

North Shore Gas Company

Revised Schedule C-1: Jurisdictional Operating Income Summary

For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Company Proforma Present (Co. Sch. C-1) (Col. E)	Company Revised Schedule C-2 Exhibit SM-2.2N (Col. D)	Company Proforma Present Adjusted (Col. C + D) (Col. E)	Company Requested Rate Increase (Co. Sch. C-1) (Col. H)	Company Adjustment to Requested Rate Increase (Col. G)	Company Requested Rate Increase, Net Adjusted (Col. F + G) (Col. H)	Company Adjusted Proforma Under Proposed Rates (Col. I) = [E + H]	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
1	480-495	Operating Revenues	\$ 65,293,000	\$ -	\$ 65,293,000	\$ 21,986,000	\$ (1,965,000)	\$ 20,021,000	\$ 85,314,000	1
2		Operating Expenses								2
3	800-813	Cost of Gas	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	3
4		Other Operation and Maintenance:								4
5	700-813	Other Production	\$ 321,000	\$ 29,000	\$ 350,000	\$ -		\$ -	\$ 350,000	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	\$ (249,000)	\$ 10,828,000	\$ -		\$ -	\$ 10,828,000	8
9	901-905	Customer Accounts	\$ 9,916,000	\$ (796,000)	\$ 9,120,000	\$ 154,000	\$ (14,000)	\$ 140,000	\$ 9,260,000	9
10	907-910	Customer Services and Informational Services	\$ 751,000	\$ (95,000)	\$ 656,000	\$ -		\$ -	\$ 656,000	11
11	911-916	Sales	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	12
12	920-932	Administrative and General	\$ 28,228,000	\$ (474,000)	\$ 27,754,000	\$ -		\$ -	\$ 27,754,000	13
13		Total Other Operation and Maintenance	\$ 50,718,000	\$ (1,585,000)	\$ 49,133,000	\$ 154,000	\$ (14,000)	\$ 140,000	\$ 49,273,000	14
14	403	Depreciation	\$ 9,398,000	\$ 34,000	\$ 9,432,000	\$ -		\$ -	\$ 9,432,000	15
15	404	Amortization	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	16
16	408.1	Taxes Other than Income	\$ 3,446,000	\$ (63,000)	\$ 3,383,000	\$ -		\$ -	\$ 3,383,000	17
17		Income Taxes				\$ -		\$ -	\$ -	18
18	409.1	Federal Income Taxes - Current	\$ (5,519,000)	\$ 829,000	\$ (4,690,000)	\$ 7,083,000	\$ (633,000)	\$ 6,450,000	\$ 1,760,000	19
19	409.1	State Income Taxes - Current	\$ (874,000)	\$ 190,000	\$ (684,000)	\$ 1,594,000	\$ (142,000)	\$ 1,452,000	\$ 768,000	20
20	410.1 & 411.1	Deferred Income Taxes	\$ 4,841,000	\$ (338,000)	\$ 4,503,000	\$ -		\$ -	\$ 4,503,000	21
21	411.4	Investment Tax Credit	\$ (17,000)	\$ -	\$ (17,000)	\$ -		\$ -	\$ (17,000)	22
22		Total Operating Expenses	\$ 61,993,000	\$ (933,000)	\$ 61,060,000	\$ 8,831,000	\$ (789,000)	\$ 8,042,000	\$ 69,102,000	23
23		Jurisdictional Operating Income (Loss)	\$ 3,300,000	\$ 933,000	\$ 4,233,000	\$ 13,155,000	\$ (1,176,000)	\$ 11,979,000	\$ 16,212,000	24

	Company Direct	Adjustments	Company Rebuttal
a Original Cost Rate Base	179,245,000	(309,000)	178,936,000
b Operating Income at Present Rates	\$ 3,300,000	933,000	4,233,000
c Current Rate of Return	line b / line a	1.84%	0.52%
d Cost of Capital	Revised Sch. D-1	9.18%	-0.12%
e Operating Income at Proposed Rates	Revised Sch. C-1 line a x line d	16,455,000	(243,000)
f Income Deficiency	line e - line b	13,155,000	(1,176,000)
g Revenue Conversion Factor	ICC Staff Exh. 1.0 Sch. 1.6N	1.6713130	-
h Revenue Increase Required	Revised Sch. C-1 line f x line g	21,986,000	(1,965,000)
			20,021,000

North Shore Gas Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Union Wages (Sch. 1.9 N)	Inventory Reclass. (Sch. 1.11 N)	Budget Payment Plans (Sch. 3.4 N)	Customer Deposits (Sch. 3.5 N)	Lobbying Expense (Sch. 6.1 N)	Social and Service Club Dues (Sch. 6.2 N)	Civic, Political and Related Activities (Sch. 6.4 N)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
1	400	Operating Revenues								-
2		Operating Expenses								-
3	401	Cost of Gas								-
4	401 & 402	Other Operation and Maintenance								-
5	401 & 402	Other Production	(1,000)	-						(1,000)
6	401 & 402	Storage	-	-						-
7	401 & 402	Transmission	-	-						-
8	401 & 402	Distribution	(61,000)	-			-			(61,000)
9	401	Customer Accounts	(7,000)	-						(7,000)
10	401	Customer Service and Informational Services	-	-						-
11	401	Sales	-	-						-
12	401 & 402	Administrative and General	-	-	(118,000)	(85,000)	(2,000)	(8,000)	(10,000)	(223,000)
13		Total Other Operations and Maintenance	(69,000)	-	(118,000)	(85,000)	(2,000)	(8,000)	(10,000)	(292,000)
14	403	Depreciation	-	(2,000)	-	-	-	-	-	(2,000)
15	404	Amortization	-							-
16	408.1	Taxes Other than Income	(6,000)	-	-	-	-	-	(2,000)	(8,000)
17		Income Taxes								-
18	409.1	Federal Income Taxes - Current	25,000	1,000	38,000	28,000	1,000	2,000	4,000	99,000
19	409.1	State Income Taxes - Current	5,000	-	9,000	6,000	-	1,000	1,000	22,000
20	410.1 & 411.1	Deferred Income Taxes								-
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(45,000)	(1,000)	(71,000)	(51,000)	(1,000)	(5,000)	(7,000)	(181,000)
23		Net Operating Income	\$ 45,000	\$ 1,000	\$ 71,000	\$ 51,000	\$ 1,000	\$ 5,000	\$ 7,000	\$ 181,000

North Shore Gas Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Reduction in IBS charges (AG/CUB/City Sch C-2)	Advertising Expense (Sch 6.3N)	Depreciation on Forecasted Capital Additions (Ex. SM-2.3N)	Adjusted Net Dismantling Costs (Ex. SM-2.4N)	Adjust for Real Estate Taxes (ICC Sch 5.1)	IBS Acct 930.20 Mainframe Depreciation (AG/CUB/City Sch C-2)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
1	400	Operating Revenues	-							-
2		Operating Expenses	-							-
3	401	Cost of Gas	-							-
4	401 & 402	Other Operation and Maintenance	-							-
5	401 & 402	Other Production	(1,000)							(1,000)
6	401 & 402	Storage	-							-
7	401 & 402	Transmission	-							-
8	401 & 402	Distribution	(61,000)	(27,000)					-	(88,000)
9	401	Customer Accounts	(7,000)	(45,000)						(52,000)
10	401	Customer Service and Informational Services	-	(10,000)	(85,000)					(95,000)
11	401	Sales	-	-						-
12	401 & 402	Administrative and General	(223,000)	(278,000)	(2,000)	-	-	-	(274,000)	(777,000)
13		Total Other Operations and Maintenance	(292,000)	(360,000)	(87,000)	-	-	-	(274,000)	(1,013,000)
14	403	Depreciation	(2,000)	-	-	29,000	7,000	-	-	34,000
15	404	Amortization	-							-
16	408.1	Taxes Other than Income	(8,000)					(45,000)		(53,000)
17		Income Taxes	-							-
18	409.1	Federal Income Taxes - Current	99,000	117,000	28,000	(50,000)	-	15,000	89,000	298,000
19	409.1	State Income Taxes - Current	22,000	26,000	6,000	(7,000)	-	3,000	20,000	70,000
20	410.1 & 411.1	Deferred Income Taxes	-			46,000	(3,000)			43,000
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(181,000)	(217,000)	(53,000)	18,000	4,000	(27,000)	(165,000)	(621,000)
23		Net Operating Income	\$ 181,000	\$ 217,000	\$ 53,000	\$ (18,000)	\$ (4,000)	\$ 27,000	\$ 165,000	\$ 621,000

**North Shore Gas Company**  
**Revised Schedule C-2**  
**Company Ratemaking Adjustments to Operating Income**  
**For the Test Year Ending December 31, 2010**

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Adjusted Employee Benefits (Ex. SM-2.5N)	Adjusted Amortization of Pension Costs (Ex. SM-2.6N)	Adjusted Amortization of Welfare Costs (Ex. SM-2.7N)	Adjusted Uncollectibles Expense (Ex. CG-2.3N)	Adjusted Gasoline & Fuel Costs (Ex. CG-2.4N)	Adjusted Company Gas Use (Ex. CG-2.6N)	Adjusted Franchise Requirements (Ex. CG-2.5N)	Total Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	400	Operating Revenues	-								-
2		Operating Expenses	-								-
3	401	Cost of Gas	-								-
4	401 & 402	Other Operation and Maintenance	-								-
5	401 & 402	Other Production	(1,000)						30,000		29,000
6	401 & 402	Storage	-				-				-
7	401 & 402	Transmission	-								-
8	401 & 402	Distribution	(88,000)			-	-	(271,000)	110,000	-	(249,000)
9	401	Customer Accounts	(52,000)			-	(744,000)				(796,000)
10	401	Customer Service and Informational Services	(95,000)								(95,000)
11	401	Sales	-								-
12	401 & 402	Administrative and General	(777,000)	100,000	423,000	535,000	-	-	-	(755,000)	(474,000)
13		Total Other Operations and Maintenance	(1,013,000)	100,000	423,000	535,000	(744,000)	(271,000)	140,000	(755,000)	(1,585,000)
14	403	Depreciation	34,000	-	-	-	-	-	-	-	34,000
15	404	Amortization	-								-
16	408.1	Taxes Other than Income	(53,000)	-							(53,000)
17		Income Taxes	-								-
18	409.1	Federal Income Taxes - Current	298,000	(33,000)	-	-	242,000	88,000	(46,000)	245,000	794,000
19	409.1	State Income Taxes - Current	70,000	(7,000)	-	-	54,000	20,000	(10,000)	55,000	182,000
20	410.1 & 411.1	Deferred Income Taxes	43,000		(168,000)	(213,000)					(338,000)
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(621,000)	60,000	255,000	322,000	(448,000)	(163,000)	84,000	(455,000)	(966,000)
23		Net Operating Income	\$ 621,000	\$ (60,000)	\$ (255,000)	\$ (322,000)	\$ 448,000	\$ 163,000	\$ (84,000)	\$ 455,000	\$ 966,000

North Shore Gas Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	-	-	-	-	-	Invested Capital Tax Adjustment (Ex. SM-2.8N)	Interest Synchronization Adjustment (Ex. SM-2.9N)	Total Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	400	Operating Revenues	-								-
2		Operating Expenses	-								-
3	401	Cost of Gas	-								-
4	401 & 402	Other Operation and Maintenance	-								-
5	401 & 402	Other Production	29,000								29,000
6	401 & 402	Storage	-				-				-
7	401 & 402	Transmission	-								-
8	401 & 402	Distribution	(249,000)				-	-			(249,000)
9	401	Customer Accounts	(796,000)				-				(796,000)
10	401	Customer Service and Informational Services	(95,000)								(95,000)
11	401	Sales	-								-
12	401 & 402	Administrative and General	(474,000)	-	-	-	-	-	-	-	(474,000)
13		Total Other Operations and Maintenance	(1,585,000)	-	-	-	-	-	-	-	(1,585,000)
14	403	Depreciation	34,000	-	-	-	-	-	-	-	34,000
15	404	Amortization	-								-
16	408.1	Taxes Other than Income	(53,000)	-					(10,000)		(63,000)
17		Income Taxes	-								-
18	409.1	Federal Income Taxes - Current	794,000	-	-	-	-	-	3,000	\$32,000	829,000
19	409.1	State Income Taxes - Current	182,000	-	-	-	-	-	1,000	\$7,000	190,000
20	410.1 & 411.1	Deferred Income Taxes	(338,000)								(338,000)
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(966,000)	-	-	-	-	-	(6,000)	39,000	(933,000)
23		Net Operating Income	\$ 966,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ (39,000)	\$ 933,000

The Peoples Gas Light and Coke Company

Revised Schedule C-1: Jurisdictional Operating Income Summary

For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Company Proforma Present (Co. Sch. C-1) (Col. E)	Company Revised Schedule C-2 Exhibit SM-2.2P (D)	Company Proforma Present Adjusted (Col. C + D) (E)	Company Requested Rate Increase (Co. Sch. C-1) (Col. H) (F)	Company Adjustment to Requested Rate Increase (G)	Company Requested Rate Increase, Net Adjusted (Col. F + G) (H)	Company Adjusted Proforma Under Proposed Rates (I) = [E + H]	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
1	400	Operating Revenues	\$ 462,134,000	\$ -	\$ 462,134,000	\$ 161,920,000	\$ (39,555,000)	\$ 122,365,000	\$ 584,499,000	1
2		Operating Expenses								2
3	401	Cost of Gas	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	3
4	401 & 402	Other Operation and Maintenance:								4
5	401 & 402	Other Production	\$ 1,012,000	\$ (1,012,000)	\$ -	\$ -		\$ -	\$ -	5
6	401 & 402	Storage	\$ 13,332,000	\$ (2,833,000)	\$ 10,499,000	\$ -		\$ -	\$ 10,499,000	6
7	401 & 402	Transmission	\$ 3,196,000	\$ 1,160,000	\$ 4,356,000	\$ -		\$ -	\$ 4,356,000	7
8	401 & 402	Distribution	\$ 101,260,000	\$ (2,049,000)	\$ 99,211,000	\$ -		\$ -	\$ 99,211,000	8
9	401	Customer Accounts	\$ 73,469,000	\$ (12,450,000)	\$ 61,019,000	\$ 4,113,000	\$ (1,005,000)	\$ 3,108,000	\$ 64,127,000	9
10	401	Customer Services and Informational Services	\$ 3,938,000	\$ (227,000)	\$ 3,711,000	\$ -		\$ -	\$ 3,711,000	11
11	401	Sales	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	12
12	401 & 402	Administrative and General	\$ 129,882,000	\$ (3,179,000)	\$ 126,703,000	\$ -		\$ -	\$ 126,703,000	13
13		Total Other Operation and Maintenance	\$ 326,089,000	\$ (20,590,000)	\$ 305,499,000	\$ 4,113,000	\$ (1,005,000)	\$ 3,108,000	\$ 308,607,000	14
14	403	Depreciation	\$ 78,571,000	\$ (2,600,000)	\$ 75,971,000	\$ -		\$ -	\$ 75,971,000	15
15	404	Amortization	\$ 5,527,000	\$ -	\$ 5,527,000	\$ -		\$ -	\$ 5,527,000	16
16	408.1	Taxes Other than Income	\$ 22,222,000	\$ (446,000)	\$ 21,776,000	\$ -		\$ -	\$ 21,776,000	17
17		Income Taxes				\$ -		\$ -	\$ -	18
18	409.1	Federal Income Taxes - Current	\$ (3,063,000)	\$ 12,330,000	\$ 9,267,000	\$ 51,200,000	\$ (12,508,000)	\$ 38,692,000	\$ 47,959,000	19
19	409.1	State Income Taxes - Current	\$ (1,946,000)	\$ 2,564,000	\$ 618,000	\$ 11,520,000	\$ (2,814,000)	\$ 8,706,000	\$ 9,324,000	20
20	410.1 & 411.1	Deferred Income Taxes	\$ (749,000)	\$ (4,488,000)	\$ (5,237,000)	\$ -		\$ -	\$ (5,237,000)	21
21	411.4	Investment Tax Credit	\$ 178,000	\$ -	\$ 178,000	\$ -		\$ -	\$ 178,000	22
22		Total Operating Expenses	\$ 426,829,000	\$ (13,230,000)	\$ 413,599,000	\$ 66,833,000	\$ (16,327,000)	\$ 50,506,000	\$ 464,105,000	23
23		Jurisdictional Operating Income (Loss)	\$ 35,305,000	\$ 13,230,000	\$ 48,535,000	\$ 95,087,000	\$ (23,228,000)	\$ 71,859,000	\$ 120,394,000	24

	Company Direct	Adjustments	Company Rebuttal
a Original Cost Rate Base	Revised Sch. B-1 1,396,058,000	(97,318,000)	1,298,740,000
b Operating Income at Present Rates	Revised Sch. C-1 \$ 35,305,000	13,230,000	48,535,000
c Current Rate of Return	line b / line a 2.53%	1.21%	3.74%
d Cost of Capital	Revised Sch. D-1 9.34%	-0.07%	9.27%
e Operating Income at Proposed Rates	Revised Sch. C-1 line a x line d 130,392,000	(9,999,000)	120,393,000
f Income Deficiency	line e - line b 95,087,000	(23,229,000)	71,858,000
g Gross Revenue Conversion Factor	ICC Staff Exh.1.0 Sch. 1.6P 1.70286700	-	1.70286700
h Revenue Increase Required	Revised Sch. C-1 line f x line g 161,920,000	(39,555,000)	122,365,000

The Peoples Gas Light and Coke Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Union Wages (Sch. 1.9 P)	Inventory Recl. (Sch. 1.11 P)	Budget Payment Plans (Sch. 3.4 P)	Customer Deposits (Sch. 3.5 P)	Lobbying Expense (Sch. 6.1 P)	Social and Service Club Dues (Sch. 6.2 P)	Civic, Political and Related Activities (Sch. 6.4 P)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
1	400	Operating Revenues								-
2		Operating Expenses								-
3	401	Cost of Gas								-
4	401 & 402	Other Operation and Maintenance								-
5	401 & 402	Other Production		-						-
6	401 & 402	Storage	-	-						-
7	401 & 402	Transmission	(2,000)							(2,000)
8	401 & 402	Distribution	(493,000)				-			(493,000)
9	401	Customer Accounts	(35,000)							(35,000)
10	401	Customer Service and Informational Services	-							-
11	401	Sales								-
12	401 & 402	Administrative and General	(1,000)	-	(618,000)	(950,000)	(12,000)	(52,000)	(23,000)	(1,656,000)
13		Total Other Operations and Maintenance	(531,000)	-	(618,000)	(950,000)	(12,000)	(52,000)	(23,000)	(2,186,000)
14	403	Depreciation	-	18,000		-	-	-	-	18,000
15	404	Amortization								-
16	408.1	Taxes Other than Income	(48,000)	-	-	-	-	-	(6,000)	(54,000)
17		Income Taxes								-
18	409.1	Federal Income Taxes - Current	188,000	(6,000)	201,000	308,000	4,000	17,000	9,000	721,000
19	409.1	State Income Taxes - Current	42,000	(1,000)	45,000	69,000	1,000	4,000	2,000	162,000
20	410.1 & 411.1	Deferred Income Taxes								-
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(349,000)	11,000	(372,000)	(573,000)	(7,000)	(31,000)	(18,000)	(1,339,000)
23		Net Operating Income	\$ 349,000	\$ (11,000)	\$ 372,000	\$ 573,000	\$ 7,000	\$ 31,000	\$ 18,000	\$ 1,339,000

The Peoples Gas Light and Coke Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Reduction in IBS charges (AG/CUB/City Sch C-2)	Peoples Gas NonUnion Wage Adjust (DLH 4.06)	Liberty Audit Outside Fees (DLH 17.02)	Advertising Expenses (Sch 6.3P)	Depreciation on Forecasted Capital Additions (Ex. SM-2.3P)	Adjusted Net Dismantling Costs (Ex. SM-2.4P)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
1	400	Operating Revenues	-							-
2		Operating Expenses	-							-
3	401	Cost of Gas	-							-
4	401 & 402	Other Operation and Maintenance	-	-						-
5	401 & 402	Other Production	-	-						-
6	401 & 402	Storage	-	(1,242,000)						(1,242,000)
7	401 & 402	Transmission	(2,000)	(365,000)						(367,000)
8	401 & 402	Distribution	(493,000)	(142,000)					-	(635,000)
9	401	Customer Accounts	(35,000)	(220,000)						(255,000)
10	401	Customer Service and Informational Services	-	(39,000)			(188,000)			(227,000)
11	401	Sales	-							-
12	401 & 402	Administrative and General	(1,656,000)	(5,485,000)	(86,000)	(540,000)	(10,000)	-	-	(7,777,000)
13		Total Other Operations and Maintenance	(2,186,000)	(7,493,000)	(86,000)	(540,000)	(198,000)	-	-	(10,503,000)
14	403	Depreciation	18,000	-			-	(2,324,000)	(294,000)	(2,600,000)
15	404	Amortization	-							-
16	408.1	Taxes Other than Income	(54,000)	-	-	-	-	-	-	(54,000)
17		Income Taxes								-
18	409.1	Federal Income Taxes - Current	721,000	2,431,000	28,000	175,000	64,000	3,122,000	-	6,541,000
19	409.1	State Income Taxes - Current	162,000	547,000	6,000	39,000	14,000	491,000	-	1,259,000
20	410.1 & 411.1	Deferred Income Taxes	-					(2,689,000)	117,000	(2,572,000)
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(1,339,000)	(4,515,000)	(52,000)	(326,000)	(120,000)	(1,400,000)	(177,000)	(7,929,000)
23		Net Operating Income	\$ 1,339,000	\$ 4,515,000	\$ 52,000	\$ 326,000	\$ 120,000	\$ 1,400,000	\$ 177,000	\$ 7,929,000

The Peoples Gas Light and Coke Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Adjust for Real Estate Taxes (ICC Sch 5.1)	IBS Acct 930.20 Mainframe Depreciation (AG/CUB/City Sch C-2)	Adjusted Employee Benefits (Ex. SM-2.5P)	Adjusted Amortization of Pension Costs (Ex. SM-2.6P)	Adjusted Amortization of Welfare Costs (Ex. SM-2.7P)	Adjusted Uncollectibles Expense (Ex. CG-2.3P)	Adjusted Gasoline & Fuel Costs (Ex. CG-2.4P)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	400	Operating Revenues	-								-
2		Operating Expenses	-								-
3	401	Cost of Gas	-								-
4	401 & 402	Other Operation and Maintenance	-								-
5	401 & 402	Other Production	-								-
6	401 & 402	Storage	(1,242,000)					-			(1,242,000)
7	401 & 402	Transmission	(367,000)								(367,000)
8	401 & 402	Distribution	(635,000)			-	-			(1,274,000)	(1,909,000)
9	401	Customer Accounts	(255,000)			-			(12,195,000)		(12,450,000)
10	401	Customer Service and Informational Services	(227,000)								(227,000)
11	401	Sales	-								-
12	401 & 402	Administrative and General	(7,777,000)	-	(1,610,000)	1,389,000	264,000	4,555,000	-	-	(3,179,000)
13		Total Other Operations and Maintenance	(10,503,000)	-	(1,610,000)	1,389,000	264,000	4,555,000	(12,195,000)	(1,274,000)	(19,374,000)
14	403	Depreciation	(2,600,000)	-		-	-	-	-	-	(2,600,000)
15	404	Amortization	-								-
16	408.1	Taxes Other than Income	(54,000)	(207,000)							(261,000)
17		Income Taxes	-								-
18	409.1	Federal Income Taxes - Current	6,541,000	67,000	522,000	(451,000)		-	3,957,000	413,000	11,049,000
19	409.1	State Income Taxes - Current	1,259,000	15,000	118,000	(101,000)		-	890,000	93,000	2,274,000
20	410.1 & 411.1	Deferred Income Taxes	(2,572,000)				(105,000)	(1,811,000)			(4,488,000)
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(7,929,000)	(125,000)	(970,000)	837,000	159,000	2,744,000	(7,348,000)	(768,000)	(13,400,000)
23		Net Operating Income	\$ 7,929,000	\$ 125,000	\$ 970,000	\$ (837,000)	\$ (159,000)	\$ (2,744,000)	\$ 7,348,000	\$ 768,000	\$ 13,400,000

The Peoples Gas Light and Coke Company  
Revised Schedule C-2  
Company Ratemaking Adjustments to Operating Income  
For the Test Year Ending December 31, 2010

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Adjusted Company Gas Use (Ex. CG-2.6P)	Reclass costs Account 813 to Account 856 (Ex. SM-2.10P)	-	-	-	Invested Capital Tax Adjustment (Ex. SM-2.8P)	Interest Synchronization Adjustment (Ex. SM-2.9P)	Total Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	400	Operating Revenues	-								-
2		Operating Expenses	-								-
3	401	Cost of Gas	-								-
4	401 & 402	Other Operation and Maintenance	-								-
5	401 & 402	Other Production	-		(1,012,000)						(1,012,000)
6	401 & 402	Storage	(1,242,000)	(1,591,000)			-				(2,833,000)
7	401 & 402	Transmission	(367,000)	515,000	1,012,000						1,160,000
8	401 & 402	Distribution	(1,909,000)	(140,000)		-	-				(2,049,000)
9	401	Customer Accounts	(12,450,000)			-					(12,450,000)
10	401	Customer Service and Informational Services	(227,000)								(227,000)
11	401	Sales	-								-
12	401 & 402	Administrative and General	(3,179,000)	-	-	-	-	-	-	-	(3,179,000)
13		Total Other Operations and Maintenance	(19,374,000)	(1,216,000)	-	-	-	-	-	-	(20,590,000)
14	403	Depreciation	(2,600,000)	-		-	-	-	-	-	(2,600,000)
15	404	Amortization	-								-
16	408.1	Taxes Other than Income	(261,000)	-					(185,000)	-	(446,000)
17		Income Taxes	-								-
18	409.1	Federal Income Taxes - Current	11,049,000	394,000	-	-	-	-	60,000	827,000	12,330,000
19	409.1	State Income Taxes - Current	2,274,000	89,000	-	-	-	-	14,000	187,000	2,564,000
20	410.1 & 411.1	Deferred Income Taxes	(4,488,000)								(4,488,000)
21	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
22		Total Operating Expenses	(13,400,000)	(733,000)	-	-	-	-	(111,000)	1,014,000	(13,230,000)
23		Net Operating Income	\$ 13,400,000	\$ 733,000	\$ -	\$ -	\$ -	\$ -	\$ 111,000	\$ (1,014,000)	\$ 13,230,000



**North Shore Gas Company**  
**Adjust incremental impact to net dismantling due to forecast additions adjustment**  
**Future Test Year ended December 31, 2010**

**Docket Nos. 09-0166 / 09-0167**  
**Consolidated**  
**NS-PGL Ex. SM-2.4N**

**Rate making adjustment**

**Adjust incremental impact to net dismantling due to forecast additions adjustment**

Net Dismantling Costs -2010 accrual adjustment	Schedule C-2.11	1,982,000	
Increase Adjustment to Forecasted Plant Additions		1,450,000	WP Ex. SM-2.4N
Average Test Year -Revised Plant in Service (Accounts 101 + 106)		399,686,000	WP Ex. SM-2.4N
Percentage		0.36%	WP Ex. SM-2.4N
<b>Net Dismantling Adjustment</b>			<b>7,000</b>

**OPERATING EXPENSES**

ICC 403	Depreciation Expense			7,000
Total Normalized Income Taxes	- State	( 7.3% x 7,000 )	(\$1,000)	
		( )		
	- Federal	( 35.0% x 6,000 )	(2,000)	
	Total		<u>(\$3,000)</u>	
Current (409.1)	- State			0
	- Federal			0
Deferred (410.1)				<u>(3,000)</u>
Total Operating Expenses				<u>4,000</u>

**EFFECT ON OPERATING INCOME** **Schedule C-2 ratemaking adjustment** (\$4,000)

( ) Denotes red figure.

The Peoples Gas Light and Coke Company  
 Adjust depreciation expense on forecasted capital additions  
 Future Test Year ended December 31, 2010

Docket Nos. 09-0166 / 09-0167  
 Consolidated  
 NS-PGL Ex. SM-2.3P

Rate making adjustment

Adjust depreciation expense on forecasted capital additions

Account 403 Depreciation Expense \$ (2,324,000)

OPERATING EXPENSES

ICC 403 Depreciation Expense \$ (2,324,000)

Total Normalized Income Taxes	- State	( 7.3% x	(2,324,000) )	\$170,000
		(	)	
	- Federal	( 35.0% x	(2,154,000) )	754,000
Total				<u>\$924,000</u>

		Deferred	Normalized	
Current (409.1)	- State	321,000	+ 170,000	= 491,000
	- Federal	2,368,000	+ 754,000	= 3,122,000
Deferred (410.1)		(2,689,000)	- 0	= <u>(2,689,000)</u>
				924,000

Total Operating Expenses (1,400,000)

EFFECT ON OPERATING INCOME

Schedule C-2 ratemaking adjustment \$1,400,000

( ) Denotes red figure.

The Peoples Gas Light and Coke Company  
 Adjust incremental impact to net dismantling due to forecast additions adjustment  
 Future Test Year ended December 31, 2010

Docket Nos. 09-0166 / 09-0167  
 Consolidated  
 NS-PGL Ex. SM-2.4P

**Rate making adjustment**

**Adjust incremental impact to net dismantling due to forecast additions adjustment**

Net Dismantling Costs -2010 accrual adjustment	Schedule C-2.11	8,094,000	
(Decrease) Adjustment to Forecasted Plant Additions		(92,949,000)	WP Ex. SM-2.4P
Average Test Year -Revised Plant in Service (Accounts 101 + 106)		2,557,111,000	WP Ex. SM-2.4P
Percentage		-3.63%	WP Ex. SM-2.4P
<b>Net Dismantling Adjustment</b>			<b>(294,000)</b>

**OPERATING EXPENSES**

ICC 403	Depreciation Expense			(294,000)
Total Normalized Income Taxes	- State	( 7.3% x (294,000) )	\$21,000	
		( )		
	- Federal	( 35.0% x (273,000) )	<u>96,000</u>	
	Total		<u>\$117,000</u>	
Current (409.1)	- State			0
	- Federal			0
Deferred (410.1)				<u>117,000</u>
Total Operating Expenses				<u>(177,000)</u>

EFFECT ON OPERATING INCOME Schedule C-2 ratemaking adjustment \$177,000

( ) Denotes red figure.

North Shore Gas Company  
 Incremental Adjustment on O&M Employee Benefits for 2010  
 Future Test Year ended December 31, 2010

Docket #09-0166 / 0167 cons.  
 NS-PGL Ex. SM-2.5N

**Rate making adjustment**

Incremental Adjustment on O&M Employee Benefits for 2010	Amount
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OPERATING EXPENSES

ICC 926	Forecast 2010 Test Year Budget - Costs	Updated	7,972,000
ICC 926	Forecast 2010 Test Year Budget - Costs	Original Filing	<u>7,872,000</u>
	(Decrease)/increase in OPERATING EXPENSES - Costs		100,000

Income Taxes - State	(	7.3% x	100,000 )	(\$7,000)
- Federal	(	35.0% x	93,000 )	<u>(33,000)</u>
				(40,000)

Current (409.1)	- State	(7,000)
	- Federal	(33,000)
Deferred (410.1)		<u>0</u>
		(40,000)

TOTAL OPERATING EXPENSES 60,000

EFFECT ON OPERATING INCOME **Schedule C-2 ratemaking adjustment** (\$60,000)

The Peoples Gas Light and Coke Company  
 Incremental Adjustment on O&M Employee Benefits for 2010  
 Future Test Year ended December 31, 2010

Docket #09-0166 / 0167 cons.  
 NS-PGL Ex. SM-2.5P

**Rate making adjustment**

Incremental Adjustment on O&M Employee Benefits for 2010	Amount
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OPERATING EXPENSES

ICC 926	Forecast 2010 Test Year Budget - Costs	Updated	48,819,000
ICC 926	Forecast 2010 Test Year Budget - Costs	Original Filing	<u>47,430,000</u>
	(Decrease)/increase in OPERATING EXPENSES - Costs		1,389,000

Income Taxes - State	(	7.3% x	1,389,000 )	(\$101,000)
- Federal	(	35.0% x	1,288,000 )	<u>(451,000)</u>
				(552,000)

Current (409.1)	- State	(101,000)
	- Federal	(451,000)
Deferred (410.1)		<u>0</u>
		(552,000)

TOTAL OPERATING EXPENSES 837,000

EFFECT ON OPERATING INCOME **Schedule C-2 ratemaking adjustment** (\$837,000)

**Rate making adjustment**

Change in Accounting Treatment- Amortization of Regulatory Asset - Pension Costs	Amount
--	--------

OPERATING EXPENSES

	Company Rebuttal	Company Direct	Co Rebuttal Adjustment
<b>A) To Correct Proposed Amortization of Regulatory Asset - Pension Costs that should not be capitalized</b>			
ICC 926	2,600,000	2,000,000	600,000
ICC 926	1,769,000	1,769,000	-
	<b>831,000</b>	<b>231,000</b>	<b>600,000</b>
<b>B) Update Proposed Amortization of Regulatory Asset -Pension</b>			
ICC 926	2,811,000	2,600,000	211,000
ICC 926	2,157,000	1,769,000	388,000
	654,000	831,000	(177,000)
<b>ICC 926</b>			<b>423,000</b>
<b>Net incremental (decrease)/increase in OPERATING EXPENSES-Pension Costs A) +B)</b>			
Income Taxes			
- State	( 7.3% x 423,000 )		(\$31,000)
-Federal	( 35.0% x 392,000 )		(137,000)
			(\$168,000)
	Current (409.1)	- State	0
		- Federal	0
	Deferred (410.1)		(168,000)
			(168,000)
TOTAL OPERATING EXPENSES			255,000
EFFECT ON OPERATING INCOME	<b>Schedule C-2 ratemaking adjustment</b>		(255,000)
RATE BASE	<b>Schedule B-2 ratemaking adjustment</b>		
	Accumulated Deferred Income Taxes	- State	31,000
		-Federal	137,000
	Ex. JH-2.7N	Total	168,000

**Rate making adjustment**

Change in Accounting Treatment- Amortization of Regulatory Asset - Welfare Costs	Amount	
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OPERATING EXPENSES	Company Rebuttal	Company Direct	Co Rebuttal Adjustment
<b>A) To Correct Proposed Amortization of Regulatory Asset - Welfare Costs that should not be capitalized</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Welfare Costs	2,200,000	1,406,000	794,000
ICC 926 Forecast 2010 Test Year Budget - Welfare Costs	1,278,000	1,278,000	-
(Decrease)/increase in OPERATING EXPENSES - Welfare Costs	922,000	128,000	794,000
<b>B) Update Proposed Amortization of Regulatory Asset -Welfare</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Welfare Costs	1,825,000	2,200,000	(375,000)
ICC 926 Forecast 2010 Test Year Budget - Welfare Costs	1,162,000	1,278,000	(116,000)
(Decrease)/increase in OPERATING EXPENSES - Welfare Costs	663,000	922,000	(259,000)
<b>ICC 926 Net incremental (decrease)/increase in OPERATING EXPENSES-Welfare Costs A) +B)</b>			<b>535,000</b>
Income Taxes - State ( 7.3% x 535,000 )		(\$39,000)	
- Federal ( 35.0% x 496,000 )		(174,000)	
		(\$213,000)	
	Current (409.1)	- State	-
		- Federal	-
	Deferred (410.1)		(213,000)
			(213,000)
<b>TOTAL OPERATING EXPENSES</b>			<b>322,000</b>
<b>EFFECT ON OPERATING INCOME</b>	<b>Schedule C-2 ratemaking adjustment</b>		<b>(322,000)</b>
<b>RATE BASE</b>	<b>Schedule B-2 ratemaking adjustment</b>		
	Accumulated Deferred Income Taxes	- State	39,000
	Ex. JH-2.7N	- Federal	174,000
		Total	213,000

**Rate making adjustment**

Change in Accounting Treatment- Amortization of Regulatory Asset - Pension Costs	Amount
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**OPERATING EXPENSES**

	Company Rebuttal	Company Direct	Co Rebuttal Adjustment
<b>A) To Correct Proposed Amortization of Regulatory Asset - Pension Costs that should not be capitalized</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Pension Costs	4,700,000	4,485,000	215,000
ICC 926 Forecast 2010 Test Year Budget - Pension Costs	7,920,000	7,920,000	-
<b>(Decrease)/increase in OPERATING EXPENSES - Pension Costs</b>	<b>(3,220,000)</b>	<b>(3,435,000)</b>	<b>215,000</b>
<b>B) Update Proposed Amortization of Regulatory Asset -Pension</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Pension Costs	8,567,000	4,700,000	3,867,000
ICC 926 Forecast 2010 Test Year Budget - Pension Costs	11,738,000	7,920,000	3,818,000
<b>(Decrease)/increase in OPERATING EXPENSES - Pension Costs</b>	<b>(3,171,000)</b>	<b>(3,220,000)</b>	<b>49,000</b>
<b>ICC 926 Net incremental (decrease)/increase in OPERATING EXPENSES-Pension Costs A) +B)</b>			<b>264,000</b>
Income Taxes			
- State ( 7.3% x 264,000 )			(\$19,000)
-Federal ( 35.0% x 245,000 )			(86,000)
			(\$105,000)
		Current (409.1) - State	0
		- Federal	0
		Deferred (410.1)	(105,000)
			(105,000)
		<b>TOTAL OPERATING EXPENSES</b>	<b>159,000</b>
<b>EFFECT ON OPERATING INCOME</b>		<b>Schedule C-2 ratemaking adjustment</b>	<b>(159,000)</b>
<b>RATE BASE</b>		<b>Schedule B-2 ratemaking adjustment</b>	
		Accumulated Deferred Income Taxes	- State 19,000
		Ex. JH-2.7P	-Federal 86,000
			Total 105,000

**Rate making adjustment**

Change in Accounting Treatment- Amortization of Regulatory Asset - Welfare Costs	Amount		
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OPERATING EXPENSES	Company Rebuttal	Company Direct	Co Rebuttal Adjustment
<b>A) To Correct Proposed Amortization of Regulatory Asset - Welfare Costs that should not be capitalized</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Welfare Costs	18,700,000	10,872,000	7,828,000
ICC 926 Forecast 2010 Test Year Budget - Welfare Costs	9,593,000	9,593,000	-
(Decrease)/increase in OPERATING EXPENSES - Welfare Costs	9,107,000	1,279,000	7,828,000
<b>B) Update Proposed Amortization of Regulatory Asset -Welfare</b>			
ICC 926 Proposed Amortization of Regulatory Asset - Welfare Costs	14,934,000	18,700,000	(3,766,000)
ICC 926 Forecast 2010 Test Year Budget - Welfare Costs	9,100,000	9,593,000	(493,000)
(Decrease)/increase in OPERATING EXPENSES - Welfare Costs	5,834,000	9,107,000	(3,273,000)
<b>ICC 926 Net incremental (decrease)/increase in OPERATING EXPENSES-Welfare Costs A) +B)</b>			<b>4,555,000</b>
Income Taxes - State ( 7.3% x 4,555,000 )		(\$333,000)	
- Federal ( 35.0% x 4,222,000 )		(1,478,000)	
		(\$1,811,000)	
	Current (409.1)	- State	-
		- Federal	-
	Deferred (410.1)		(1,811,000)
			(1,811,000)
			2,744,000
			<b>(2,744,000)</b>
<b>EFFECT ON OPERATING INCOME</b>	<b>Schedule C-2 ratemaking adjustment</b>		<b>(2,744,000)</b>
<b>RATE BASE</b>	<b>Schedule B-2 ratemaking adjustment</b>		
	Accumulated Deferred Income Taxes	- State	333,000
		- Federal	1,478,000
	Ex. JH-2.7P	Total	1,811,000

**Ratemaking adjustment**

NET OPERATING INCOME REQUIREMENT CALCULATED IN FIRST PASS:

				<u>\$11,921,000</u>	WP Ex. SM-2.8N	
				<u>Company</u>	<u>Company</u>	
				<u>Rebuttal</u>	<u>Direct</u>	
					<u>Sch C-2.6</u>	
					<u>Company</u>	
					<u>Rebuttal</u>	
					<u>Adjustment</u>	
OPERATING EXPENSES						
Invested Capital Tax	(	0.8% x	11,921,000 )	\$95,000	105,000	(10,000)
Income Taxes	- State	(	7.3% x \$95,000 )	(\$7,000)	(8,000)	1,000
	- Federal	(	35.0% x \$88,000 )	(31,000)	(34,000)	3,000
				<u>57,000</u>	<u>63,000</u>	<u>(6,000)</u>
			Company Direct Sch C-2.6 Company Direct on Invested Capital Tax	<u>63,000</u>		
			Company Rebuttal Adjustment on Invested Capital Tax	(6,000)		
EFFECT ON OPERATING INCOME			<b>Schedule C-2 ratemaking adjustment</b>	<u>\$6,000</u>		

( ) Denotes red figure.

North Shore Gas Company  
 Adjustment to Interest Synchronization  
 Test Year ended December 31, 2010

Docket Nos. 09-0166 / 09-0167  
 Consolidated  
 NS-PGL Ex. SM-2.9N

<u>Ratemaking adjustment</u>						
AVERAGE RATE BASE		Exhibit JH-2.1N		\$178,936,000		
WEIGHTED COST OF LONG-TERM DEBT		Exhibit BAJ-2.1N		<u>2.41%</u>		
SYNCHRONIZED INTEREST				4,312,000		
LESS: PER BOOK INTEREST AS ADJUSTED				<u>4,062,000</u>		
INCREASE IN INTEREST EXPENSE				<u>\$250,000</u>		
OPERATING EXPENSES					Company	Company
				<u>Rebuttal</u>	Direct	Rebuttal
					<u>Sch C-2.8</u>	<u>Adjustment</u>
Income Taxes	- State	( 7.3% x	250,000 )	(\$18,000)	(25,000)	7,000
	- Federal	( 35.0% x	232,000 )	<u>(81,000)</u>	<u>(113,000)</u>	<u>32,000</u>
Total Operating Expenses				<u>(99,000)</u>	<u>(138,000)</u>	<u>39,000</u>
Company Direct Sch C-2.8		Company Direct on Interest Synchronization		<u>(138,000)</u>		
Exh. SM-2.2P, page 4, col. J		Company Rebuttal Adjustment on Interest Synchronization		<u>39,000</u>		
EFFECT ON OPERATING INCOME		<b>Schedule C-2 ratemaking adjustment</b>		<u><u>(\$39,000)</u></u>		

( ) Denotes red figure.



The Peoples Gas Light & Coke Company  
Adjustment to Interest Synchronization  
Test Year ended December 31, 2010

Docket Nos. 09-0166 / 09-0167  
Consolidated  
NS-PGL Ex. SM-2.9P

<u>Ratemaking adjustment</u>						
AVERAGE RATE BASE		Exhibit JH-2.1P		\$1,298,740,000		
WEIGHTED COST OF LONG-TERM DEBT		Exhibit BAJ-2.1P		<u>2.62%</u>		
SYNCHRONIZED INTEREST				34,027,000		
LESS: PER BOOK INTEREST AS ADJUSTED				<u>35,939,000</u>		
INCREASE IN INTEREST EXPENSE				<u><u>(\$1,912,000)</u></u>		
OPERATING EXPENSES				Company	Company	Company
				<u>Rebuttal</u>	Direct	Rebuttal
					<u>Sch C-2.8</u>	<u>Adjustment</u>
Income Taxes	- State	( 7.3% x	(1,912,000) )	\$140,000	(47,000)	187,000
	- Federal	( 35.0% x	(1,772,000) )	<u>620,000</u>	<u>(207,000)</u>	<u>827,000</u>
Total Operating Expenses				<u>760,000</u>	<u>(254,000)</u>	<u>1,014,000</u>
Company Direct Sch C-2.8		Company Direct on Interest Synchronization		(254,000)		
Exh. SM-2.2P, page 4, col. J		Company Rebuttal Adjustment on Interest Synchronization		<u>1,014,000</u>		
EFFECT ON OPERATING INCOME		<b>Schedule C-2 ratemaking adjustment</b>		<u><u>(\$1,014,000)</u></u>		

( ) Denotes red figure.

The Peoples Gas Light and Coke Company  
 Reclass costs in Account 813-Production Expenses to Account 856 - Transmission Expenses  
 Test Year ended December 31, 2010

Docket Nos. 09-0166 / 09-0167  
 Consolidated  
 NS-PGL Ex. SM-2.10P

**Rate making adjustment**

Reclass costs in Account 813-Production Expenses to Account 856 - Transmission Expenses	Amount
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OPERATING EXPENSES

ICC 813	Production Expenses	Response to ENG 1.18 - Schedule C-4	(1,012,000)
ICC 856	Transmission Expenses	Response to ENG 1.18 - Schedule C-4	<u>1,012,000</u>
	(Decrease)/increase in OPERATING EXPENSES		-

Income Taxes - State	(	7.3% x	0 )	-
	(	0	)	
- Federal	(	35.0% x	0 )	<u>-</u>

Current (409.1)	- State	0
	- Federal	0
Deferred (410.1)		<u>0</u>

TOTAL OPERATING EXPENSES	0
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EFFECT ON OPERATING INCOME	<b>Schedule C-2 ratemaking adjustment</b>	<u>\$0</u>
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