeited Discounts Acct 487										
29	Miscellaneous Acct 488										
30	Miscellaneous Acct 489										
31	Miscellaneous Acct 495										
32	Service Class 4 Revenue										
33	Total Other Operating Income:										
34	Actual Return (Net Operating Income)										
35	Return Income Deficiency										
36	Add'l Inc.Tax&Prov. for Uncollectibles on Rev. Def.										
37	REVENUE REQUIREMENTS:										
38	RATE BASE:										
39	Utility Plant in Service										
40	Accumulated Depreciation - S/L										
41	Construction Work in Progress										
42	Net Plant in Service										
43	Gas Stored Underground										
44	Fuel Stock										
45	Cash Working Capital										
46	Materials & Supplies										
47	Accumulated Deferred Taxes										
48	Retirement Benefits, Net										
49	Reserve for Injuries & Damages										
50	Customer Advances										
51	Customer Deposits										
52	Budget Plan Balance										
53	TOTAL RATE BASE										
54	% of Rate Base	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF OPERATING REVENUE
TEST YEAR ENDED DECEMBER 31, 2010

[A]	[B]	[C]	[D]	[E]	[F]	[G]	
LINE NO.	DESCRIPTION	NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service	SOURCE or ALLOCATION FACTOR
1	GAS OPERATING MARGIN REVENUES (w/Transfers)	62,579,342	48,616,351	12,662,418	1,300,573	0	Direct
2							
3	OTHER OPERATING INCOME-Under Proposed Rate Design:						
4	Acct 487 - Forfeited Discounts	1,122,904	886,615	221,388	14,901	0	Delayed Pymt
5	Acct 488 - Miscellaneous Revenue	599,020	549,317	49,619	84	0	Customer
6	Acct 489 - Miscellaneous Revenue	51,500	47,227	4,266	7	0	Customer
7	Acct 493 - Rent from Gas Property	0	0	0	0	0	
8	Acct 494 - Interdepartmental Rents	0	0	0	0	0	
9	Acct 495 - Other Gas Revenue						
10	Miscellaneous	106,167	97,358	8,794	15	0	Customer
11	VBA Related Revenue	0	0	0	0	0	
12	Acct Chrg	289,922	228,172	59,051	2,699	0	MUT
13		396,089	325,530	67,845	2,714	0	
14	Service Class 4 Revenues:						
15	Customer Related	13,260	12,160	1,098	2	0	Customer
16	Commodity Related	555,716	314,235	150,136	91,345	0	Sales
17	Demand Related	72,354	48,424	22,740	1,190	0	Storage
18		641,330	374,819	173,975	92,537	0	
19							
20	TOTAL OTHER REVENUE	2,810,843	2,183,507	517,093	110,243	0	
21							
22	TOTAL OPERATING REVENUE	65,390,185	50,799,858	13,179,511	1,410,816	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF OPERATION & MAINTENANCE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	Production:						
2	Demand related	321,208	214,211	100,757	6,240	0	Unbundled CP
3							
4	Storage:						
5	Storage related	0	0	0	0	0	Storage
6							
7	Transmission	425,000	261,347	123,404	40,250	0	Ave & Peak
8							
9	Distribution:						
10		0	0	0	0	0	
11	303	56,069	34,479	16,280	5,310	0	Ave & Peak
12	374	184,367	113,374	53,533	17,460	0	Ave & Peak
13	375	5,068,058	3,116,521	1,471,567	479,970	0	Ave & Peak
14	376	0	0	0	0	0	
15	377	0	0	0	0	0	
16	378	61,733	37,962	17,925	5,846	0	Ave & Peak
17	379	26,248	16,141	7,621	2,486	0	Ave & Peak
18	Sub-Total Distribution Demand related	5,396,476	3,318,476	1,566,927	511,072	-	DISTRIBUTION DEMAND O&M
19		100.00%	61.49%	29.04%	9.47%	0.00%	
20	380	3,218,079	2,887,956	330,004	119	0	Services
21	381.0	1,995,924	1,602,642	361,607	31,675	0	Meters
22	381.2	47,294	42,757	4,537	0	0	AMR Device
23	381.3	59,531	0	56,293	3,238	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	340,554	273,450	61,699	5,404	0	Meters
28	385	19,659	0	19,659	0	0	Direct
29	Sub-Total Distribution Customer related	5,681,040	4,806,805	833,800	40,436	-	DISTRIBUTION CUSTOMER O&M
30		100.00%	84.61%	14.68%	0.71%	0.00%	
31							
32	Total Distribution	11,077,516	8,125,281	2,400,727	551,508	0	
33							
34	Customer Accounts:						
35	Allocable	5,917,000	5,426,040	490,127	833	0	Customer
36	Customer - Acct 904 Allocable	2,371,780	1,925,565	446,195	0	0	Customer
37	Total Customer Accounts:	8,288,780	7,351,604	936,322	833	0	
38							
39	Customer Services:	750,809	688,511	62,192	106	0	Customer
40	Customer Sales:	0	0	0	0	0	
41	Total Customer:	9,039,569	8,040,115	998,515	939	0	
42							
43	Total Customer Function	14,720,609	12,846,920	1,832,314	41,375	0	
44		100.00%	87.27%	12.45%	0.28%	0.00%	CUSTOMER O&M
45	Administrative & General:						
46	Commodity related	0	0	0	0	0	Sales
47	Distribution - Demand related	4,529,524	2,785,358	1,315,198	428,968	0	Distribution Demand O&M
48	Distribution - Customer related	4,768,373	4,034,585	699,849	33,940	0	Distribution Customer O&M
49	Distribution Fixed Cost	20,557,201	17,940,611	2,558,810	57,780	0	Customer O&M
50	Total Administrative and General	29,855,098	24,760,554	4,573,857	520,687	0	
51							
52							
53	Total Operation & Maintenance	50,718,391	41,401,509	8,197,258	1,119,624	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF DEPRECIATION EXPENSE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A] NORTH SHORE GAS	[B] SC 1 Residential	[C] SC 2 General Service	[D] SC 3 Large Volume Demand Service	[E] SC 5 Standby Service	[F] SOURCE or ALLOCATION FACTOR
1	DEPRECIATION EXPENSE - S/L:						
2	Production:						
3	Demand related	78,070	52,065	24,489	1,517	0	Unbundled CP
4							
5	Storage:						
6	Storage related	118,037	78,998	37,098	1,941	0	Storage
7							
8	Transmission	539,986	332,056	156,791	51,139	0	Ave & Peak
9							
10	Distribution						
11	302/303	0	0	0	0	0	
12	374	35,636	21,914	10,347	3,375	0	Ave & Peak
13	375	219,313	134,863	63,680	20,770	0	Ave & Peak
14	376	3,890,904	2,392,649	1,129,767	368,487	0	Ave & Peak
15	377	0	0	0	0	0	
16	378	161,142	99,091	46,789	15,261	0	Ave & Peak
17	379	22,652	13,929	6,577	2,145	0	Ave & Peak
18	380	2,811,338	2,522,940	288,294	104	0	Services
19	381.0	780,868	627,004	141,472	12,392	0	Meters
20	381.2	38,640	34,933	3,707	0	0	AMR Device
21	381.3	39,303	0	37,165	2,138	0	DMD Device
22	382.0	0	0	0	0	0	Meters
23	382.2	0	0	0	0	0	AMR Device
24	382.3	0	0	0	0	0	DMD Device
25	383	192,798	154,808	34,930	3,060	0	Meters
26	385	9,540	0	9,540	0	0	Direct
27	Total Distribution	8,202,132	6,002,131	1,772,269	427,731	0	
28							
29	General						
30	Commodity related	0	0	0	0	0	Sales
31	Demand related						
32	Production	8,332	5,556	2,614	162	0	Unbundled CP
33	Underground Storage	12,805	8,570	4,024	211	0	Storage
34	Transmission	35,132	21,604	10,201	3,327	0	Ave & Peak
35	Distribution	213,223	131,118	61,912	20,193	0	Ave & Peak
36	Customer/Fixed related	190,530	174,720	15,782	27	0	Customer
37	Total General	460,022	341,569	94,533	23,920	0	
38							
39	Total Depreciation Expense	9,398,247	6,806,818	2,085,181	506,248	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF TAXES OTHER THAN INCOME
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]
		NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service	SOURCE or ALLOCATION FACTOR	
1	Unauthorized Insurance Tax	14,200	9,966	3,372	862	0	Rate Base	
2	Invested Capital - Underground Storage	46,800	32,844	11,115	2,841	0	Rate Base	
3	Invested Capital - Other (Replacement Tax)	1,512,000	1,061,121	359,097	91,782	0	Rate Base	
4	-- Rate Making Adjustment	105,000	73,689	24,937	6,374	0	Rate Base	
5	Illinois Gas Use Tax	24	14	6	4	0	Sales	
6	Federal Excise Tax	300	211	71	18	0	Rate Base	
7	State Franchise Tax	0	0	0	0	0	Rate Base	
8	Personal Property Tax	239,629	168,172	56,911	14,546	0	Rate Base	
9	Payroll Taxes	1,527,648	1,206,351	270,093	51,204	0	Salaries & Wages	
10	Other Taxes	0	0	0	0	0	Salaries & Wages	
11	TOTAL TAXES OTHER THAN INCOME	3,445,601	2,552,366	725,604	167,631	0		

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF OTHER INCOME & ADJUSTS
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]	[F]	[G]
			NORTH SHORE GAS	SC 1 Residential	SC 2 General Service	SC 3 Large Volume Demand Service	SC 5 Standby Service	SOURCE or ALLOCATION FACTOR
1	BEFORE TAX ADJUSTMENTS:							
2	Budget Plan Balances Interest Exp		0	0	0	0	0	Budget
3	Customer Deposits Interest Exp		0	0	0	0	0	Cust Deposits
4	Charitable Contributions		0	0	0	0	0	Customer
5	TOTAL OTHER ADJUSTS		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
6								
7								
8	AFTER TAX ADJUSTMENTS:							
9	Tax Amortizations (409)		0	0	0	0	0	Rate Base
10	Tax Amortizations (419/426/431)		0	0	0	0	0	Rate Base
11	TOTAL OTHER ADJUSTS		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF RATE BASE COMPONENT - PLANT IN SERVICE
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	GAS PLANT:						
2	Production:						
3	Demand related	6,921,601	4,615,961	2,171,173	134,466	0	Unbundled CP
4							
5	Storage:						
6	Storage related	10,637,434	7,119,266	3,343,279	174,888	0	Storage
7							
8							
9	Transmission	29,185,856	17,947,375	8,474,440	2,764,041	0	Ave & Peak
10							
11							
12	Distribution						
13	302/303	0	0	0	0	0	
14	374	3,403,614	2,092,998	988,277	322,339	0	Ave & Peak
15	375	10,000,540	6,149,672	2,903,769	947,099	0	Ave & Peak
16	376	159,120,748	97,848,756	46,202,490	15,069,501	0	Ave & Peak
17	377	0	0	0	0	0	
18	378	3,747,468	2,304,445	1,088,119	354,903	0	Ave & Peak
19	379	861,284	529,633	250,083	81,568	0	Ave & Peak
20	380	117,629,200	105,562,333	12,062,517	4,350	0	Services
21	381.0	32,943,157	26,451,954	5,968,408	522,795	0	Meters
22	381.2	780,596	705,715	74,881	0	0	AMR Device
23	381.3	982,565	0	929,127	53,438	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	5,620,911	4,513,352	1,018,357	89,202	0	Meters
28	385	324,479	0	324,479	0	0	Direct
29	Total Distribution	335,414,562	246,158,860	71,810,507	17,445,195	0	
30							
31	General						
32	Commodity related	0	0	0	0	0	Sales
33	Demand related						
34	Production	297,932	198,688	93,456	5,788	0	Unbundled CP
35	Underground Storage	457,876	306,440	143,907	7,528	0	Storage
36	Transmission	1,256,270	772,523	364,772	118,975	0	Ave & Peak
37	Distribution	7,624,505	4,688,567	2,213,860	722,077	0	Ave & Peak
38	Customer/Fixed related	6,813,011	6,247,704	564,347	960	0	Customer
39	Total General	16,449,593	12,213,923	3,380,342	855,328	0	
40							
41	Total Plant in Service	398,609,046	288,055,386	89,179,742	21,373,919	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF RATE BASE COMPONENT - DEPRECIATION RESERVE - S/L
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	DEPRECIATION RESERVE - S/L:						
2	Production:						
3	Demand related	(4,219,445)	(2,813,915)	(1,323,559)	(81,971)	0	Unbundled CP
4							
5	Storage:						
6	Storage related	(6,461,610)	(4,324,532)	(2,030,844)	(106,234)	0	Storage
7							
8							
9	Transmission	(9,311,388)	(5,725,889)	(2,703,666)	(881,833)	0	Ave & Peak
10							
11	Distribution						
12							
13	302/303	0	0	0	0	0	
14	374	(933,125)	(573,810)	(270,943)	(88,371)	0	Ave & Peak
15	375	(4,939,580)	(3,037,516)	(1,434,262)	(467,802)	0	Ave & Peak
16	376	(59,293,116)	(36,461,353)	(17,216,420)	(5,615,344)	0	Ave & Peak
17	377	0	0	0	0	0	
18	378	(1,790,205)	(1,100,858)	(519,806)	(169,541)	0	Ave & Peak
19	379	(496,892)	(305,556)	(144,278)	(47,058)	0	Ave & Peak
20	380	(47,852,681)	(42,943,764)	(4,907,147)	(1,770)	0	Services
21	381.0	(15,809,832)	(12,694,623)	(2,864,313)	(250,896)	0	Meters
22	381.2	(271,414)	(245,378)	(26,036)	0	0	AMR Device
23	381.3	(688,317)	0	(650,882)	(37,435)	0	DMD Device
24	382.0	0	0	0	0	0	Meters
25	382.2	0	0	0	0	0	AMR Device
26	382.3	0	0	0	0	0	DMD Device
27	383	(3,864,565)	(3,103,081)	(700,154)	(61,329)	0	Meters
28	385	(278,689)	0	(278,689)	0	0	Direct
29	Total Distribution	(136,218,415)	(100,465,938)	(29,012,932)	(6,739,546)	0	
30							
31	General						
32							
33	Commodity related	0	0	0	0	0	Sales
34	Demand related						
35	Production	(267,379)	(178,313)	(83,872)	(5,194)	0	Unbundled CP
36	Underground Storage	(409,462)	(274,039)	(128,691)	(6,732)	0	Storage
37	Transmission	(590,047)	(362,840)	(171,327)	(55,880)	0	Ave & Peak
38	Distribution	(4,274,381)	(2,628,462)	(1,241,114)	(404,804)	0	Ave & Peak
39	Customer/Fixed related	(3,917,647)	(3,592,582)	(324,513)	(552)	0	Customer
40	Total General	(9,458,917)	(7,036,236)	(1,949,517)	(473,163)	0	
41							
42	Total Depreciation Reserve - Straight Line:	(165,669,775)	(120,366,510)	(37,020,517)	(8,282,748)	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF RATE BASE COMPONENT - CONSTRUCTION WORK IN PROGRESS
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	CONSTRUCTION WORK IN PROGRESS						
2	Production:						
3	Demand related	0	0	0	0	0	Unbundled CP
4							
5	Storage:						
6	Storage related	0	0	0	0	0	Storage
7							
8	Transmission	0	0	0	0	0	Ave & Peak
9							
10	Distribution						
11	302/303	0	0	0	0	0	
12	374	0	0	0	0	0	Ave & Peak
13	375	24,500	15,066	7,114	2,320	0	Ave & Peak
14	376	170,000	104,539	49,361	16,100	0	Ave & Peak
15	377	0	0	0	0	0	
16	378	0	0	0	0	0	Ave & Peak
17	379	0	0	0	0	0	Ave & Peak
18	380	0	0	0	0	0	Services
19	381.0	0	0	0	0	0	Meters
20	381.2	0	0	0	0	0	AMR Device
21	381.3	0	0	0	0	0	DMD Device
22	382.0	0	0	0	0	0	Meters
23	382.2	0	0	0	0	0	AMR Device
24	382.3	0	0	0	0	0	DMD Device
25	383	0	0	0	0	0	Meters
26	385	0	0	0	0	0	Direct
27	Total Distribution	194,500	119,605	56,475	18,420	0	
28							
29	General						
30	Commodity related	0	0	0	0	0	Sales
31	Demand related	0	0	0	0	0	Ave & Peak
32	Customer/Fixed related	0	0	0	0	0	Customer
33	Total General	0	0	0	0	0	
34							
35							
36	Total Construction Work in Progress	194,500	119,605	56,475	18,420	0	

NORTH SHORE GAS COMPANY
EMBEDDED GAS COST OF SERVICE STUDY
Detailed Cost of Service Study Allocation Results - Under Proposed Rate Design Transfers
ALLOCATION OF OTHER RATE BASE COMPONENTS
TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1							
2	Gas Stored Underground - 13 Mo. Ave	8,760,000	5,660,564	2,704,521	394,914	0	Standby Vol
3							
4	Fuel Stock - 13 Mo. Ave	943,145	609,445	291,182	42,518	0	Standby Vol
5							
6	Cash Working Capital - Year End Ave						
7	Commodity Related	0	0	0	0	0	Sales
8	Demand Related						
9	Production	6,112	4,076	1,917	119	0	Unbundled CP
10	Underground Storage	0	0	0	0	0	Storage
11	Transmission	8,087	4,973	2,348	766	0	Ave & Peak
12	Distribution	102,688	63,146	29,816	9,725	0	Ave & Peak
13	Customer Related	280,113	256,871	23,203	39	0	Customer
14	Sub-Total	397,000	329,066	57,285	10,649	0	
15							
16	Materials & Supplies - 13 Mo. Ave						
17	Commodity Related	0	0	0	0	0	Sales
18	Demand Related	776,764	477,658	225,542	73,563	0	Ave & Peak
19	Customer Related	694,091	636,499	57,494	98	0	Customer
20	Sub-Total	1,470,855	1,114,157	283,036	73,661	0	
21							
22	Accumulated Deferred Taxes - Year End Ave						
23	Commodity Related	0	0	0	0	0	Sales
24	Demand Related						
25	Production	(1,307,208)	(871,767)	(410,046)	(25,395)	0	Unbundled CP
26	Underground Storage	(2,001,843)	(1,339,764)	(629,167)	(32,912)	0	Storage
27	Transmission	(2,884,720)	(1,773,912)	(837,611)	(273,197)	0	Ave & Peak
28	Distribution	(20,897,292)	(12,850,455)	(6,067,763)	(1,979,074)	0	Ave & Peak
29	Customer Related	(21,303,937)	(19,536,252)	(1,764,683)	(3,001)	0	Customer
30	Sub-Total	(48,395,000)	(36,372,151)	(9,709,270)	(2,313,579)	0	
31							
32	Retirement Benefits, Net						
33	Commodity Related	0	0	0	0	0	Sales
34	Demand Related						
35	Production	(207,043)	(138,076)	(64,946)	(4,022)	0	Unbundled CP
36	Underground Storage	0	0	0	0	0	Storage
37	Transmission	(273,945)	(168,458)	(79,543)	(25,944)	0	Ave & Peak
38	Distribution	(3,478,444)	(2,139,014)	(1,010,005)	(329,425)	0	Ave & Peak
39	Customer Related	(9,488,567)	(8,701,258)	(785,973)	(1,337)	0	Customer
40	Sub-Total	(13,448,000)	(11,146,805)	(1,940,467)	(360,728)	0	
41							
42	Reserve for Injuries & Damages						
43	Commodity Related	0	0	0	0	0	Sales
44	Demand Related						
45	Production	(16,073)	(10,719)	(5,042)	(312)	0	Unbundled CP
46	Underground Storage	0	0	0	0	0	Storage
47	Transmission	(21,267)	(13,078)	(6,175)	(2,014)	0	Ave & Peak
48	Distribution	(270,040)	(166,057)	(78,409)	(25,574)	0	Ave & Peak
49	Customer Related	(736,620)	(675,499)	(61,017)	(104)	0	Customer
50	Sub-Total	(1,044,000)	(865,353)	(150,643)	(28,004)	0	
51							
52	Customer Advances - Year End Ave	(511,000)	(314,231)	(148,375)	(48,394)	0	Ave & Peak
53							
54	Customer Deposits - 13 Mo. Ave	(2,895,000)	(1,851,750)	(1,043,250)	0	0	Cust Deposits
55							
56	Budget Plan Balance - 13 Mo. Ave	834,000	823,167	10,833	0	0	Budget
57							
58	TOTAL OTHER RATE BASE COMPONENTS	(53,888,000)	(42,013,890)	(9,645,147)	(2,228,963)	0	

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information - Under Proposed Rate Design Transfers
 Allocation Methodologies used within the Cost of Service Study **under Proposed Rates**
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	
2	Percentage	1.00000	0.91703	0.08283	0.00014	-	Customer
3							
4							
5	SERVICES - INVESTMENT						
6	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	Line 1
7	Average Cost per Customer - Services		\$ 677.58	\$ 857.17	\$ 181.78	-	
8	Estimated Services Investment	\$ 113,052,690	\$ 101,455,299	\$ 11,593,209	\$ 4,181	-	
9	Percentage	1.00000	0.89742	0.10255	0.00004	-	Services
10							
11							
12	METERS & HOUSE REGULATORS						
13	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	Line 1
14	Average Cost per Customer - Meter & Reg. Investment		\$ 200.96	\$ 501.99	\$ 25,856.76	-	
15	Estimated Meters & Regulators Investment	\$ 37,474,489	\$ 30,090,421	\$ 6,789,363	\$ 594,705	-	
16	Percentage	1.00000	0.80296	0.18117	0.01587	-	Meters
17							
18							
19	AUTOMATED METER DEVICES (Average)						
20	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	Line 1
21	Average ERT Count per Customer		0.0805	0.0946	-	-	
22	Average Count of Encoder/Receiver Transmitters	13,333	12,054	1,279	-	-	
23	Percentage	1.00000	0.90407	0.09593	-	-	AMR Device
24							
25							
26	BAD DEBT (Annual)						
27	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	Line 1
28	Average Cost per Customer - Bad Debt		\$ 12.72	\$ 32.62	-	-	
29	Estimated Bad Debt	\$ 2,345,173	\$ 1,903,979	\$ 441,194	-	-	
30	Percentage	1.00000	0.81187	0.18813	-	-	Bad Debt
31							
32							
33	DEMAND GAS MEASUREMENT DEVICES						
34	Total Count	570	-	539	31	-	
35	Percentage	1.00000	-	0.94561	0.05439	-	DMD Device
36							
37							
38	MUNICIPAL UTILITY TAX						
39	Customers - Average	\$ 9,132,000	\$ 7,187,000	\$ 1,860,000	\$ 85,000	-	
40	Percentage	1.00000	0.78701	0.20368	0.00931	-	MUT
41							
42							
43	DELAYED PAYMENT CHARGES - TOTAL	\$ 1,055,000	\$ 833,000	\$ 208,000	\$ 14,000	-	
44	Percentage	1.00000	0.78957	0.19716	0.01327	-	Delayed Pymt
45							

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information - Under Proposed Rate Design Transfers
 Allocation Methodologies used within the Cost of Service Study **under Proposed Rates**
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	BUDGET PLAN BALANCES						
2	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	-	Page 1, line 1
3	Average Budget Plan Balance per Customer		\$ 51.18	\$ 7.46	-	-	
4	Estimated Budget Plan Balances	\$ 7,764,579	\$ 7,663,727	\$ 100,852	-	-	
5	Percentage	1.00000	0.98701	0.01299	-	-	Budget
6							
7							
8	CUSTOMER DEPOSITS						
9	AVERAGE CUSTOMERS	163,279	149,731	13,525	23	0	Page 1, line 1
10	Average Customer Deposits per Customer		\$ 11.79	\$ 73.55	-	-	
11	Estimated Customer Deposits	\$ 2,760,429	\$ 1,765,673	\$ 994,756	-	-	
12	Percentage	1.00000	0.63964	0.36036	-	-	Cust Deposits
13							
14							
15	SALES / COMMODITY (Annual)	329,558,561	186,351,932	89,035,783	54,170,846	-	
16	Percentage	1.00000	0.56546	0.27017	0.16437	-	Sales
17							
18							
19	COINCIDENT PEAK DEMAND	3,400,419	2,153,257	1,012,748	234,414	-	
20	Percentage	1.00000	0.63323	0.29783	0.06894	-	CP
21							
22							
23	UNBUNDLED COINCIDENT PEAK	3,228,793	2,153,257	1,012,810	62,726	-	
24	Percentage	1.00000	0.66689	0.31368	0.01943	-	Unbundled CP
25							
26							
27	WEIGHTED PEAK AND SEASONAL VOLUMES						
28	EXCESS WINTER OVER SUMMER	100.000%	66.927%	31.429%	1.644%	0.000%	
29	Percentage	1.00000	0.66927	0.31429	0.01644	-	Storage
30							
31							
32	AVERAGE & PEAK DEMAND						
33	Annual Use (Therms)	329,558,561	186,351,932	89,035,783	54,170,846	-	Line 15
34	Average Daily Deliveries of Gas (Therms/Day)	902,900	510,553	243,934	148,413	-	Line 33 divided by 365
35							
36	Peak Demand (Therms)	3,400,419	2,153,257	1,012,748	234,414	-	Line 19
37	System Load Factor	27.00%					Line 34 divided by Line 36
38							
39	Average Daily Deliveries of Gas (Therms/Day)	902,900	510,553	243,934	148,413	-	Line 34
40	Percentage	1.00000	0.56546	0.27017	0.16437	-	
41	System Load Factor	27.00%	27.00%	27.00%	27.00%	27.00%	Line 37
42	Average Weighted Daily Therms - Percentage	0.27000	0.15267	0.07295	0.04438	-	
43							
44	Peak Demand (Therms)	3,400,419	2,153,257	1,012,748	234,414	-	Line 36
45	Percentage	1.00000	0.63323	0.29783	0.06894	-	
46	(1 - System Load Factor)	73.00%	73.00%	73.00%	73.00%	73.00%	(1 - Line 37)
47	Peak Weighted Demand - Percentage	0.73000	0.46226	0.21742	0.05032	-	
48							
49	Average Weighted Daily Therms - Percentage	0.27000	0.15267	0.07295	0.04438	-	Line 42
50	Peak Weighted Demand - Percentage	0.73000	0.46226	0.21742	0.05032	-	Line 47
51		1.00000	0.61493	0.29036	0.09470	-	Ave & Peak

NORTH SHORE GAS COMPANY
 EMBEDDED GAS COST OF SERVICE STUDY
 Allocation Factors and Related Information - Under Proposed Rate Design Transfers
 Allocation Methodologies used within the Cost of Service Study **under Proposed Rates**
 TEST YEAR ENDED DECEMBER 31, 2010

LINE NO.	[A] DESCRIPTION OF ALLOCATION DATA	[B] NORTH SHORE GAS	[C] SC 1 Residential	[D] SC 2 General Service	[E] SC 3 Large Volume Demand Service	[F] SC 5 Standby Service	[G] SOURCE or ALLOCATION FACTOR
1	UNBUND COMM STANDBY VOL	288,388,718	186,351,932	89,035,783	13,001,003	-	
2	Percentage	1.00000	0.64618	0.30874	0.04508	-	Standby Vol
3							
4							
5	SALARIES & WAGES - FUNCTIONAL:						
6	Production	283,109	2.2807%				
7	Distribution	8,468,348	68.2204%				
8	Transmission	-	0.0000%				
9	Customer Accounting	3,553,871	28.6297%				
10	Customer Service	107,884	0.8691%				
11	Customer Sales	-	0.0000%				
12	TOTAL SALARIES & WAGES	12,413,211	100.000%				
13							
14							
15	SALARIES & WAGES - RATE SCHEDULE:						
16	Production	283,109	188,803	88,806	5,500	-	Unbundled CP
17	Distribution						
18	Meters & Regulators related	1,652,883	1,327,195	299,458	26,231	-	Meters
19	AMR Devices 381.2 related	33,457	30,247	3,209	-	-	AMR Device
20	DMD Devices 381.3 related	42,113	-	39,823	2,290	-	DMD Device
21	Industrial Metering Related Acct 385/386	13,907	-	13,907	-	-	Direct
22	Services related	2,698,372	2,421,562	276,710	100	-	Services
23	Remaining Distribution labor	4,027,615	2,476,717	1,169,463	381,435	-	Ave & Peak
24	Transmission	-	-	-	-	-	
25	Customer Accounting	3,553,871	3,258,990	294,380	501	-	Customer
26	Customer Service	107,884	98,932	8,936	15	-	Customer
27	Customer Sales	-	-	-	-	-	
28	TOTAL SALARIES & WAGES	12,413,211	9,802,447	2,194,693	416,071	-	
29	Percentage	1.00000	0.78968	0.17680	0.03352	-	Salaries & Wages