

North Shore Gas Company

Jurisdictional Operating Income Summary

Line No.	I.C.C. Acc. No. [A]	Description [B]	Forecast Under Present Rates [C]	Rate Making Adjustments (Schedule C-2, p2) [D]	As Adjusted Under Present Rates [E] = [C + D]	Requested Rate Increase [F]	As adjusted Under Proposed Rates [G]	Line No.
1	480-495	Operating Revenues	\$ 340,895,000	\$ (275,602,000)	\$ 65,293,000	\$ 21,986,000	\$ 87,279,000	1
2		Operating Expenses						2
3	800-813	Cost of Gas	\$ 268,987,000	\$ (268,987,000)	\$ -		\$ -	3
4		Other Operation and Maintenance:						4
5	700-813	Other Production	\$ 321,000	\$ -	\$ 321,000		\$ 321,000	5
6	814-847.8	Storage	\$ -	\$ -	\$ -		\$ -	6
7	850-867	Transmission	\$ 425,000	\$ -	\$ 425,000		\$ 425,000	7
8	870-894	Distribution	\$ 11,077,000	\$ -	\$ 11,077,000		\$ 11,077,000	8
9	901-905	Customer Accounts	\$ 9,916,000	\$ -	\$ 9,916,000	\$ 154,000	\$ 10,070,000	9
10	907-910	Customer Services and Informational Services	\$ 751,000	\$ -	\$ 751,000		\$ 751,000	10
11	911-916	Sales	\$ -	\$ -	\$ -		\$ -	11
12	920-932	Administrative and General	\$ 33,770,000	\$ (5,542,000)	\$ 28,228,000		\$ 28,228,000	12
13		Total Other Operation and Maintenance	\$ 56,260,000	\$ (5,542,000)	\$ 50,718,000	\$ 154,000	\$ 50,872,000	13
14	403	Depreciation	\$ 7,416,000	\$ 1,982,000	\$ 9,398,000		\$ 9,398,000	14
15	404	Amortization	\$ -	\$ -	\$ -		\$ -	15
16	408.1	Taxes Other than Income	\$ 3,341,000	\$ 105,000	\$ 3,446,000		\$ 3,446,000	16
17		Income Taxes						17
18	409.1	Federal Income Taxes - Current	\$ (5,358,000)	\$ (161,000)	\$ (5,519,000)	\$ 7,083,000	\$ 1,564,000	18
19	409.1	State Income Taxes - Current	\$ (838,000)	\$ (36,000)	\$ (874,000)	\$ 1,594,000	\$ 720,000	19
20	410.1 & 411.1	Deferred Income Taxes	\$ 5,894,000	\$ (1,053,000)	\$ 4,841,000		\$ 4,841,000	20
21	411.4	Investment Tax Credit	\$ (17,000)	\$ -	\$ (17,000)		\$ (17,000)	21
22		Total Operating Expenses	\$ 335,685,000	\$ (273,692,000)	\$ 61,993,000	\$ 8,831,000	\$ 70,824,000	22
23		Jurisdictional Operating Income	\$ 5,210,000	\$ (1,910,000)	\$ 3,300,000	\$ 13,155,000	\$ 16,455,000	23

North Shore Gas Company

Summary of Proposed Adjustments to Operating Income
Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No. [A]	Description [B]	Adjust to reflect amortization of rate case expenses [C]	Adjust Non-Base Rate Rider 2 Purchased Gas and Rider 11 Environmental Activity [D]	Adjust for effect of interest on customer deposits [E]	Adjust for effect of interest on budget plan accounts [F]	Adjust for charitable contributions [G]	Adjust to reflect increase in invested capital tax [H]	Adjust income taxes to eliminate effect of items not included in revenue requirement [I]	Adjust income taxes to reflect effect of interest synchronization [J]	Subtotal of columns [C] - [J] [K]	Line No.
1	480-495	Operating Revenues	\$ -	\$ (274,501,000)							\$ (274,501,000)	1
2		Operating Expenses										2
3	800-813	Cost of Gas	\$ -	\$ (268,987,000)							\$ (268,987,000)	3
4		Other Operation and Maintenance:										4
5	700-813	Other Production	\$ -								\$ -	5
6	814-847.8	Storage	\$ -								\$ -	6
7	850-867	Transmission	\$ -								\$ -	7
8	870-894	Distribution	\$ -								\$ -	8
9	901-905	Customer Accounts	\$ -								\$ -	9
10	907-910	Customer Services and Informational Services	\$ -								\$ -	10
11	911-916	Sales	\$ -								\$ -	11
12	920-932	Administrative and General	\$ 866,000	\$ (5,514,000)	\$ 113,000	\$ 157,000	\$ 137,000				\$ (4,241,000)	12
13		Total Other Operation and Maintenance	\$ 866,000	\$ (5,514,000)	\$ 113,000	\$ 157,000	\$ 137,000	\$ -	\$ -	\$ -	\$ (4,241,000)	13
14	403	Depreciation	\$ -								\$ -	14
15	404	Amortization	\$ -								\$ -	15
16	408.1	Taxes Other than Income	\$ -					\$ 105,000			\$ 105,000	16
17		Income Taxes										17
18	409.1	Federal Income Taxes - Current	\$ -		\$ (37,000)	\$ (51,000)	\$ (44,000)	\$ (34,000)	\$ 118,000	\$ (113,000)	\$ (161,000)	18
19	409.1	State Income Taxes - Current	\$ -		\$ (8,000)	\$ (11,000)	\$ (10,000)	\$ (8,000)	\$ 26,000	\$ (25,000)	\$ (36,000)	19
20	410.1 & 411.1	Deferred Income Taxes	\$ (344,000)								\$ (344,000)	20
21	411.4	Investment Tax Credit	\$ -								\$ -	21
22		Total Operating Expenses	\$ 522,000	\$ (274,501,000)	\$ 68,000	\$ 95,000	\$ 83,000	\$ 63,000	\$ 144,000	\$ (138,000)	\$ (273,664,000)	22
23		Effect to Operating Income	\$ (522,000)	\$ -	\$ (68,000)	\$ (95,000)	\$ (83,000)	\$ (63,000)	\$ (144,000)	\$ 138,000	\$ (837,000)	23

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Summary of Proposed Adjustments to Operating Income
Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No. [A]	Description [B]	Schedule C-2, p1, column K subtotal [C]	Change in Accounting Treatment- Amortization of Regulatory Asset - Pension Costs [D]	Change in Accounting Treatment- Amortization of Regulatory Asset - Welfare Costs [E]	Adjust for change in depreciation to accrue for net dismantling [F]	Adjust Amortization of Test Year 2010 Cost to Achieve [G]	Adjust Non-Base Rate Rider EEP - Energy Efficiency Program Charges [H]	[I]	[J]	Subtotal of columns [C] - [J] [K]	Line No.
1	480-495	Operating Revenues	\$ (274,501,000)					\$ (1,101,000)			\$ (275,602,000)	1
2		Operating Expenses										2
3	800-813	Cost of Gas	\$ (268,987,000)								\$ (268,987,000)	3
4		Other Operation and Maintenance:										4
5	700-813	Other Production	\$ -								\$ -	5
6	814-847.8	Storage	\$ -								\$ -	6
7	850-867	Transmission	\$ -								\$ -	7
8	870-894	Distribution	\$ -								\$ -	8
9	901-905	Customer Accounts	\$ -								\$ -	9
10	907-910	Customer Services and Informational Services	\$ -								\$ -	10
11	911-916	Sales	\$ -								\$ -	11
12	920-932	Administrative and General	\$ (4,241,000)	\$ 231,000	\$ 128,000		\$ (559,000)	\$ (1,101,000)			\$ (5,542,000)	12
13		Total Other Operation and Maintenance	\$ (4,241,000)	\$ 231,000	\$ 128,000	\$ -	\$ (559,000)	\$ (1,101,000)	\$ -	\$ -	\$ (5,542,000)	13
14	403	Depreciation	\$ -			\$ 1,982,000					\$ 1,982,000	14
15	404	Amortization	\$ -								\$ -	15
16	408.1	Taxes Other than Income	\$ 105,000								\$ 105,000	16
17		Income Taxes										17
18	409.1	Federal Income Taxes - Current	\$ (161,000)	\$ -	\$ -		\$ -	\$ -			\$ (161,000)	18
19	409.1	State Income Taxes - Current	\$ (36,000)	\$ -	\$ -		\$ -	\$ -			\$ (36,000)	19
20	410.1 & 411.1	Deferred Income Taxes	\$ (344,000)	\$ (92,000)	\$ (51,000)	\$ (788,000)	\$ 222,000				\$ (1,053,000)	20
21	411.4	Investment Tax Credit	\$ -								\$ -	21
22		Total Operating Expenses	\$ (273,664,000)	\$ 139,000	\$ 77,000	\$ 1,194,000	\$ (337,000)	\$ (1,101,000)	\$ -	\$ -	\$ (273,692,000)	22
23		Effect to Operating Income	\$ (837,000)	\$ (139,000)	\$ (77,000)	\$ (1,194,000)	\$ 337,000	\$ -	\$ -	\$ -	\$ (1,910,000)	23

North Shore Gas Company

Adjustment No. 1

Test Year Ending December 31, 2010

<u>Line</u> <u>No.</u>		<u>Line</u> <u>No.</u>
1	Title of Adjustment: Adjust to reflect amortization of rate case expenses	1
2	Schedule C-2, Adjustment No. 1	2
3	Supporting Work Paper Reference WPC-2.1	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 1	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 930.20 Administrative & General -Miscellaneous General Expenses	\$866,000
9	Total Normalized Income Taxes - State [7.3%]	(\$63,000)
10	- Federal [35.0%]	<u>(281,000)</u>
11	Total	<u><u>(344,000)</u></u>
12	ICC 409.1 -Current - State	0
13	- Federal	0
14	ICC 410.1-Deferred	<u>(344,000)</u>
15	Total Operating Expenses	<u>522,000</u>
16	EFFECT ON OPERATING INCOME	<u><u>(\$522,000)</u></u>

North Shore Gas Company

Adjustment No. 2
Test Year Ending December 31, 2010

<u>Line No.</u>					<u>Line No.</u>
1	Title of Adjustment:	Adjust Non-Base Rate Rider 2 Purchased Gas and Rider 11 Environmental Activity Revenues and Charges from revenue requirement			1
2	Schedule C-2, Adjustment No. 2				2
3	Supporting Work Paper Reference	WPC-2.2			3
4	Purpose and Description:				4
5	See testimony of S. Moy regarding Adjustment No. 2				5
6	Summary Calculations:				6
7	OPERATING REVENUES				7
8	ICC 480 - 481	Rider 2 Purchased Gas Charges	\$ (268,987,000)		8
9	ICC 480 - 481	Rider 11 Environmental Activity Charges	<u>(5,514,000)</u>	(\$274,501,000)	9
10	OPERATING EXPENSES				10
11	ICC 804	Natural Gas City Gate Purchases	(\$272,835,000)		11
12	ICC 808.1	Gas withdrawn from storage-Debit	(100,553,000)		12
13	ICC 808.2	Gas delivered to storage-Credit	99,907,000		13
14	ICC 810	Gas used for compressor station fuel-Credit	2,555,000		14
15	ICC 812	Gas used for other utility operations -Credit	1,939,000		15
16	ICC 930.2	Administrative & General -Miscellaneous			16
17		General Expenses	<u>(5,514,000)</u>	<u>(274,501,000)</u>	17
18	Subtotal Operating Revenues less Expenses before Income Taxes			-	18
19	ICC 409.1-Income Taxes	State	[7.3%]	-	19
20	ICC 409.1-Income Taxes	Federal	[35.0%]	<u>-</u>	20
21	Total after Income taxes			<u>-</u>	21
22	EFFECT ON OPERATING INCOME			<u><u>-</u></u>	22

North Shore Gas Company
Adjustment No.3
Test Year Ending December 31, 2010

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust for effect of interest on customer deposits	1	
2	Schedule C-2, Adjustment No. 3	2	
3	Supporting Work Paper Reference WPC-2.3	3	
4	Purpose and Description:	4	
5	See testimony of S. Moy regarding Adjustment No. 3	5	
6	Summary Calculations:	6	
7	OPERATING EXPENSES	7	
8	ICC 930.20 Administrative & General -Miscellaneous General Expenses	\$113,000	8
9	ICC 409.1-Income Taxes State [7.3%]	(8,000)	9
10	ICC 409.1-Income Taxes Federal [35.0%]	<u>(37,000)</u>	10
11	Total Operating Expenses	<u>68,000</u>	11
12	EFFECT ON OPERATING INCOME	<u><u>(\$68,000)</u></u>	12

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Adjustment No. 5

Test Year Ending December 31, 2010

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust for charitable contributions	1	
2	Schedule C-2, Adjustment No. 5	2	
3	Supporting Work Paper Reference WPC-2.5	3	
4	Purpose and Description:	4	
5	See testimony of S. Moy regarding Adjustment No. 5	5	
6	Summary Calculations:	6	
7	OPERATING EXPENSES	7	
8	ICC 930.20 Administrative & General -Miscellaneous General Expenses	\$137,000	8
9	Total Normalized Income Taxes - State [7.3%]	(\$10,000)	9
10	- Federal [35.0%]	<u>(44,000)</u>	10
11	Total	<u><u>(\$54,000)</u></u>	11
12	ICC 409.1 -Current - State	(10,000)	12
13	- Federal	(44,000)	13
14	ICC 410.1-Deferred	<u>0</u>	14
15	Total Operating Expenses	<u>83,000</u>	15
16	EFFECT ON OPERATING INCOME	<u><u>(\$83,000)</u></u>	16

North Shore Gas Company
Adjustment No. 6
Test Year Ending December 31, 2010

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust to reflect increase in invested capital tax	1
2	Schedule C-2, Adjustment No. 6	2
3	Supporting Work Paper Reference WPC-2.6	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 6	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 408.1	\$105,000 8
9	ICC 409.1-Income Taxes State [7.3%]	(8,000) 9
10	ICC 409.1-Income Taxes Federal [35.0%]	<u>(34,000)</u> 10
11	Total Operating Expenses	<u>63,000</u> 11
12	EFFECT ON OPERATING INCOME	<u><u>(\$63,000)</u></u> 12

North Shore Gas Company
Adjustment No. 8
Test Year Ending December 31, 2010

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust income taxes to reflect effect of interest synchronization	1
2	Schedule C-2, Adjustment No. 8	2
3	Supporting Work Paper Reference WPC-2.8	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 8	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 409.1-Income Taxes State [7.3% x \$347,000] (\$25,000)	8
9	ICC 409.1-Income Taxes Federal [35.0% x \$322,000] <u>(113,000)</u>	9
10	Total Operating Expenses	<u>(138,000)</u>
11	EFFECT ON OPERATING INCOME	<u><u>\$138,000</u></u>

North Shore Gas Company

Adjustment No.11

Test Year Ending December 31, 2010

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust for change in depreciation to accrue for net dismantling	1	
2	Schedule C-2, Adjustment No. 11	2	
3	Supporting Work Paper Reference WPC-2.11	3	
4	Purpose and Description:	4	
5	See testimony of S. Moy regarding Adjustment No. 11	5	
6	Summary Calculations:	6	
7	OPERATING EXPENSES	7	
8	ICC 403 Depreciation Expense	\$1,982,000	8
9	Total Normalized Income Taxes - State [7.3%]	(\$145,000)	9
10	- Federal [35.0%]	<u>(643,000)</u>	10
11	Total	<u><u>(\$788,000)</u></u>	11
12	ICC 409.1 -Current - State	0	12
13	- Federal	0	13
14	ICC 410.1-Deferred	<u>(788,000)</u>	14
15	Total Operating Expenses	<u>1,194,000</u>	15
16	EFFECT ON OPERATING INCOME	<u><u>(\$1,194,000)</u></u>	16

North Shore Gas Company
Adjustment No. 13
Test Year Ending December 31, 2010

<u>Line No.</u>				<u>Line No.</u>
1	Title of Adjustment:	Adjust Non-Base Rate Rider EEP -Enhanced Efficiency Program Charges from revenue requirement		1
2	Schedule C-2, Adjustment No. 13			2
3	Supporting Work Paper Reference	WPC-2.13		3
4	Purpose and Description:			4
5	See testimony of S. Moy regarding Adjustment No. 13			5
6	Summary Calculations:			6
7	OPERATING REVENUES			7
8	ICC 480-481	Sales of Gas-Residential & Commercial & Industrial	(\$1,101,000)	8
9	OPERATING EXPENSES			9
10	ICC 930.2	Administrative & General -Miscellaneous	(\$1,101,000)	10
11		General Expenses		11
12	Subtotal Operating Revenues less Expenses before Income Taxes		<u>\$0</u>	12
13	ICC 409.1-Income Taxes	State	[7.3%]	13
14	ICC 409.1-Income Taxes	Federal	[35.0%]	14
15	Total after Income taxes		<u>\$0</u>	15
16	EFFECT ON OPERATING INCOME		<u><u>\$0</u></u>	16

North Shore Gas Company

Sales Statistics by Customer Classification (All Volume in Therms)

Line No.	Description	Test Year Ending December 31, 2010		Forecasted Year Ending December 31, 2009 (1)		Forecasted Year Ended December 31, 2008 (2)		Historical Year Ended December 31, 2007		Line No.
		Total Company Revenues	Total Company Volume	Total Company Revenues	Total Company Volume	Total Company Revenues	Total Company Volume	Total Company Revenues	Total Company Volume	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
1	Sales by customer class									1
2	Residential	269,861,000	182,083,000	284,907,000	183,445,000	\$254,286,000	200,870,000	\$224,452,000	193,328,000	2
3	Commercial	45,941,000	32,363,000	48,098,000	32,220,000	43,927,000	36,588,000	38,389,000	34,631,000	3
4	Industrial	8,522,000	6,318,000	8,925,000	6,286,000	8,100,000	7,193,000	7,373,000	7,100,000	4
5	Transportation by customer class									5
6	Residential	4,047,000	12,990,000	3,666,000	12,039,000	3,150,000	11,956,000	2,184,000	9,858,000	6
7	Commercial	6,266,000	65,513,000	6,271,000	65,613,000	6,714,000	70,013,000	6,864,000	71,276,000	7
8	Industrial	2,500,000	51,860,000	2,495,000	51,895,000	2,712,000	50,393,000	2,714,000	48,098,000	8
9	Contract	1,686,000		1,788,000		1,749,000		2,333,000		9
10	Total Sales and Transportation	<u>\$338,823,000</u>	<u>351,127,000</u>	<u>\$356,150,000</u>	<u>351,498,000</u>	<u>\$320,638,000</u>	<u>377,013,000</u>	<u>\$284,309,000</u>	<u>364,291,000</u>	10
11	Other Revenues									11
12	Forfeited Discounts	\$ 1,058,000		\$ 1,058,000		\$ 964,000		\$ 912,000		12
13	Misc Service Revenues	570,000		501,000		522,000		428,000		13
14	Other Revenues	444,000		300,000		561,000		134,000		14
15	Sub-Total	<u>\$ 2,072,000</u>		<u>\$ 1,859,000</u>		<u>\$ 2,047,000</u>		<u>\$ 1,474,000</u>		15
16	Total Revenues	<u>\$340,895,000</u>		<u>\$358,009,000</u>		<u>\$322,685,000</u>		<u>\$285,783,000</u>		16

Note: All revenues and volumes are subject to the jurisdiction of the Commission.
(1) Includes zero months of actual data and twelve months of forecasted data.
(2) Includes six months of actual data and six months of forecasted data.

North Shore Gas Company

Comparative Operating Income Statements for
Prior Years and the Test Year

Line No.	Account Number	Account	Test Year Ending December 31, 2010	Forecasted Year Ending December 31, 2009 (1)	Forecasted Year Ending December 31, 2008 (2)	Historical Year Ended December 31, 2007	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	400	OPERATING REVENUES					1
2		Residential Sales	\$ 269,861,000	\$ 284,907,000	\$ 254,286,000	\$ 224,452,000	2
3		Commercial and Industrial Sales	54,464,000	57,022,000	52,027,000	45,762,000	3
4		Other Revenues	16,570,000	16,080,000	16,372,000	15,569,000	4
5		Total Operating Revenues	<u>\$ 340,895,000</u>	<u>\$ 358,009,000</u>	<u>\$ 322,685,000</u>	<u>\$ 285,783,000</u>	5
6		OPERATING EXPENSES					6
7	401	Cost of Gas (3)	268,987,000	287,166,000	247,108,000	205,205,000	7
8	401 and 402	Other Operation and Maintenance (3)	56,260,000	52,713,000	53,719,000	41,372,000	8
9	403	Depreciation	7,416,000	6,541,000	6,221,000	5,994,000	9
10	404.3	Amortization	-	-	-	-	10
11	408.1	Taxes Other than Income	3,341,000	3,236,000	2,234,000	17,026,000	11
12	409.1	Federal Income Taxes - Current	(5,358,000)	(1,585,000)	(980,000)	3,820,000	12
13	409.1	State Income Taxes - Current	(838,000)	(254,000)	(189,000)	2,176,000	13
14	410.1 and 411.1	Deferred Income Taxes	5,894,000	3,025,000	4,722,000	(1,229,000)	14
15	411.4	Investment Tax Credit	(17,000)	(16,000)	(48,000)	(35,000)	15
16		Total Operating Expenses	<u>\$ 335,685,000</u>	<u>\$ 350,826,000</u>	<u>\$ 312,787,000</u>	<u>\$ 274,329,000</u>	16
17		OPERATING INCOME	<u>\$ 5,210,000</u>	<u>\$ 7,183,000</u>	<u>\$ 9,898,000</u>	<u>\$ 11,454,000</u>	17

Note: (1) Includes zero months of actual data and twelve months of forecasted data.

(2) Includes six months of actual data and six months of forecasted data.

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

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

Line No.	Account Number	Account	Test Year Ending December 31, 2010	Forecasted Year Ending December 31, 2009 (1)	Forecasted Year Ending December 31, 2008 (2)	Historical Year Ended December 31, 2007	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1		Cost of Gas					1
2	728	Liquefied Petroleum Gas	\$ -	\$ -	\$ 26,000	\$ 39,000	2
3	804	Natural Gas City Gate Purchases	272,835,000	290,738,000	246,990,000	206,196,000	3
4	808.1	Gas Withdrawn from Storage - Debit	100,553,000	109,937,000	98,315,000	77,730,000	4
5	808.2	Gas Delivered to Storage - Credit	(99,907,000)	(109,285,000)	(94,245,000)	(76,279,000)	5
6	810	Gas Used for Compressor Station Fuel - Credit	(2,555,000)	(2,849,000)	(2,034,000)	(1,351,000)	6
7	812	Gas Used for Other Utility Operations - Credit	(1,939,000)	(1,375,000)	(1,944,000)	(1,130,000)	7
8		Total Cost of Gas	\$ 268,987,000	\$ 287,166,000	\$ 247,108,000	\$ 205,205,000	8
9		Production - Operation					9
10	710	Operation Supervision and Engineering MGP	42,000	40,000	44,000	35,000	10
11	717	Liquefied Petroleum Gas Expenses	11,000	10,000	24,000	23,000	11
12	735	Miscellaneous Production Expenses - Manufactured Gas Production	82,000	78,000	72,000	23,000	12
13		Total Production - Operation	\$ 135,000	\$ 128,000	\$ 140,000	\$ 81,000	13
14		Production - Maintenance					14
15	740	Maintenance Supervision and Engineering Manufactured Gas Product	91,000	89,000	79,000	35,000	15
16	741	Maintenance of Structures and Improvements	14,000	13,000	10,000	1,000	16
17	742	Maintenance of Production Equipment Manufactured Gas Product	81,000	75,000	69,000	65,000	17
18		Total Production - Maintenance	\$ 186,000	\$ 177,000	\$ 158,000	\$ 101,000	18
19		Transmission Expenses - Operation					19
20	856	Mains Expense	425,000	375,000	525,000	57,000	20
21		Total Transmission Expenses - Operation	\$ 425,000	\$ 375,000	\$ 525,000	\$ 57,000	21
22		Distribution Expenses - Operation					22
23	870	Operation Supervision and Engineering	848,000	845,000	1,135,000	575,000	23
24	871	Distribution Load Dispatching	269,000	259,000	28,000	6,000	24
25	874	Mains and Services Expenses	1,745,000	1,799,000	1,360,000	1,318,000	25
26	875	Measuring and Regulating Station Expenses - General Distribution	-	-	8,000	18,000	26
27	878	Meter and House Regulator Expenses	939,000	899,000	1,212,000	1,403,000	27
28	879	Customer Installations Expenses	244,000	239,000	303,000	381,000	28
29	880	Other Expenses	3,289,000	3,160,000	4,393,000	2,057,000	29
30	881	Rents	12,000	12,000	4,000	23,000	30
31		Total Distribution Expenses - Operation	\$ 7,346,000	\$ 7,213,000	\$ 8,443,000	\$ 5,781,000	31

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
(2) Includes six months of actual data and six months of forecasted data.

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

Line No.	Account Number	Account Name	Test Year Ending December 31, 2010 [C]	Forecasted Year Ending December 31, 2009 (1) [D]	Forecasted Year Ending December 31, 2008 (2) [E]	Historical Year Ended December 31, 2007 [F]	Line No.
1		<u>Distribution Expenses - Maintenance</u>					1
2	885	Maintenance Supervision and Engineering	\$ 1,107,000	\$ 1,064,000	\$ 1,379,000	\$ 1,195,000	2
3	886	Maintenance of Structures and Improvements	20,000	19,000	20,000	9,000	3
4	887	Maintenance of Mains	1,443,000	1,468,000	785,000	719,000	4
5	889	Maintenance of Measuring & Regulating Station Equipment - General	-	-	18,000	14,000	5
6	890	Measuring and Regulating Station Equipment - Industrial Distribution	-	-	2,000	6,000	6
7	891	Measuring and Regulating Station Equipment - City Gate - Distribution	12,000	12,000	78,000	50,000	7
8	892	Maintenance of Services	539,000	517,000	621,000	366,000	8
9	893	Maintenance of Meters and House Regulators	610,000	609,000	97,000	760,000	9
10	894	Maintenance of Other Equipment	-	-	-	3,000	10
11		Total Distribution Expenses - Maintenance	\$ 3,731,000	\$ 3,689,000	\$ 3,000,000	\$ 3,122,000	11
12		<u>Customer Accounts Expense - Operation</u>					12
13	901	Customer Accounts Supervision	219,000	213,000	478,000	-	13
14	902	Meter Reading Expenses	254,000	240,000	592,000	588,000	14
15	903	Customer Records and Collection Expenses	6,807,000	6,448,000	4,067,000	5,787,000	15
16	904	Uncollectible Accounts	2,372,000	2,493,000	2,291,000	2,210,000	16
17	905	Miscellaneous Customer Accounts Expenses	264,000	249,000	1,093,000	-	17
18		Total Customer Accounts Expense - Operation	\$ 9,916,000	\$ 9,643,000	\$ 8,521,000	\$ 8,585,000	18
19		<u>Customer Service and Informational Services - Operation</u>					19
20	907	Customer Service Supervision	170,000	161,000	164,000	-	20
21	908	Customer Assistance Expenses	250,000	236,000	183,000	-	21
22	909	Informational and Instructional Advertising Expenses	331,000	327,000	263,000	80,000	22
23	910	Miscellaneous Customer Service and Informational Expenses	0	0	(7,000)	0	23
24		Total Customer Service and Informational Services - Operation	\$ 751,000	\$ 724,000	\$ 603,000	\$ 80,000	24
25		<u>Sales Expenses - Operation</u>					25
26	912	Demonstrating and Selling Expenses	-	-	-	5,000	26
27		Total Sales Expenses - Operation	\$ -	\$ -	\$ -	\$ 5,000	27
28		<u>Administrative and General Expenses - Operation</u>					28
29	920	Administrative and General Salaries	4,413,000	3,895,000	4,746,000	66,000	29
30	921	Office Supplies and Expenses	5,726,000	5,419,000	4,438,000	110,000	30
31	923	Outside Services Employed	453,000	406,000	1,010,000	10,708,000	31
32	924	Property Insurance	32,000	32,000	28,000	32,000	32
33	925	Injuries and Damages	1,202,000	1,104,000	1,514,000	1,204,000	33
34	926	Employee Pensions and Benefits	7,872,000	7,573,000	7,067,000	4,876,000	34
35	927	Franchise Requirements	1,939,000	1,375,000	1,250,000	1,478,000	35
36	928	Regulatory Commission Expense	434,000	434,000	381,000	-	36
37	929	Duplicate Charges - Credit	-	-	-	(348,000)	37
38	930.1	General Advertising Expenses	2,000	2,000	8,000	5,000	38
39	930.2	Miscellaneous General Expenses	10,637,000	9,503,000	10,802,000	5,151,000	39
40	931	Rents	1,060,000	1,021,000	1,085,000	0	40
41		Total Administrative and General Expenses - Operation	\$ 33,770,000	\$ 30,764,000	\$ 32,329,000	\$ 23,282,000	41
42		<u>Administrative and General Expenses - Maintenance</u>					42
43	932	Maintenance of General Plant	-	-	-	278,000	43
44		Total Administrative and General Expenses - Maintenance	\$ -	\$ -	\$ -	\$ 278,000	44
45		Total Operation and Maintenance, Excluding Cost of Gas	\$ 56,260,000	\$ 52,713,000	\$ 53,719,000	\$ 41,372,000	45
46		Total Operation and Maintenance	\$ 325,247,000	\$ 339,879,000	\$ 300,827,000	\$ 246,577,000	46

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
(2) Includes six months of actual data and six months of forecasted data.

North Shore Gas Company

Income Taxes

Line No.	Description [A]	Test Year Ended December 31, 2010 [B]	Line No.
1	Computation of Taxes Based on Operating Income		1
2	Operating Income - Schedule C-1	\$ 5,210,000	2
3	Add:		3
4	Interest Charges	(4,871,000)	4
5	Federal and State Income Taxes - Current	(6,196,000)	5
6	Deferred Income Taxes	5,893,000	6
7	Investment Tax Credit	(16,000)	7
8	Operating Income Before Taxes	<u>20,000</u>	8
9	Less Adjustments:		9
10	Permanent Tax Adjustments		10
11	Medicare	393,000	11
12	ESOP	71,000	12
13	Total Permanent Adjustments	<u>464,000</u>	13
14	Taxable Operating Income	<u>(444,000)</u>	14
15	<u>Calculation of State Income Tax (SIT) for Operating Income</u>		15
16	Operating Income Subject to State Tax (Line 14)	(444,000)	16
17	Illinois Tax Rate	7.30%	17
18	Total State Taxes	<u>(32,000)</u>	18
19	Less:		19
20	Provision for State Deferred Taxes	748,000	20
21	Amortization of Investment Tax Credits - Net	(12,000)	21
22	Provision for Deferred Investment Tax Credits	70,000	22
23	Current State Income Taxes	<u>(838,000)</u>	23
24	<u>Calculation of Federal Income Tax (FIT) for Operating Income</u>		24
25	Operating Income Subject to Federal Tax (Lines 14-18)	(412,000)	25
26	Federal Income Tax Rate	35.00%	26
27	Total Federal Taxes	<u>(144,000)</u>	27
28	Less:		28
29	Provision for Federal Deferred Taxes	5,214,000	29
30	Current Federal Income Taxes	<u>(5,358,000)</u>	30

North Shore Gas Company
Consolidated Federal Income Tax Return
Test Year Ending December 31, 2010

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

North Shore Gas Company

Deferred Income Tax Expense

Test Year Ending December 31, 2010

Line No.	Component of Deferred Taxes (Timing/Temporary Difference)	Contra ICC Account	Test Year Calendar 2010 Timing/Temporary Difference	Deferred Income Taxes at Current Rates (1)		Amortization of Excesses and Deficiencies		Total Deferred Income Tax (410.1, 411.1)		Line No.
				Federal Income Tax	State Income Tax	Federal Income Tax	State Income Tax	Federal Income Tax	State Income Tax	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[L]	[N]	
1	Liberalized Depreciation - Federal	282	\$ 1,118,359	\$ 391,000	\$ -	\$ (98,000)	\$ -	\$ 293,000	\$ -	1
2	Liberalized Depreciation - State	282	1,902,380	-	90,000	-	1,000	-	91,000	2
3	Book Depreciation Vs. Tax Straight Line Depreciation - Federal	282	3,863,682	1,352,000	-	26,000	-	1,378,000	-	3
4	Book Depreciation Vs. Tax Straight Line Depreciation - State	282	3,863,682	-	183,000	-	6,000	-	189,000	4
5	Environmental Costs	283	7,351,641	2,574,000	350,000	-	-	2,574,000	350,000	5
6	Loss on Reacquired Debt	283	(111,649)	(39,000)	(5,000)	-	-	(39,000)	(5,000)	6
7	Regulatory Assets (Non Current)	283	(745,349)	(261,000)	(35,000)	-	-	(261,000)	(35,000)	7
8	Bad Debt	190	139,349	49,000	7,000	-	-	49,000	7,000	8
9	FAS 112	190	(14,291)	(5,000)	(1,000)	-	-	(5,000)	(1,000)	9
10	Group Insurance Expense	190	(504,000)	(177,000)	(24,000)	-	-	(177,000)	(24,000)	10
11	Gas Cost Reconciliation	190	(197,901)	(69,000)	(9,000)	-	-	(69,000)	(9,000)	11
12	Pension Expense	190	3,168,472	1,109,000	150,000	-	-	1,109,000	150,000	12
13	Vacation	190	718,750	251,000	34,000	-	-	251,000	34,000	13
14	Gas Charge Settlement	190	400,000	140,000	19,000	-	-	140,000	19,000	14
15	Incentive Compensation	190	(98,363)	(34,000)	(5,000)	-	-	(34,000)	(5,000)	15
16	Restricted Stock	190	(105,059)	(37,000)	(5,000)	-	-	(37,000)	(5,000)	16
17	Deferred Compensation	190	(20,798)	(7,000)	(1,000)	-	-	(7,000)	(1,000)	17
18	Inventory Cost Capitalized	190	(25,251)	(9,000)	(1,000)	-	-	(9,000)	(1,000)	18
19	Illinois Replacement Tax - Investment Tax Credit - Amortization	190	27,768	10,000	1,000	(2,000)	(2,000)	8,000	(1,000)	19
20	Illinois Replacement Tax - Investment Tax Credit - Provision	190	(69,449)	(24,000)	-	-	-	(24,000)	-	20
21	Total Deferred Taxes			\$ 5,214,000	\$ 748,000	\$ (74,000)	\$ 5,000	\$ 5,140,000	\$ 753,000	21

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Page 1, Line 20

Note: (1) Current Rates are as follows:

Column	[D]	[E]
Line 1-20	35%	4.75%

North Shore Gas Company

Differences Between Book And Tax Depreciation

Test Year Ending December 31, 2010

Line No.	Description	Amount	Timing Difference	Deferred Taxes Current Rate (1)	Deferred Taxes Difference at Average Rates (2)	Amortization of Excesses / and Deficiencies	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	Liberalized Depreciation						1
2	Accelerated Depreciation	12,813,000					2
3	Loss on Early Retirements (Excluding Salvage)	<u>0</u>					3
4	Total Accelerated Depreciation and Loss	<u>12,813,000</u>					4
5	Depreciation - Straight Line	11,694,000					5
6	Loss on Early Retirements (Excluding Salvage) Recomputed based on Straight Lines Reserves	<u>0</u>					6
7	Total Straight Line Depreciation and Loss	<u>11,694,000</u>					7
8	Liberalized / Straight-line on Tax Difference	<u>1,119,000</u>	1,119,000	392,000	293,000	(99,000)	
9	Basis Differences						9
10	Construction Work In-Progress	0					10
11	Interest Capitalized	0					11
12	Software Capitalized	<u>0</u>					12
13	Straight-line on Tax / SL on Book Difference	3,864,000					
14	Total Straight Line Depreciation, Loss and Basis Differences	<u>3,864,000</u>	3,864,000	1,352,000	1,378,000	26,000	14
15	Difference - Federal Income Tax	<u>4,983,000</u>	4,983,000	1,744,000	1,672,000	(72,000)	15
16	Difference - Federal Income Tax	4,983,000					16
17	Net Adjustment - Federal / State Depreciation Differences	<u>784,000</u>					17
18	Difference - State Income Tax	<u>5,767,000</u>	5,767,000	274,000	280,000	6,000	18
19	Total Deferred Tax			<u>2,018,000</u>	<u>1,952,000</u>	<u>(66,000)</u>	19

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

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

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

North Shore Gas Company

Interest Synchronization

Test Year Ending December 31, 2010

<u>Line No.</u>					<u>Line No.</u>
1	Original Cost Rate Base - Average			\$ 179,245,000	1
2	Weighted Cost of Long-Term Debt			<u>2.46%</u>	2
3	Synchronized Interest			4,409,000	3
4	Interest Expense on Long-Term Debt				4
	Account Number	General Ledger Number	Description	Amount	
5	427.00	427000	Interest on Long-Term Debt	\$ 3,799,000	5
6	428.00	428000	Amortization of Debt Discount and Expense	151,000	6
7	428.10	428100	Amortization of Loss on Reacquired Long-Term Debt	<u>112,000</u>	7
8	Total Interest Expense on Long-Term Debt			<u>4,062,000</u>	8
9	Increase (Decrease) in Interest Expense			<u>\$ 347,000</u>	9

North Shore Gas Company

Investment Tax And Job Development Credits

Test Year Ending December 31, 2010

Line No.	Description [A]	Balance at December 31, 2009 [B]	Amortization of Credits [C]	Addition to Credits [D]	Balance at December 31, 2010 [F]	Line No.
1	Unamortized Job Development Investment Credit	\$ (1,676,000)	\$ 58,000	\$ -	\$ (1,618,000)	1
2	Unamortized Illinois Replacement Tax Investment Credit	\$ (1,064,000)	\$ 28,000	\$ (70,000)	\$ (1,106,000)	2

North Shore Gas Company
Social and Service Club Membership Dues

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ending December 31, 2010 Under Proposed Rates (2) [C]	Test Year Ending December 31, 2010 (2) [D]	Forecasted Year Ending December 31, 2009 (2)(3) [E]	Forecasted Year Ending December 31, 2008 (2)(4) [F]	Historical Year Ended December 31, 2007 (1) [G]	Line No.
1	Lake County Chamber Of Commerce	To work to increase economic prosperity in Lake County by encouraging the growth of existing businesses and fostering new businesses.	\$ -	\$ -	\$ -	\$ -	\$ 1,000	1
2	Lake County Partners	Lake County Partners, a 501(c)(3) economic development corporation, works to maintain economic vitality and quality of life in Lake County, Illinois by creating and retaining quality jobs, stimulating capital investment, pursuing economic diversity and improving the county's business climate.	-	-	-	-	15,000	2
3	Other (Under \$1,000)						-	3
4								4
5	Total		<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	5

- Note: (1) For calendar year 2007, all amounts charged to account 930.2 (Miscellaneous General Expenses).
(2) Actual expenses for membership dues are only available for the historical year ended December 31, 2007. Respondent does not have estimates as to the level of dues for any individual organization for calendar years 2008 - 2010, only an estimate of total membership dues.
(3) Includes zero months of actual data and twelve months of forecasted data.
(4) Includes six months of actual data and six months of forecasted data.

North Shore Gas Company

Industry Association Dues (1)

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ending December 31, 2010 Under Proposed Rates (2) [C]	Test Year Ending December 31, 2010 (2) [D]	Forecasted Year Ending December 31, 2009 (2)(3) [E]	Forecasted Year Ending December 31, 2008 (2)(4) [F]	Historical Year Ended December 31, 2007 [G]	Line No.
1	Other (Under \$250,000) (5)						\$ 101,000 (6)	1
2	Total		\$ 69,000	\$ 69,000	\$ 67,000	\$ 85,000	\$ 101,000	2

- Note: (1) For calendar year 2007, all amounts charged to account 930.2 (Miscellaneous General Expenses).
 (2) Actual expenses for industry association dues are only available for the historical year ended December 31, 2007. Respondent does not have estimates as to the level of dues for any individual organization for calendar years 2008 - 2010, only an estimate of total industry association dues.
 (3) Includes zero months of actual data and twelve months of forecasted data.
 (4) Includes six months of actual data and six months of forecasted data.
 (5) None of the items met the \$250,000 minimum required for individual listing.
 (6) Christian Outreach payment of \$3,000 was booked to the wrong account and should have been part of charitable contributions (Refer to Schedule C-7 footnote (5)).

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

Line No.	Organization [A]	Test Year Ending December 31, 2010 Under Proposed Rates (2) [B]	Test Year Ending December 31, 2010 (2) [C]	Forecasted Year Ending December 31, 2009 (2)(3) [D]	Forecasted Year Ending December 31, 2008 (2)(4) [E]	Historical Year Ended December 31, 2007 [F]	Line No.
1	<u>Accounting and Auditing Services</u>						1
2	Deloitte & Touche LLP					\$ 112,000	2
3	<u>Building Maintenance Services</u>						3
4	Professional Building Maintenance					117,000	4
5	<u>Construction and Equipment Manufacturing</u>						5
6	Charles Equipment Co.					55,000	6
7	Krause Electric Contractors Inc.					84,000	7
8	<u>Insurance</u>						8
9	Corvel Corporation					303,000	9
10	<u>Legal</u>						10
11	Franczek Sullivan P.C.					50,000	11
12	Ungaretti & Harris					377,000	12
13	<u>Other</u>						13
14	Total Under \$50,000					231,000	14
15	Total	\$ 2,033,000 (5)	\$ 2,033,000	\$ 1,981,000	\$ 2,469,000	\$ 1,329,000	15

- Note: (1) For the historical year 2007, all amounts were charged to accounts 2001000 - Outside Services Other, 2001050 - Outside Services Legal, 2001900 - Outside Services Health and Wellness, 2001920 - Outside Services Environmental and 2001930 - Outside Services Consulting. For forecasted years 2008-2010, charges are to various accounts. Amounts for those years were accumulated by type of charge and include Legal Services, Consultants Contracted and Contracted Labor.
- (2) Detail of outside service expense is only available for the historical year ended December 31, 2007. Respondent does not have estimates as to the level of charges for any individual outside service provider for the years 2008, 2009, and 2010, but only an estimate of total outside service fees.
- (3) Includes zero months of actual data and twelve months of forecasted data.
- (4) Includes six months of actual data and six months of forecasted data.
- (5) Test year expense shown in column (G) on Schedule C-1.

North Shore Gas Company

Charitable Contributions (1)

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ending December 31, 2010 Under Proposed Rates (2) [C]	Test Year Ending December 31, 2010 (2) [D]	Forecasted Year Ending December 31, 2009 (2)(3) [E]	Forecasted Year Ending December 31, 2008 (2)(4) [F]	Historical Year Ended December 31, 2007 [G]
1	United Way						
2	United Way of Lake County	The largest contributor to health and human service needs in Lake County, Illinois.	-	-	-	\$ -	\$ 20,000
3	Neighborhood Development						
4	Family Service	To support programs and services for Latino families at the Nuestro Center in Highwood.	-	-	-	-	5,000
5	Lake Forest Open Lands Association	Lake Forest Open Lands is dedicated to conserving our natural environment through land acquisition, habitat restoration, environmental education and conservation advocacy.	-	-	-	-	5,000
6	Ravina Festival Association	Diverse musical performance on the North Shore and throughout the metropolitan area. [Purpose of Contribution: To support Ravinia's outreach and education efforts to provide relevant programs in schools, communities, and at the Festival]	-	-	-	-	10,000
7	Salvation Army	Multi program social service organization [Purpose of Contribution: to support the Share the Warmth financial assistance program for low-income customers.]	-	-	-	-	25,000
8	Other (Under \$5,000)		-	-	-	-	19,000 (5)
9	Total		<u>\$ 137,000</u>	<u>\$ 137,000</u>	<u>\$ 135,000</u>	<u>\$ 71,000</u>	<u>\$ 84,000</u>

- Note: (1) Unless noted otherwise all amounts are charged to account 426.1. Donations.
 (2) Actual expenses for charitable contributions to individual organizations are only available for the historical year ended December 31, 2007. Respondent does not have estimates as to the level of contributions for any individual organization for calendar years 2008, 2009, 2010, only an estimate of total charitable contributions
 (3) Includes zero months of actual data and twelve months of forecasted data.
 (4) Includes six months of actual data and six months of forecasted data.
 (5) Christian Outreach payment of \$3,000 was incorrectly booked to Industry Association Dues and should be booked to Charitable Contributions. Refer to Schedule C-6.1 footnote (6).

North Shore Gas Company

Demonstration and Selling, Advertising
 and Miscellaneous Sales Expenses

Test Year Ending December 31, 2010

<u>Line No.</u>	<u>Account Number</u> [A]	<u>Account Description</u> [B]	<u>Test Year Ending December 31, 2010</u> [C]	<u>Rate Making Adjustments to Exclude Disallowable Expenses</u> [D]	<u>Expense Included on Schedule C-1 at Present Rates</u> [E]	<u>Line No.</u>
1	909	Informational and Instructional Advertising Expenses	\$ 331,000	\$ -	\$ 331,000	1

PUBLIC

North Shore Gas Company

Rate Case Expense

Line No.	Item of Expense [A]	Type of Service Rendered [B]	Specific Service Rendered [C]	Basis of Change [D]	Estimated Fee [E]	Travel Expenses [F]	Total Expenses [G]	Amount Expensed During Test Year [H]																																																																								
1	[REDACTED]																																																																															
2									[REDACTED]																																																																							
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11																																																																																
12	Other Expenses					(1)																																																																										
13	Total Expense				\$ 2,597,000	\$ 0	\$ 2,597,000	\$ 866,000 (3)																																																																								

Notes: (1) Paid Overtime was not forecasted in the amount.
 (2) Other expenses include charges for court reporting, express courier and other miscellaneous expenses.
 (3) Based upon a three-year amortization period and shown on column (G) of Schedule C-1.

North Shore Gas Company

Rate Case Expense Comparisons

Line No.	Item of Expense [A]	Current Rate Case [B]	Company Direct Prior Rate Case (Dkt. 07-0241) (2) [C]	Line No.
1	Outside Consultants and Witnesses	\$589,000	\$308,000	1
2	Outside Legal Services	1,019,000	1,382,000	2
3	InterCompany (Billings from Affiliates)	942,000	1,078,000	3
4	Paid Overtime	---	---	4
5	Other Expenses	<u>47,000</u>	<u>94,000</u>	5
6	Total Expense	<u><u>\$2,597,000</u></u> (1)	<u><u>\$2,862,000</u></u>	6

Notes: (1) The decrease in expense compared to the prior rate case is due primarily to more detail time reporting and cost allocations from affiliates' bilings to Company and lower costs, compared with the prior rate case, associated with rider proposals, offset by increased costs for the use of a future test year.

(2) 2006 Historical Test Year Rate Case, Docket 07-0242 - General increase in rates for gas service - Company Direct	\$ 2,862,000
2006 Historic Test Year Rate Case, Docket 07-0241/07-0242 Consolidated - Final Order	\$ 2,169,800
Actual costs incurred by Company (through November 30, 2008)	\$ 2,503,000

North Shore Gas CompanyDirect Payroll By Function

Line No.	Category [A]	Test Year Ending December 31, 2010 [B]	Forecasted Year Ending December 31, 2009 (1) [C]	Forecasted Year Ending December 31, 2008 (2) [D]	Historical Year Ended December 31, 2007 [E]	Line No.
1	Operations and Maintenance					1
2	Production	\$ 283,000	\$ 269,000	\$ 223,000	\$ 130,000	2
3	Storage	-	-	-	-	3
4	Transmission	-	-	-	3,000	4
5	Distribution	6,987,000	6,707,000	6,840,000	5,139,000	5
6	Customer Accounts	699,000	670,000	629,000	1,678,000	6
7	Sales	-	-	-	-	7
8	Administrative and General	4,000	4,000	(190,000)	160,000	8
9	Total Operations and Maintenance	<u>7,973,000</u>	<u>7,650,000</u>	<u>7,502,000</u>	<u>7,110,000</u>	9
10	Total Construction	2,594,000	2,493,000	2,371,000	2,099,000	10
11	Total Other	1,637,000	1,576,000	1,481,000	3,232,000	11
12	Total Payroll (3) (4)	<u>\$ 12,204,000</u>	<u>\$ 11,719,000</u>	<u>\$ 11,354,000</u>	<u>\$ 12,441,000</u>	12

Note: (1) Includes zero months of actual data and twelve months of forecasted data.

(2) Includes six months of actual data and six months of forecasted data.

(3) Beginning on January 1, 2008, as part of the formation of the service company, several areas were moved to Integrys Business Support including customers, gas supply and gas engineering.

(4) For purposes of this schedule, dollars related to non-productive time for wage earners were initially recorded in "Other" for 2007. These costs were then reallocated to the other accounts as an overhead. In 2008, with the implementation of a new accounting system, wage earners payroll and non-productive time were charged directly to the above categories. 2009 & 2010 follow the 2008 procedure.

North Shore Gas Company

Number of Employees

Forecasted Year Ending December 31, 2009 (1)

Line No	Department	January		February		March		April		May		June		No
		Forecast	Authorized											
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	
1	Operations													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	10	10	10	10	10	10	10	10	10	10	10	10	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	6
7	B53 Production Department													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	B80 North Shore Operations													12
13	Full Time Employees (a)	147	147	147	147	147	147	147	147	147	147	147	147	13
14	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	14
15	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	15
16	Total Full Time Equivalents (a)+(b)	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	16
17	Total Operations													17
18	Full Time Employees (a)	160	160	160	160	160	160	160	160	160	160	160	160	18
19	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	19
20	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	20
21	Total Full Time Equivalents (a)+(b)	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	21
22	Materials and Stores													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	7	7	7	7	7	7	7	7	7	7	7	7	24
25	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26
27	Total Full Time Equivalents (a)+(b)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	27
28	B03 Stores													28
29	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	32
33	Total Materials and Stores													33
34	Full Time Employees (a)	10	10	10	10	10	10	10	10	10	10	10	10	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	37
38	Total North Shore Gas Company													38
39	Full Time Employees (a)	170	170	170	170	170	170	170	170	170	170	170	170	39
40	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	40
41	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	41
42	Total Full Time Equivalents (a)+(b)	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	42

Note: (1) Includes zero months of actual data and twelve months of forecasted data

North Shore Gas Company

Number of Employees

Forecasted Year Ending December 31, 2009 (1)

Line No	Department [A]	July		August		September		October		November		December		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Operations													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	10	10	10	10	10	10	10	10	10	10	10	10	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	6
7	B53 Production Department													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	B80 North Shore Operations													12
13	Full Time Employees (a)	147	147	147	147	147	147	147	147	147	147	147	147	13
14	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	14
15	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	15
16	Total Full Time Equivalents (a)+(b)	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	147.68	16
17	Total Operations													17
18	Full Time Employees (a)	160	160	160	160	160	160	160	160	160	160	160	160	18
19	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	19
20	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	20
21	Total Full Time Equivalents (a)+(b)	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	160.68	21
22	Materials and Stores													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	7	7	7	7	7	7	7	7	7	7	7	7	24
25	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26
27	Total Full Time Equivalents (a)+(b)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	27
28	B03 Stores													28
29	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	32
33	Total Materials and Stores													33
34	Full Time Employees (a)	10	10	10	10	10	10	10	10	10	10	10	10	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	37
38	Total North Shore Gas Company													38
39	Full Time Employees (a)	170	170	170	170	170	170	170	170	170	170	170	170	39
40	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	40
41	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	41
42	Total Full Time Equivalents (a)+(b)	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	170.68	42

Note: (1) Includes zero months of actual data and twelve months of forecasted data

North Shore Gas Company

Number of Employees

Forecasted Year Ending December 31, 2008 (1)

Line No	Department [A]	January		February		March		April		May		June		No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Operations													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	10	11	11	11	11	11	11	11	11	11	11	11	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	10.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	6
7	B53 Production Department													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	B80 North Shore Operations													12
13	Full Time Employees (a)	146	147	146	147	144	147	145	147	141	147	141	147	13
14	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	14
15	Full Time Equivalents for PT Employees (b)	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	15
16	Total Full Time Equivalents (a)+(b)	146.67	147.00	146.67	147.00	144.67	147.00	145.67	147.00	141.67	147.00	141.67	147.00	16
17	Total Operations													17
18	Full Time Employees (a)	159	161	160	161	158	161	159	161	155	161	155	161	18
19	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	19
20	Full Time Equivalents for PT Employees (b)	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	20
21	Total Full Time Equivalents (a)+(b)	159.67	161.00	160.67	161.00	158.67	161.00	159.67	161.00	155.67	161.00	155.67	161.00	21
22	Materials and Stores													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	7	6	7	6	7	6	7	6	7	6	7	24
25	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26
27	Total Full Time Equivalents (a)+(b)	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	27
28	B03 Stores													28
29	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	32
33	Total Materials and Stores													33
34	Full Time Employees (a)	9	10	9	10	9	10	9	10	9	10	9	10	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	37
38	Total North Shore Gas Company													38
39	Full Time Employees (a)	168	171	169	171	167	171	168	171	164	171	164	171	39
40	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	40
41	Full Time Equivalents for PT Employees (b)	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	0.67	0.00	41
42	Total Full Time Equivalents (a)+(b)	168.67	171.00	169.67	171.00	167.67	171.00	168.67	171.00	164.67	171.00	164.67	171.00	42

Note: (1) Includes six months of actual data and six months of forecasted data

North Shore Gas Company

Number of Employees

Forecasted Year Ending December 31, 2008 (1)

Line No	Department [A]	July		August		September		October		November		December		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Operations													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	10	11	10	11	10	11	10	11	10	11	10	11	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	10.00	11.00	10.00	11.00	10.00	11.00	10.00	11.00	10.00	11.00	10.00	11.00	6
7	B53 Production Department													7
8	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	11
12	B80 North Shore Operations													12
13	Full Time Employees (a)	147	147	147	147	147	147	147	147	147	147	147	147	13
14	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	14
15	Full Time Equivalents for PT Employees (b)	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	15
16	Total Full Time Equivalents (a)+(b)	147.68	147.00	147.68	147.00	147.68	147.00	147.68	147.00	147.68	147.00	147.68	147.00	16
17	Total Operations													17
18	Full Time Employees (a)	160	161	160	161	160	161	160	161	160	161	160	161	18
19	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	19
20	Full Time Equivalents for PT Employees (b)	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	20
21	Total Full Time Equivalents (a)+(b)	160.68	161.00	160.68	161.00	160.68	161.00	160.68	161.00	160.68	161.00	160.68	161.00	21
22	Materials and Stores													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	7	6	7	6	7	6	7	6	7	6	7	24
25	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	25
26	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26
27	Total Full Time Equivalents (a)+(b)	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	6.00	7.00	27
28	B03 Stores													28
29	Full Time Employees (a)	3	3	3	3	3	3	3	3	3	3	3	3	29
30	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	30
31	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31
32	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	32
33	Total Materials and Stores													33
34	Full Time Employees (a)	9	10	9	10	9	10	9	10	9	10	9	10	34
35	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	35
36	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36
37	Total Full Time Equivalents (a)+(b)	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	37
38	Total North Shore Gas Company													38
39	Full Time Employees (a)	169	171	169	171	169	171	169	171	169	171	169	171	39
40	Part Time Employees	1	0	1	0	1	0	1	0	1	0	1	0	40
41	Full Time Equivalents for PT Employees (b)	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	0.68	0.00	41
42	Total Full Time Equivalents (a)+(b)	169.68	171.00	169.68	171.00	169.68	171.00	169.68	171.00	169.68	171.00	169.68	171.00	42

Note: (1) Includes six months of actual data and six months of forecasted data

North Shore Gas Company

Number of Employees

Historical Year Ended December 31, 2007

Line No	Department [A]	January		February		March		April		May		June		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Field Support													1
2	Full Time Employees (a)	19	20	19	20	19	20	19	20	19	20	19	20	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	19.00	20.00	19.00	20.00	19.00	20.00	19.00	20.00	19.00	20.00	19.00	20.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	203	202	208	202	206	202	207	202	206	202	206	202	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Total Full Time Equivalents (a)+(b)	203.00	202.00	208.00	202.00	206.00	202.00	207.00	202.00	206.00	202.00	206.00	202.00	10

North Shore Gas Company

Number of Employees

Historical Year Ended December 31, 2007

Line No	Department [A]	July		August		September		October		November		December		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	Total Field Support													1
2	Full Time Employees (a)	19	20	19	20	19	20	19	19	19	19	19	19	2
3	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Total Full Time Equivalents (a)+(b)	19.00	20.00	19.00	20.00	19.00	20.00	19.00	19.00	19.00	19.00	19.00	19.00	5
6	Total North Shore Gas Company													6
7	Full Time Employees (a)	207	202	201	202	199	202	200	204	199	202	200	200	7
8	Part Time Employees	0	0	0	0	0	0	0	0	0	0	1	0	8
9	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.74	0.00	9
10	Total Full Time Equivalents (a)+(b)	207.00	202.00	201.00	202.00	199.00	202.00	200.00	204.00	199.00	202.00	200.74	200.00	10

North Shore Gas Company

Employee Benefits

Historical Year Ended December 31, 2007

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,488,000	\$ 452,000	30.38%	\$ 1,036,000	69.62%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,626,000	87,000	5.35%	1,539,000	94.65%
3	Post Employment Benefits - FAS 112	All	210,000	64,000	30.48%	146,000	0.00%
4	Pension Plan	All	2,620,000	797,000	30.42%	1,823,000	69.58%
5	Savings and Investment Plan	All	282,000	86,000	30.50%	196,000	69.50%
6	Welfare and Social Benefits	Active Employees	<u>216,000</u>	<u>80,000</u>	<u>37.04%</u>	<u>136,000</u>	<u>62.96%</u>
7	TOTAL		<u>\$ 6,442,000</u>	<u>\$ 1,566,000</u>	<u>24.31%</u>	<u>\$ 4,876,000</u>	<u>75.69%</u>

North Shore Gas Company

Employee Benefits

Curent Year Ending December 31, 2008 (1)

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,482,000	\$ 495,000	33.40%	\$ 987,000	66.60%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,853,000	88,000	4.75%	1,765,000	95.25%
3	Post Employment Benefits - FAS 112	All	32,000	-	0.00%	32,000	100.00%
4	Pension Plan	All	2,262,000	557,000	24.62%	1,705,000	75.38%
5	Savings and Investment Plan	All	300,000	28,000	9.33%	272,000	90.67%
6	Welfare and Social Benefits	Active Employees	(27,000)	-	0.00%	(27,000)	100.00%
7	IBS Benefits Billed (2)	Active Employees	<u>2,333,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,333,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 8,235,000</u>	<u>\$ 1,168,000</u>	<u>14.18%</u>	<u>\$ 7,067,000</u>	<u>85.82%</u>

Notes: (1) Includes six months of actual data and six months of forecasted data.

(2) Starting in January 2008, benefits billed as a loader on IBS labor were charged to account 926. In 2007, similar costs were charged to account 923.

North Shore Gas Company

Employee Benefits

Forecasted Year Ending December 31, 2009 (1)

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,639,000	\$ 573,000	34.96%	\$ 1,066,000	65.04%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,992,000	191,000	9.59%	1,801,000	90.41%
3	Post Employment Benefits - FAS 112	All	45,000	-	0.00%	45,000	100.00%
4	Pension Plan	All	2,420,000	488,000	20.17%	1,932,000	79.83%
5	Savings and Investment Plan	All	378,000	-	0.00%	378,000	100.00%
6	Welfare and Social Benefits	Active Employees	60,000	-	0.00%	60,000	100.00%
7	IBS Benefits Billed (2)	Active Employees	<u>2,291,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,291,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 8,825,000</u>	<u>\$ 1,252,000</u>	<u>14.19%</u>	<u>\$ 7,573,000</u>	<u>85.81%</u>

Notes: (1) Includes zero months of actual data and twelve months of forecasted data.

(2) Starting in January 2008, benefits billed as a loader on IBS labor were charged to account 926. In 2007, similar costs were charged to account 923.

North Shore Gas Company

Employee Benefits

Test Year Ending December 31, 2010

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,765,000	\$ 597,000	33.82%	\$ 1,168,000	66.18%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	2,000,000	199,000	9.95%	1,801,000	90.05%
3	Post Employment Benefits - FAS 112	All	47,000	-	0.00%	47,000	100.00%
4	Pension Plan	All	2,300,000	509,000	22.13%	1,791,000	77.87%
5	Savings and Investment Plan	All	419,000	-	0.00%	419,000	100.00%
6	Welfare and Social Benefits	Active Employees	61,000	-	0.00%	61,000	100.00%
7	IBS Benefits Billed (1)	Active Employees	<u>2,585,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,585,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 9,177,000</u>	<u>\$ 1,305,000</u>	<u>14.22%</u>	<u>\$ 7,872,000</u>	<u>85.78%</u>

Notes: (1) Starting in January 2008, benefits billed as a loader on IBS labor were charged to account 926. In 2007, similar costs were charged to account 923.

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended December 31, 2007

Line No.	Functional Account Grouping (A)	Balances at December 31, 2006			Calendar 2007								Line No.
		Depreciable Plant Investment (B)	Accumulated Provision for Depreciation (C)	Net Balance of Depreciable Property (D)	Remaining Life (in Years) (2) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Amortization Clearing Accounts (I)	Salvage Clearing Accounts (J)	Sundries (K)	Total Depreciation Expense (L)	
1	Distribution Plant	\$ 307,527,000	\$ 122,801,000	\$ 184,726,000	36.16	\$ 5,108,000	\$ (38,000)	\$ 118,000				\$ 5,188,000	1
2	Underground Storage Plant	10,264,000	6,153,000	4,111,000	50.75	81,000						81,000	2
3	Transmission Plant	29,171,000	7,946,000	21,225,000	45.26	469,000						469,000	3
4	General Plant	15,978,000	8,643,000	7,335,000	6.44	1,139,000		(92,000)	(928,000)	90,000		209,000	4
5	Production Plant	5,486,000	3,961,000	1,525,000	32.45	47,000						47,000	5
6	Asset Retirement Obligation	<u>5,117,000</u>	<u>1,652,000</u>	<u>3,465,000</u>		<u>-</u>						<u>-</u>	6
7	Total Utility Plant in Service	<u>\$ 373,543,000</u>	<u>\$ 151,156,000</u>	<u>\$ 222,387,000</u>		<u>\$ 6,844,000</u>	<u>\$ (38,000)</u>	<u>\$ 26,000</u>	<u>\$ (928,000)</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 5,994,000</u>	7

Notes: (1) Income Statement Depreciation Expense for the Historical Year ended December 31, 2007, is shown on Line 7 of Column L.
(2) North Shore Gas calculates Depreciation using Remaining Life, rather than Accrual Rates (Page 338-1 of the Annual Report to the Illinois Commerce Commission).

North Shore Gas Company

Depreciation Expense (1)

Forecasted Year Ended December 31, 2008 (2)

Line No.	Functional Account Grouping (A)	Beginning Plant Balance 01-01-2008 (B)	Ending Plant Balance 12-31-2008 (C)	2008 Average Plant Balance (D)	Composite Depreciation Rate (3) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Transportation Clearing Accounts (I)	Transportation Salvage (J)	Sundries (K)	Total Depreciation Expense (L)	Line No.
1	Distribution Plant	\$ 312,850,000	\$ 318,393,000	\$ 315,622,000	1.62%	\$ 5,098,000	\$ (19,000)	\$ 388,000	\$ -	\$ -	\$ -	\$ 5,467,000	1
2	Underground Storage Plant	10,264,000	10,264,000	10,264,000	0.82%	84,000	-	-	-	-	-	84,000	2
3	Transmission Plant	28,705,000	28,705,000	28,705,000	1.59%	456,000	-	-	-	-	-	456,000	3
4	General Plant	15,201,000	16,144,000	15,673,000	7.87%	1,233,000	-	-	(1,068,000)	-	-	165,000	4
5	Production Plant	6,121,000	6,617,000	6,369,000	0.77%	49,000	-	-	-	-	-	49,000	5
6	Asset Retirement Obligation	<u>21,899,000</u>	<u>21,899,000</u>	<u>21,899,000</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	6
7	Total Utility Plant in Service	<u>\$ 395,040,000</u>	<u>\$ 402,022,000</u>	<u>\$ 398,532,000</u>		<u>\$ 6,920,000</u>	<u>\$ (19,000)</u>	<u>\$ 388,000</u>	<u>\$ (1,068,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,221,000</u>	7

- Notes: (1) Income Statement Depreciation Expense for the Current Year ended December 31, 2008, is shown on Line 7 of Column L.
(2) Includes Six Months of Actual data and Six Months of Forecasted data.
(3) Effective January 1, 2008, North Shore Gas calculates Depreciation using Accrual Rates calculated on the Average Monthly Balance. For simplicity, the composite rates shown here reflects a mid-year balance. Therefore, the composite rates may vary slightly.

North Shore Gas Company

Depreciation Expense (1)

Forecasted Year Ended December 31, 2009 (2)

Line No.	Functional Account Grouping (A)	Beginning Plant Balance 01-01-2009 (B)	Ending Plant Balance 12-31-2009 (C)	2009 Average Plant Balance (D)	Composite Depreciation Rate (3) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Transportation Clearing Accounts (I)	Transportation Salvage (J)	Sundries (K)	Total Depreciation Expense (L)	Line No.
1	Distribution Plant	\$ 318,393,000	\$ 329,201,000	\$ 323,797,000	1.61%	\$ 5,210,000	\$ -	\$ 453,000	\$ -	\$ -	\$ 1,000 (4)	\$ 5,664,000	1
2	Underground Storage Plant	10,264,000	10,264,000	10,264,000	0.82%	84,000	-	-	-	-	-	84,000	2
3	Transmission Plant	28,705,000	28,735,000	28,720,000	1.59%	456,000	-	-	-	-	-	456,000	3
4	General Plant	16,144,000	15,848,000	15,996,000	9.16%	1,466,000	-	(68,000)	(1,180,000)	68,000	-	286,000	4
5	Production Plant	6,617,000	6,777,000	6,697,000	0.76%	51,000	-	-	-	-	-	51,000	5
6	Asset Retirement Obligation	<u>21,899,000</u>	<u>21,899,000</u>	<u>21,899,000</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	6
7	Total Utility Plant in Service	<u>\$ 402,022,000</u>	<u>\$ 412,724,000</u>	<u>\$ 407,373,000</u>		<u>\$ 7,267,000</u>	<u>\$ -</u>	<u>\$ 385,000</u>	<u>\$ (1,180,000)</u>	<u>\$ 68,000</u>	<u>\$ 1,000</u>	<u>\$ 6,541,000</u>	7

Notes: (1) Income Statement Depreciation Expense for the Forecasted Year ended December 31, 2009, is shown on Line 7 of Column L.

(2) Includes Zero Months of Actual data and Twelve Months of Forecasted data.

(3) Effective January 1, 2008, North Shore Gas calculates Depreciation using Accrual Rates calculated on the Average Monthly Balance. For simplicity, the composite rates shown here reflects a mid-year balance. Therefore, the composite rates may vary slightly.

(4) Includes \$1,000 adjustment for rounding.

North Shore Gas Company

Depreciation Expense (1)

Test Year Ended December 31, 2010

Line No.	Functional Account Grouping (A)	Beginning Plant Balance 01-01-2010 (B)	Ending Plant Balance 12-31-2010 (C)	2010 Average Plant Balance (D)	Composite Depreciation Rate (2) (E)	Provision for Recovery of Original Cost (F)	Capitalized Depreciation Transferred (G)	Net Dismantling Cost (H)	Transportation Clearing Accounts (I)	Transportation Salvage (J)	Sundries (K)	Total Depreciation Expense (L)	Line No.
1	Distribution Plant	\$ 329,201,000	\$ 340,261,000	\$ 334,731,000	1.76%	\$ 5,903,000	\$ -	\$ 422,000	\$ -	\$ -	\$ -	\$ 6,325,000	1
2	Underground Storage Plant	10,264,000	10,264,000	10,264,000	1.15%	118,000	-	-	-	-	-	118,000	2
3	Transmission Plant	28,735,000	28,735,000	28,735,000	1.59%	457,000	-	-	-	-	-	457,000	3
4	General Plant	15,848,000	16,779,000	16,314,000	7.89%	1,287,000	-	(38,000)	(836,000)	38,000	-	451,000	4
5	Production Plant	6,777,000	6,927,000	6,852,000	0.96%	66,000	-	-	-	-	(1,000) (3)	65,000	5
6	Asset Retirement Obligation	<u>21,899,000</u>	<u>21,899,000</u>	<u>21,899,000</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	6
7	Total Utility Plant in Service	<u>\$ 412,724,000</u>	<u>\$ 424,865,000</u>	<u>\$ 418,795,000</u>		<u>\$ 7,831,000</u>	<u>\$ -</u>	<u>\$ 384,000</u>	<u>\$ (836,000)</u>	<u>\$ 38,000</u>	<u>\$ (1,000)</u>	<u>\$ 7,416,000</u>	7

- Notes: (1) Income Statement Depreciation Expense for the Forecasted Year ended December 31, 2010, is shown on Line 7 of Column L.
(2) Effective January 1, 2008, North Shore Gas calculates Depreciation using Accrual Rates calculated on the Average Monthly Balance. For simplicity, the composite rates shown here reflects a mid-year balance. Therefore, the composite rates may vary slightly.
(3) Includes a (\$1,000) adjustment for rounding.

North Shore Gas Company
Summary of Affiliated Transactions

Line No.	Associated Company [A]	Nature of Transaction [B]	Amount Billed to NSG [C]	Amount Billed to Associated Companies [D]	Docket Number [E]	Line No.
1	<u>Test Year Ending December 31, 2010 (1)</u>					1
2	Integrys Business Support	Intercompany Services	\$ 30,870,000	\$ -	07-0361	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	386,000	150,000	06-0540	3
4	Integrys Energy Group	Intercompany Services	21,000	-	06-0540	4
5	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,859,000	-	87-0401	5
6	Peoples Energy Corporation	Interest on Intercompany Loans	447,000	-	04-0603	6
7			<u>\$ 33,583,000</u>	<u>\$ 150,000</u>		7
8	<u>Forecasted Year Ending December 31, 2009 (1) (2)</u>					8
9	Integrys Business Support	Intercompany Services	\$ 28,053,000	\$ -	07-0361	9
10	The Peoples Gas Light and Coke Company	Intercompany Services	454,000	150,000	06-0540	10
11	Integrys Energy Group	Intercompany Services	21,000	-	06-0540	11
12	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,895,000	-	87-0401	12
13	Peoples Energy Corporation	Interest on Intercompany Loans	248,000	-	04-0603	13
14			<u>\$ 30,671,000</u>	<u>\$ 150,000</u>		14

Note: (1) Beginning in 2008 amounts include intercompany services, as well as, invoices paid on behalf of the company.
(2) Includes zero months of actual data and twelve months of forecasted data.

North Shore Gas Company

Summary of Affiliated Transactions

Line No.	Associated Company [A]	Nature of Transaction [B]	Amount Billed to NSG [C]	Amount Billed to Associated Companies [D]	Docket Number [E]	Line No.
1	<u>Forecasted Year Ending December 31, 2008 (1) (2)</u>					1
2	Integrus Business Support	Intercompany Services	\$ 25,585,000	\$ -	07-0361	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	1,336,000	833,000	06-0540	3
4	Integrus Energy Group	Intercompany Services	362,000	-	06-0540	4
5	Peoples Energy Corporation	Intercompany Services	57,000	68,000	06-0540	5
6	Minnesota Energy Resources Corporation	Intercompany Services	8,000	46,000	06-0540	6
7	Wisconsin Public Service Corporation	Intercompany Services	36,000	3,000	06-0540	7
8	Peoples Energy Technology	Intercompany Services	-	13,000	06-0540	8
9	Integrus Business Support (3)			1,105,000		9
10	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,689,000	-	87-0401	10
11	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	26,000	128,000	04-0602	11
12			<u>\$ 29,099,000</u>	<u>\$ 2,196,000</u>		12
13	<u>Historical Year Ended December 31, 2007</u>					13
14	Peoples Energy Corporation	Intercompany Services	\$ 8,969,000	\$ 101,000	55071	14
15	The Peoples Gas Light and Coke Company	Intercompany Services	6,526,000	177,000	55071	15
16	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	2,128,000	-	87-0401	16
17	Peoples Energy Corporation	Interest on Intercompany Loans	32,000	-	04-0603	17
18	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	-	493,000	04-0602	18
19			<u>\$ 17,655,000</u>	<u>\$ 771,000</u>		19

Note: (1) Beginning in 2008 amounts include intercompany services, as well as, invoices paid on behalf of the company.
(2) Includes six months of actual data and six months of forecasted data.
(3) Represents corrections made at the onset of IBS.

North Shore Gas Company

Operating Leases

<u>Line No.</u>	<u>Description of Leased Property</u> [A]	<u>Test Year Ending December 31, 2010</u> [B]	<u>Forecasted Year Ending December 31, 2009 (1)</u> [C]	<u>Forecasted Year Ending December 31, 2008 (2)</u> [D]	<u>Historical Year Ended December 31, 2007</u> [E]	<u>Line No.</u>
1	Total Operating Leases (3)	\$ -	\$ -	\$ -	\$ -	1

Notes: (1) Includes zero months of actual data and twelve months of forecasted data.

(2) Includes six months of actual data and six months of forecasted data.

(3) None of the operating leases meet the criteria for individual listing.

PUBLIC

North Shore Gas Company

Uncollectible Expense

Line No.	Fiscal Year	Percent of Revenue Method (1)		
		Uncollectible Expense	Applicable Revenues	Uncollectible Expense as a Percentage of Applicable Revenues
	[A]	[B]	[C]	[D]
1	Test Year Ending			
2	December 31, 2010	\$ 2,372,000	\$ 338,823,000	0.70%
3	Forecasted Year Ending			
4	December 31, 2009 (2)	2,493,000	356,150,000	0.70%
5	Forecasted Year Ending			
6	December 31, 2008 (3)	2,291,000	321,100,000	0.71%
7	Historical Year Ended			
8	December 31, 2007 (4)	2,210,000 (5)	284,309,000	0.78%

- Notes: (1) Percent of Revenue Method is used to determine uncollectible expense for all revenues except miscellaneous revenues. Due to the infrequent write-off of accounts receivable associated with miscellaneous revenues, expense is recorded only at time of write-off.
- (2) Includes zero months of actual data and twelve months of forecasted data.
- (3) Includes six months of actual data and six months of forecasted data.
- (4) Calendar 2007 revenues and the related uncollectible expense calculation are reported on a gross revenue basis. Beginning in calendar 2008, the revenues and expense calculation are reported on net revenue basis.
- (5) Includes \$220,000 adjustment to the reserve for uncollectible accounts. Each quarter, the Company updates the projections of future charge-off based on the most current information available, and adjusts the reserve if necessary.

PUBLIC

North Shore Gas Company

Uncollectible Expense

Line No.	Fiscal Year [A]	Activity in Allowance for Bad Debts					Ending Reserve Balance (1) [G]
		Beginning Reserve Balance (1) [B]	Reserve Accrual [C]	Gross Write-Offs [D]	Recoveries [E]	Adjustments [F]	
1	Test Year 2010	\$ 2,423,000	\$ 2,513,000	\$ (3,785,000)	\$ 1,133,000	\$ -	\$ 2,284,000
2	Forecasted Year 2009 (2)	1,909,000	2,640,000	(3,047,000)	921,000	-	2,423,000
3	Forecasted Year 2008 (3)	2,160,000	2,369,000	(3,511,000)	782,000	109,000 (4)	1,909,000
4	Historical Year 2007	1,572,000	1,990,000	(2,011,000)	374,000	235,000 (5)	2,160,000

- Note: (1) Reserve balance is recorded in account 144, Accumulated Provision for Uncollectible Accounts.
 (2) Includes zero months of actual data and twelve months of forecasted data.
 (3) Includes six months of actual data and six months of forecasted data.
 (4) On a quarterly basis, the Company performs an analysis of aged receivables to determine if the reserve for uncollectible accounts is reasonable. The amount shown reflects an adjustment of \$100,000 resulting from this analysis for the quarter ended June 30, together with other miscellaneous adjustments.
 (5) Reflects adjustment of \$220,000 as described in Note 4 for the quarters ended March 31 and December 31, 2007 together with other miscellaneous adjustments.

PUBLIC

North Shore Gas Company

Uncollectible Expense

<u>Line No.</u>	<u>Fiscal Year</u> [A]	<u>Collection Agency Expense</u> [B]
1	Test Year 2010	\$ 78,000
2	Forecasted Year 2009 (1)	\$ 96,000
3	Forecasted Year 2008 (2)	\$ 96,000
4	Historical Year 2007	\$ 31,000

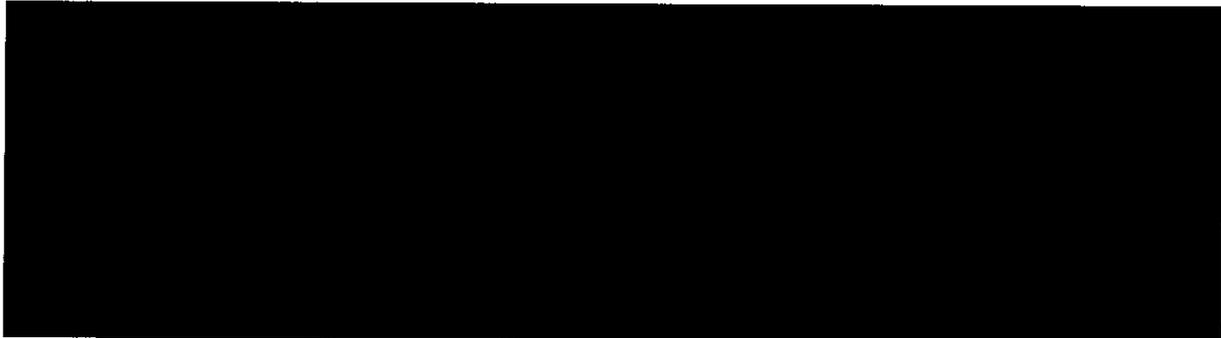
Note: (1) Includes zero months of actual data and twelve months of forecasted data.
(2) Includes six months of actual data and six months of forecasted data.

PUBLIC

North Shore Gas Company

Uncollectible Expense

Summary of Current Contracts with Collection Agencies

<u>Line No.</u>	<u>Collection Agency</u>	<u>Contract Period</u>	<u>Commission Rate</u>
1			
2			
3			
4			
5			
6			

Summary of Collection Agencies' Results

Fiscal Year
2007

	<u>Description</u>	
7		
8		

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Historical Year Ended December 31, 2007					
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (1) [E]	Premium Expense [F]	Deductible [G]	Claims (2) [H]
		Insurance on Operations						
1	Aeglis, EIM, Ace American Insurance	Property Insurance - System						
2	Aeglis	Workers' Compensation Insurance						
3	Aeglis, EIM, Lloyds of London, Aspen, XL Specialty Ins., AIG, Liberty and Lexington	Excess Public Liability						
4	Aeglis & Federal Insurance Co	Fiduciary Liability Insurance						
5	Aeglis, Federal Insurance Co, EIM & XL Specialty Ins.	Directors & Officers Liability						
6	Traveler Insurance Company, SAFECO, Old Republic, Continental	Miscellaneous Bonds (4)						
7	Great American, Twin City	Commercial Crime Coverage						
8	American International Specialty Lines	Other (5)						

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

Notes: (1) Due to the merger between Company and Wisconsin Public Service Corporation various insurance policies renewed in 2006 were cancelled in February 2007. These policies were then renewed as part of the overall insurance program of Integy Energy Group. The portion of the premium and expense applicable to the Company was inadvertently recorded at Peoples Energy Corporation, parent of Company, rather than at the subsidiary level. While a portion of the amortization of the premiums paid was eventually billed to the Company in the form of corporate services, it was not recorded as insurance expense. The credit and zeroes in the premium column above are the direct result of this accounting error. Beginning in 2008, the prepaid insurance premiums and associated amortizations were recorded directly on the books of the Company.

(2) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(4) Miscellaneous Bonds include Franchise Bonds for the Village of Deerfield, the Village of Riverwoods, the Village of Winthrop Harbor, the Village of Glenview, the Village of Gurnee, Third Lake Village, an Ordinance Bond for the Village of Bannockburn, Mileage Tax Schedule Bond and Permit Agreement Bond.

(5) Pollution Liability/Environmental Impairment Endorsement.

North Shore Gas Company
Insurance Expense

Line No.	Name of Carter [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Trust Funding (1) [E]	Historical Year Ended December 31, 2007		
						Annual Amounts Expensed by NSG (2) [F]	Deductible (3) [G]	Claims (4) [H]
Group Insurance								
1	BlueCross/BlueShield	Dental						
2	BlueCross/BlueShield and Caremark	Medical						
3	BlueCross/BlueShield and Caremark	Retiree Dental						
4	BlueCross/BlueShield and Caremark	Retiree Medical						
5	Prudential	Life						
6	Prudential	Retiree Life						
7	Aetna and Health Alliance	HMO						
8	Aetna and Health Alliance	Retiree HMO						
9	BlueCross/BlueShield and Caremark	Retiree Medicare						
10	Prudential	Supplement Life						
11								

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

- Notes:
- (1) Includes both employer and employee/retiree money.
 - (2) Includes amounts prior to capitalization. Includes employer money only.
 - (3) Deductibles are not included since they are established at the individual level.
 - (4) Does not include administrative fees.
 - (5) Previously expensed FAS 106 Liability.
 - (6) Includes Medicare Part D Subsidy received.

North Shore Gas Company
Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2008 (1)				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	Deductible [G]

Insurance on Operations

- | | | | | | | | |
|---|---|---------------------------------|--|--|--|--|--|
| 1 | Ace, Aegis, EIM, Lloyds of London and National Union | Property Insurance - System | | | | | |
| 2 | Aegis | Workers' Compensation Insurance | | | | | |
| 3 | Aegis, EIM, Lexington, Lloyds of London and XL Specialty Ins. | Excess Public Liability | | | | | |
| 4 | Aegis, EIM and Illinois National | Fiduciary Liability Insurance | | | | | |
| 5 | Aegis, EIM and US Specialty Ins. | Directors & Officers Liability | | | | | |
| 6 | Aegis | Professional Liability | | | | | |
| 7 | Safeco and Travellers Ins. | Miscellaneous Bonds (4) | | | | | |
| 8 | Great American | Commercial Crime Coverage | | | | | |
| 9 | | | | | | | |



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

- Notes:
- (1) Includes six months of actual data and six months of forecasted data.
 - (2) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(4) Miscellaneous Bonds include Franchise Bonds for the Village of Deerfield, the Village of Riverwoods, the Village of Winthrop Harbor, the Village of Glencoe, the Village of Gurnee, Third Lake Village and Mileage Tax Schedule Bond.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2008 (1)		
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]
				Deductible (2) [F]	Claims [G]
		Group Insurance			
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetha	Active Healthcare			
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetha	Retiree Medical			
3	Reliance Standard	Active Life			
4	Reliance Standard	Retiree Life			
5	Reliance Standard	Long-Term Disability			
6					

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield, Delta Dental and Medco. Effective April 1, 2008, Aetha HMO coverage became self-insured. Trustee services are provided by Northern Trust and US Bank.

Notes: (1) Includes six months of actual data and six months of forecasted data.

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

(3) Actual claims incurred, less any provider discount, reduced by applicable employee contributions. Budget amounts are based on our actuary's estimate of expense less the estimated employee contribution amount multiplied by enrollments at the various levels to estimate a cost pool. That cost pool was then divided by the number of full-time equivalents (FTE) counts to arrive at a per person rate. The per person rate was then trended forward at rates supplied by the company's actuary. The per person rate was then multiplied by the expected FTE counts to arrive at estimated annual premiums. The cost pool also includes any HMO products.

(4) Budget amounts use FAS 106 expense rather than annual premiums or claims. Retiree contributions, if any, are used to offset claims.

(5) Includes Medicare Part D Subsidy.

(6) Active Life includes basic life and AD&D coverage, plus supplemental and optional coverage for dependents. Supplemental insurance and optional coverage for dependents is paid 100% by employees. The expense listed above in Column [E] is for the employer paid portion of basic life and AD&D coverage for our employees.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2009 (1)				Claims (2) [H]
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	
Insurance on Operations							
1	Ace, Aegis, EIM, Lloyds of London and National Union	Property Insurance - System					
2	Aegis	Workers' Compensation Insurance					
3	Aegis, EIM, Lexington, Lloyds of London and XL Specialty Ins.	Excess Public Liability					
4	Aegis, EIM and Illinois National	Fiduciary Liability Insurance					
5	Aegis, EIM and US Specialty Ins.	Directors & Officers Liability					
6	Aegis	Professional Liability					
7	Safeco and Travellers Ins.	Miscellaneous Bonds (4)					
8	Great American	Commercial Crime Coverage					
9							

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

Notes: (1) Includes zero months of actual data and twelve months of forecasted data.
(2) Reflects amounts paid by insurer for insured losses that exceed the deductible.

(4) Miscellaneous Bonds include Franchise Bonds for the Village of Deerfield, the Village of Riverwoods, the Village of Winthrop Harbor, the Village of Glencoe, the Village of Gurnee, Third Lake Village and Mileage Tax Schedule Bond.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2009 (1)					
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Deductible (2) [F]	Claims [G]	
		Group Insurance						
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetna	Active Healthcare						
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetna	Retiree Medical						
3	Reliance Standard	Active Life						
4	Reliance Standard	Retiree Life						
5	Reliance Standard	Long-Term Disability						
6								

Self-Insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield, Delta Dental and Medco. Effective April 1, 2008, Aetna HMO coverage became self-insured. Trustee services are provided by Northern Trust and US Bank.

Notes: (1) Includes zero months of actual data and twelve months of forecasted data.

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

(3) Actual claims incurred, less any provider discount, reduced by applicable employee contributions. Budget amounts are based on our actuary's estimate of expense less the estimated employee contribution amount multiplied by enrollments at the various levels to estimate a cost pool. That cost pool was then divided by the number of full-time equivalents (FTE) counts to arrive at a per person rate. The per person rate was then trended forward at rates supplied by the company's actuary. The per person rate was then multiplied by the expected FTE counts to arrive at estimated annual premiums. The cost pool also includes any HMO products.

(4) Budget amounts use FAS 106 expense rather than annual premiums or claims. Retiree contributions, if any, are used to offset claims.

(5) Includes Medicare Part D Subsidy.

(6) Active Life includes basic life and AD&D coverage, plus supplemental and optional coverage for dependents. Supplemental insurance and optional coverage for dependents is paid 100% by employees. The expense listed above in Column [E] is for the employer paid portion of basic life and AD&D coverage for our employees.

North Shore Gas Company
Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	Deductible [G]	Claims (1) [H]	Test Year Ending December 31, 2010	
Insurance on Operations										
1	Ace, Aegis, EIM, Lloyds of London and National Union	Property Insurance - System								
2	Aegis	Workers' Compensation Insurance								
3	Aegis, EIM, Lexington, Lloyds of London and XL Specialty Ins.	Excess Public Liability								
4	Aegis, EIM and Illinois National	Fiduciary Liability Insurance								
5	Aegis, EIM and US Specialty Ins.	Directors & Officers Liability								
6	Aegis	Professional Liability								
7	Safeco and Travellers Ins.	Miscellaneous Bonds (3)								
8	Great American	Commercial Crime Coverage								
9										

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

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

(3) Miscellaneous Bonds include Franchise Bonds for the Village of Deerfield, the Village of Riverwoods, the Village of Winthrop Harbor, the Village of Glencoe, the Village of Gurnee, Third Lake Village and Mileage Tax Schedule Bond.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Test Year Ending December 31, 2010				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Deductible (1) [F]	Claims [G]
			<u>Group Insurance</u>				
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetna	Active Healthcare					
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance and Aetna	Retiree Medical					
3	Reliance Standard	Active Life					
4	Reliance Standard	Retiree Life					
5	Reliance Standard	Long-Term Disability					
6							

Self-insurance: North Shore Gas Company provides Medical, Dental and Medicare Supplement coverage through a self insured arrangement under provisions of the Internal Revenue Code Section 501(c)(9). Administrative services are provided by BlueCross/BlueShield, Delta Dental and Medco. Effective April 1, 2008, Aetna HMO coverage became self-insured. Trustee services are provided by Northern Trust and US Bank.

Notes: (1) Deductibles are not included since they are established at the individual level.

(2) Actual claims incurred, less any provider discount, reduced by applicable employee contributions. Budget amounts are based on our actuary's estimate of expense less the estimated employee contribution amount multiplied by enrollments at the various levels to estimate a cost pool. That cost pool was then divided by the number of full-time equivalents (FTE) counts to arrive at a per person rate. The per person rate was then trended forward at rates supplied by the company's actuary. The per person rate was then multiplied by the expected FTE counts to arrive at estimated annual premiums. The cost pool also includes any HMO products.

(3) Budget amounts use FAS 106 expense rather than annual premiums or claims. Retiree contributions, if any, are used to offset claims.

(4) Includes Medicare Part D Subsidy.

(5) Active Life includes basic life and AD&D coverage, plus supplemental and optional coverage for dependents. Supplemental insurance and optional coverage for dependents is paid 100% by employees. The expense listed above in Column [E] is for the employer paid portion of basic life and AD&D coverage for our employees.

North Shore Gas Company

Taxes Other Than Income Taxes

Test Year Ended December 31, 2010

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$1,486,000		\$177,000		\$1,663,000	2
3	Federal Unemployment Tax	9,000		3,000		12,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax (1)	0				0	6
7	Annual Gross Revenue Tax (1)	0				0	7
8	Invested Capital Tax - Replacement Tax	1,559,000				1,559,000	8
9	State Franchise Tax	0				0	9
10	State Unemployment Tax	33,000		2,000		35,000	10
11	State Use and Sales Tax	0		0		0	11
12	Supplemental Low Income Energy Assistance Fund Charge (1)	0				0	12
13	Renewable Energy Charge (1)	0				0	13
14	Unauthorized Insurance Tax	14,000				14,000	14
15	Local:						15
16	Municipal Public Utility Tax (1)	0				0	16
17	Personal Property Tax	0				0	17
18	Real Estate Tax	240,000		0	47,000	287,000	18
19	Total	<u>\$3,341,000</u>	<u>\$0</u>	<u>\$182,000</u>	<u>\$47,000</u>	<u>\$3,570,000</u>	19

Note: (1) Add-on taxes are netted with revenues and recorded directly to receivables and liabilities when customers are billed.

North Shore Gas Company

Taxes Other Than Income Taxes

Forecasted Year Ended December 31, 2009 (1)

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$1,394,000		\$170,000		\$1,564,000	2
3	Federal Unemployment Tax	9,000		3,000		12,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax (2)	0				0	6
7	Annual Gross Revenue Tax (2)	0				0	7
8	Invested Capital Tax - Replacement Tax	1,559,000				1,559,000	8
9	State Franchise Tax	0				0	9
10	State Unemployment Tax	32,000		2,000		34,000	10
11	State Use and Sales Tax	0		0		0	11
12	Supplemental Low Income Energy Assistance Fund Charge (2)	0				0	12
13	Renewable Energy Charge (2)	0				0	13
14	Unauthorized Insurance Tax	14,000				14,000	14
15	Local:						15
16	Municipal Public Utility Tax (2)	0				0	16
17	Personal Property Tax	0				0	17
18	Real Estate Tax	228,000		0	45,000	273,000	18
19	Total	<u>\$3,236,000</u>	<u>\$0</u>	<u>\$175,000</u>	<u>\$45,000</u>	<u>\$3,456,000</u>	19

Note: (1) Includes zero months actual and twelve months forecasted data.

(2) Add-on taxes are netted with revenues and recorded directly to receivables and liabilities when customers are billed.

North Shore Gas Company

Taxes Other Than Income Taxes

Forecasted Year Ended December 31, 2008 (1)

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$572,000		\$236,000		\$808,000	2
3	Federal Unemployment Tax	4,000		4,000		8,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax (2)	0				0	6
7	Annual Gross Revenue Tax (2)	0				0	7
8	Invested Capital Tax - Replacement Tax	1,384,000				1,384,000	8
9	State Franchise Tax	13,000				13,000	9
10	State Unemployment Tax	38,000		3,000		41,000	10
11	State Use and Sales Tax	3,000		0		3,000	11
12	Supplemental Low Income Energy Assistance Fund Charge (2)	0				0	12
13	Renewable Energy Charge (2)	0				0	13
14	Unauthorized Insurance Tax	15,000				15,000	14
15	Local:						15
16	Municipal Public Utility Tax (2)	0				0	16
17	Personal Property Tax	0				0	17
18	Real Estate Tax	205,000		12,000	43,000	260,000	18
19	Total	<u>\$2,234,000</u>	<u>\$0</u>	<u>\$255,000</u>	<u>\$43,000</u>	<u>\$2,532,000</u>	19

Note: (1) Includes six months actual and six months forecasted data.

(2) Add-on taxes are netted with revenues and recorded directly to receivables and liabilities when customers are billed.

North Shore Gas Company

Taxes Other Than Income Taxes

Historical Year Ended December 31, 2007

Line No.	Type of Tax (A)	Amount Charged To				Total (F)	Line No.
		Operating Expense (B)	Clearing Accounts (C)	Construction (D)	Other (E)		
1	Federal:						1
2	Federal Insurance Contributions Act	\$754,000		\$195,000		\$949,000	2
3	Federal Unemployment Tax	10,000		3,000		13,000	3
4	Federal Excise Tax	0				0	4
5	Illinois:						5
6	Illinois Public Utility Tax	5,698,000				5,698,000	6
7	Annual Gross Revenue Tax	282,000				282,000	7
8	Invested Capital Tax - Replacement Tax	1,308,000				1,308,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	10,000		3,000		13,000	10
11	State Use and Sales Tax	13,000		16,000		29,000	11
12	Supplemental Low Income Energy Assistance Fund Charge	1,341,000				1,341,000	12
13	Renewable Energy Charge	167,000				167,000	13
14	Local:						14
15	Municipal Public Utility Tax	7,125,000				7,125,000	15
16	Personal Property Tax	0				0	16
17	Real Estate Tax	293,000		25,000	34,000	352,000	17
18	Total	<u>\$17,026,000</u>	<u>\$0</u>	<u>\$242,000</u>	<u>\$34,000</u>	<u>\$17,302,000</u>	18

North Shore Gas Company

Property Taxes

Line No.	Description of Expenses [A]	Test Year Ending December 31, 2010 [B]	Forecasted Year Ending December 31, 2009 (1) [C]	Forecasted Year Ending December 31, 2008 (2) [D]	Historical Year Ended December 31, 2007 [E]	Line No.
1	Personal Property Tax	\$0	\$0	\$0	\$0	1
2	Real Estate Tax	240,000	228,000	205,000	293,000	2
3	Total Property Taxes (3)	<u>\$240,000</u>	<u>\$228,000</u>	<u>\$205,000</u>	<u>\$293,000</u>	3

- Note: (1) Includes zero months actual data and twelve months of forecasted data.
 (2) Includes six months of actual data and six months of forecasted data.
 (3) All amounts shown are charged to Account 408.1 (Taxes Other Than Income Taxes, Utility Operating Income).

North Shore Gas Company

Local Taxes, Municipal Taxes, and Franchise Taxes

Test Year Ended December 31, 2010

1 Schedule of all local taxes, municipal taxes and franchise taxes embedded in tariff rates.

2 There are no such taxes.

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

		<u>Taxes Other Than Income Included In:</u>			
		<u>C-1</u>	<u>C-19</u>	<u>C-20</u>	<u>C-25</u>
		<u>[A]</u>	<u>[B]</u>	<u>[C]</u>	<u>[D]</u>
7	Federal Insurance Contributions Act	\$ 1,486,000		\$	\$
8	Federal Unemployment Tax	9,000			
9	Federal Excise Tax	0			
10	Illinois Public Utility Tax (1)	0			
11	Annual Gross Revenue Tax (1)	0			
12	Invested Capital Tax - Replacement Tax	1,559,000			
13	State Franchise Tax	0			
14	State Unemployment Tax	33,000			
15	State Use and Sales Tax	0			
16	Supplemental Low Income Energy Assistance Fund Charge (1)	0			
17	Renewable Energy Charge (1)	0			
18	Unauthorized Insurance Tax	14,000			
19	Municipal Public Utility Tax (1)	0			
20	Personal Property Tax	0	0		
21	Real Estate Tax	240,000	240,000		
22	Use Tax Expense	0			
23	Total for Test Year Ending December 31, 2010	<u>\$ 3,341,000</u>	<u>\$ 240,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: (1) Add-on taxes are netted with revenues and recorded directly to receivables and liabilities when customers are billed.
 See schedule C-25 for details.

North Shore Gas Company

Miscellaneous General Expenses

Account 930.2

Line No.	Description [A]	Test Year Ending December, 31 2010 Under Proposed Rates (1) [B]	Test Year Ending December, 31 2010 [C]	Forecasted Year Ending December, 31 2009 (2) [D]	Forecasted Year Ending December 31, 2008 (3) [E]	Historical Year Ended December 31, 2007 [F]
1	Industry Association, Social and Service Club Dues	\$ 330,000	\$ 330,000	\$ 189,000	\$ 374,000	\$ 117,000
2	Security Services Expense	-	-	-	-	88,000
3	Bank, Bond, and Fiscal Agent Fees	-	-	-	-	154,000
4	Cushion Gas - Credit	-	-	-	(77,000)	(177,000)
5	IBS Billings G&A Cross Charges and Depreciation	2,612,000	2,612,000	1,698,000	1,717,000	-
6	Intercompany System Usage	243,000	243,000	656,000	1,394,000	-
7	Other	13,000	13,000	2,000	45,000	(45,000)
8	Subtotal	<u>3,198,000</u>	<u>3,198,000</u>	<u>2,545,000</u>	<u>3,453,000</u>	<u>137,000</u>
9	Amortization of Environmental Costs	-	5,514,000	5,029,000	5,885,000	1,482,000
10	Gas Charge Settlement	-	-	-	-	2,059,000
11	Allocated Merger Costs	265,000	824,000	834,000	731,000	528,000
12	2005 Gas Charge Adjustments	-	-	-	-	945,000
13	Rider EEP Reconciliation	-	1,101,000	1,095,000	733,000	-
14	Subtotal	<u>265,000</u>	<u>7,439,000</u>	<u>6,958,000</u>	<u>7,349,000</u>	<u>5,014,000</u>
15	TOTAL	<u>\$ 3,463,000</u>	<u>\$ 10,637,000</u> (4)	<u>\$ 9,503,000</u> (4)	<u>\$ 10,802,000</u> (4)	<u>\$ 5,151,000</u> (4)

- Notes: (1) Amounts for the test year jurisdictional pro forma at proposed rates on Schedule C-1 adjusted by Schedule C-2 ratemaking Adjustments No. 2, 12 and 13 equal to the Test Year amounts reflected in Column B.
(2) Includes zero months of actual data and twelve months of forecasted data.
(3) Includes six months of actual data and six months of forecasted data.
(4) Ties to Schedule C-4, Account No. 930.2

North Shore Gas Company
Miscellaneous Operating Revenues

Line No.	Account Number	Description	Test Year Ending December 31, 2010	Forecasted Year Ending December 31, 2009 (1)	Forecasted Year Ending December 31, 2008 (2)	Historical Year Ended December 31, 2007	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	487	Forfeited Discounts	\$ 1,058,000	\$ 1,058,000	\$ 964,000	\$ 912,000	1
2	488	Miscellaneous Service Revenues	570,000	501,000	522,000	428,000	2
3	489.3	Rev from Transp of Gas of Others Through Distribution Facilities	14,550,000	14,267,000	14,325,000	14,095,000	3
4	495	Other Gas Revenues	392,000	254,000	561,000	134,000	4
5							5
6		Total Miscellaneous Operating Revenues	<u>\$ 16,570,000</u>	<u>\$ 16,080,000</u>	<u>\$ 16,372,000</u>	<u>\$ 15,569,000</u>	6

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
(2) Includes six months of actual data and six months of forecasted data.

North Shore Gas Company

Add-On Taxes

Test Year Ending December 31, 2010

Line No.	Taxing Authorities	<u>Unadjusted Test Year at Present Rates</u>		<u>Proforma Test Year at Proposed Rates</u>	
		Additional Charges for Taxes and Customer Charge Adjustments (1)	Accounting Fees Collected	Additional Charges for Taxes and Customer Charge Adjustments (1)	Accounting Fees Collected
	[A]	[B]	[C]	[D]	[E]
1	<u>Municipalities</u>				
2	Municipal Utility Tax	\$ 9,192,000	\$ 266,000	\$ 9,782,000	\$ 284,000
3	Municipal Gas Use Tax	216,000	6,000	216,000	6,000
4	Total	<u>\$ 9,408,000</u>	<u>\$ 272,000</u>	<u>\$ 9,998,000</u>	<u>\$ 290,000</u>
5	<u>State</u>				
6	Illinois Gross Revenue Tax	\$ 339,000	\$ -	\$ 362,000	\$ -
7	Illinois Gas Use Tax	2,032,000	36,000	2,032,000	36,000
8	Illinois Public Utility Tax	6,942,000	-	7,389,000	-
9	<u>Other</u>				
10	Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund Charge	1,377,000	-	1,377,000	-
	Renewable Energy Resources and Coal Technology Development Assistance Charge	171,000	-	171,000	-
11					
12	Total	<u>\$ 20,269,000</u>	<u>\$ 308,000</u>	<u>\$ 21,329,000</u>	<u>\$ 326,000</u>

Notes: (1) Additional Charges for taxes and Customer Charge Adjustments ("Add-on taxes") are not recovered in tariff rates. Rather, these Add-on taxes are collected under the provisions of Rider 1. Accordingly, the add-on are not included in unadjusted test year revenues at present rates and in proforma Test Year at proposed rates as reflected on Schedule C-1. Transactions for these add-on taxes are recorded directly to receivables and liabilities when customers are billed.

North Shore Gas Company
Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]
1	<u>Investigation and Removal of Manufactured Gas Residues</u>			
2	Test Year Ending December 31, 2010	\$ 4,977,000	12,328,000	\$ 5,514,000
3	Forecasted Year Ending December 31, 2009 (1)	7,279,000	4,977,000	5,029,000
4	Forecasted Year Ending December 31, 2008 (2)	2,882,000	7,279,000	5,885,000
5	Historical Year Ending December 31, 2007	1,147,000	2,882,000	1,482,000
6	Time period charges were recorded: 1990-2010 (3)			
7	Amortization period: 13 Months (3)			
8	ICC Docket No.: 91-0010			

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
 (2) Includes six months of actual data and six months of forecasted data.
 (3) Costs incurred are recovered over thirteen months. However, under(over) collections are added(subtracted) to(from) the following years incurred costs for purposes of calculating a new amortization.

North Shore Gas Company

Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]
1	<u>Deferred Rate Case Charges</u>			
2	Test Year Ending December 31, 2010	\$ 1,355,000	\$ 921,000	\$ 434,000
3	Forecasted Year Ending December 31, 2009 (1)	\$ 1,789,000	\$ 1,355,000	\$ 434,000
4	Forecasted Year Ending December 31, 2008 (2)	\$ 1,901,000	\$ 1,789,000	\$ 381,000 (3)
5	Historical Year Ending December 31, 2007	\$ 281,000	\$ 1,901,000	\$ -
6	Time period charges were recorded: 2006-2008			
7	Amortization period: 60 Months			
8	ICC Docket No.: 07-0241			

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
 (2) Includes six months of actual data and six months of forecasted data.
 (3) Amortization began February 14, 2008.

North Shore Gas Company

Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]
1	<u>Merger Related Costs</u>			
2	Test Year Ending December 31, 2010	\$ 824,000	-	\$ 824,000 (3)
3	Forecasted Year Ending December 31, 2009 (1)	1,565,000	824,000	834,000
4	Forecasted Year Ending December 31, 2008 (2)	1,593,000	1,565,000	731,000 (4)
5	Historical Year Ending December 31, 2007	-	1,593,000	-
6	Time period charges were recorded: 2007- 2009			
7	Amortization period: 60 Months			
8	ICC Docket No.: 06-0540			

Note: (1) Includes zero months of actual data and twelve months of forecasted data.
 (2) Includes six months of actual data and six months of forecasted data.
 (3) Differs from amount forecasted by \$10,000. Forecasted expense was too high causing a credit balance at year end.
 (4) Amortization began February 14, 2008.

North Shore Gas Company

Purchased Gas Adjustment Clause
Revenues and Expenses - Gas Utilities

Test Year Ending December 31, 2010

<u>Line No.</u>	<u>PGA Revenues</u> [A]	<u>PGA Recoverable Expenses</u> [B]	<u>Number of Units Sold (therms)</u> [C]
1	\$ 268,987,000	\$ 265,541,000	221,971,000

Note: Demand charges associated with storage gas are recorded in I.C.C. account number 804 under general ledger account 804614.

North Shore Gas Company

Non - Utility Operations

<u>Line No.</u>	<u>Description of Non-Utility Operations</u>	<u>Date Utility Began Engaging In Operations</u>
	[A]	[B]
1	Services provided to Peoples Energy Home Services for operation, customer and administrative support.	4/2004
2	Construction Heating Equipment - The utility offers portable construction heaters for leasing on a weekly, monthly or seasonal basis.	1/1998