

The Peoples Gas Light and Coke Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2010
(In Thousands)

Line No.	Description	Interest Synchronization (Appendix A, p. 8)	Incentive Compensation (Sch. 15.7 P)	Non-Union Base Wages (Sch. 15.8 P)	Invested Capital Taxes (Appendix A, p. 10)	Liberty Audit (Sch. 15.10 P)	Merger Costs & Savings (Appendix A, p. 19)	Injuries & Damages (Sch. 17.2 P)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Distribution	-	(954)	(98)	-	(4,961)	-	-	(6,013)
10	Customer Accounts	-	(840)	2,841	-	-	-	-	2,001
11	Customer Service and Informational Services	-	(30)	1,451	-	-	-	-	1,421
12	Sales	-	-	-	-	-	-	-	-
13	Administrative and General	-	(5,802)	(3,367)	-	-	(103)	(864)	(10,136)
14	Depreciation and Amortization	-	(15)	(29)	-	-	-	-	(44)
15	Storage	-	(255)	(49)	-	-	-	-	(304)
16	Transmission	-	(126)	(1,517)	-	-	-	-	(1,643)
17	Taxes Other than Income	-	(664)	(145)	(324)	-	-	-	(1,133)
18	Total Operating Expense	-	-	-	-	-	-	-	-
19	Before Income Taxes	-	(8,686)	(914)	(324)	(4,961)	(103)	(864)	(15,851)
20	State Income Tax	502	634	67	24	362	8	63	1,660
21	Federal Income Tax	2,231	2,818	296	105	1,609	33	280	7,372
22	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
23	Total Operating Expenses	2,733	(5,234)	(551)	(195)	(2,990)	(62)	(521)	(6,819)
24	NET OPERATING INCOME	\$ (2,733)	\$ 5,234	\$ 551	\$ 195	\$ 2,990	\$ 62	\$ 521	\$ 6,819

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For the Test Year Ending December 31, 2010
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Non-Recoverable Cushion Gas (Appendix A, p. 17)	Gathering System Phase 2 (Staff Ex. 27.0 & Sch. 18.3P)	Uncollectibles Expense (Appendix A, p. 15)	Advertising Expense (Sch. 20.1 P)	Company Use Gas (NS-PGL Ex. CMG-3.2P)	Regulatory Asset Corrections (NS-PGL Ex. SM-3.2P, p.1, cols [D] & [E])	Subtotal Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Base Rate Revenues	\$ -	\$ -	\$ -				\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	(1,234)	-	-	-	(1,234)
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Distribution	(6,013)	-	-	-	-	(12)	-	(6,025)
10	Customer Accounts	2,001	-	-	-	-	-	-	2,001
11	Customer Service and Informational Services	1,421	-	-	-	(350)	-	-	1,071
12	Sales	-	-	-	-	-	-	-	-
13	Administrative and General	(10,136)	-	-	-	-	-	(6,134)	(16,270)
14	Depreciation and Amortization	(44)	(13)	(71)	-	-	-	-	(128)
15	Storage	(304)	-	-	-	-	(98)	-	(402)
16	Transmission	(1,643)	-	-	-	-	(17)	-	(1,660)
17	Taxes Other than Income	(1,133)	-	-	-	-	-	-	(1,133)
18	Total Operating Expense								
19	Before Income Taxes	(15,851)	(13)	(71)	(1,234)	(350)	(128)	(6,134)	(23,780)
20	State Income Tax	1,660	1	5	90	26	9	448	2,239
21	Federal Income Tax	7,372	4	23	400	114	41	1,990	9,944
22	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
23	Total Operating Expenses	(6,819)	(8)	(43)	(744)	(210)	(78)	(3,696)	(11,597)
24	NET OPERATING INCOME	\$ 6,819	\$ 8	\$ 43	\$ 744	\$ 210	\$ 78	\$ 3,696	\$ 11,597

The Peoples Gas Light and Coke Company
Rate Base
For the Test Year Ending December 31, 2010
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Jurisdictional Rate Base (NS-PGL Ex. JH-2.1P col. F)	Staff Adjustments (Appendix A, p. 7)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant	\$ 2,577,615	\$ (5,220)	\$ 2,572,395
2	Accumulated Provision for Depreciation and Amortization	(1,068,305)	212	(1,068,093)
3		-	-	-
4	Net Plant	\$ 1,509,310	\$ (5,008)	\$ 1,504,302
5	Additions to Rate Base:			
6	Materials and Supplies	9,871	193	10,064
7	Cash Working Capital	34,325	(31,138)	3,187
8	Gas in Storage	49,440	3,283	52,723
9	Budget Plan Balances	12,605	-	12,605
10	Retirement Benefits, Net	67,827	(155,496)	(87,669)
11		-	-	-
12	Deductions From Rate Base:			
13	Accumulated Deferred Income Taxes	(343,851)	59,772	(284,080)
14	Pre-1971 Investment Tax Credits	-	-	-
15	Reserve for Injuries and Damages	(8,307)	-	(8,307)
16	Customer Advances for Construction	(392)	-	(392)
17	Customer Deposits	(32,088)	-	(32,088)
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23	Rate Base	\$ 1,298,740	\$ (128,394)	\$ 1,170,346

The Peoples Gas Light and Coke Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2010
(In Thousands)

Line No.	Description	Incentive Compensation (Sch. 15.7 P)	Non-Union Base Wages (Sch. 15.8 P)	Pension Asset (Sch. 16.1 P)	Cash Working Capital (Appendix A, p. 11)	Recoverable Cushion Gas (Appendix A, p. 15)	Non-Recoverable Cushion Gas (Appendix A, pp. 16, 17)	Gathering System Phase 2 (Staff Ex. 27.0 & Sch. 18.3 P)	Subtotal Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant	\$ (675)	\$ (1,150)	\$ -	\$ -	\$ (27)	\$ (517)	\$ (2,850)	\$ (5,220)
2	Accumulated Provision for Depreciation and Amortization	99	29	-	-	-	13	71	212
3		-	-	-	-	-	-	-	-
4	Net Plant	\$ (576)	\$ (1,121)	\$ -	\$ -	\$ (27)	\$ (504)	\$ (2,779)	\$ (5,008)
5	Additions to Rate Base:								
6	Materials and Supplies	-	-	-	-	-	-	-	-
7	Cash Working Capital	-	-	-	(31,138)	-	-	-	(31,138)
8	Gas in Storage	-	-	-	-	-	-	-	-
9	Budget Plan Balances	-	-	-	-	-	-	-	-
10	Retirement Benefits, Net	-	-	(155,496)	-	-	-	-	(155,496)
11		-	-	-	-	-	-	-	-
12	Deductions From Rate Base:								
13	Accumulated Deferred Income Taxes	3	5	59,731	-	-	10	23	59,772
14	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
15	Reserve for Injuries and Damages	-	-	-	-	-	-	-	-
16	Customer Advances for Construction	-	-	-	-	-	-	-	-
17	Customer Deposits	-	-	-	-	-	-	-	-
18		-	-	-	-	-	-	-	-
19		-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (573)	\$ (1,116)	\$ (95,765)	\$ (31,138)	\$ (27)	\$ (495)	\$ (2,756)	\$ (131,870)

The Peoples Gas Light and Coke Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2010
(In Thousands)

Line No.	Description	Subtotal Rate Base Adjustments	Gas in Storage (NS-PGL Ex. JH-3.5P)	Materials & Supplies Correction (NS-PGL Ex. JH-3.4P)	(Source)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Gross Utility Plant	\$ (5,220)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,220)
2	Accumulated Provision for Depreciation and Amortization	212	-	-	-	-	-	-	212
3		-	-	-	-	-	-	-	-
4	Net Plant	(5,008)	-	-	-	-	-	-	(5,008)
5	Additions to Rate Base:								
6	Materials and Supplies	-	-	193	-	-	-	-	193
7	Cash Working Capital	(31,138)	-	-	-	-	-	-	(31,138)
8	Gas in Storage	-	3,283	-	-	-	-	-	3,283
9	Budget Plan Balances	-	-	-	-	-	-	-	-
10	Retirement Benefits, Net	(155,496)	-	-	-	-	-	-	(155,496)
11		-	-	-	-	-	-	-	-
12	Deductions From Rate Base:								
13	Accumulated Deferred Income Taxes	59,772	-	-	-	-	-	-	59,772
14	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
15	Reserve for Injuries and Damages	-	-	-	-	-	-	-	-
16	Customer Advances for Construction	-	-	-	-	-	-	-	-
17	Customer Deposits	-	-	-	-	-	-	-	-
18		-	-	-	-	-	-	-	-
19		-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (131,870)	\$ 3,283	\$ 193	\$ -	\$ -	\$ -	\$ -	\$ (128,394)

The Peoples Gas Light and Coke Company
 Interest Synchronization Adjustment
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 1,170,346 ⁽¹⁾
2	Weighted Cost of Debt	<u>2.32%</u> ⁽²⁾
3	Synchronized Interest Per Staff (Line 1 x Line 2)	\$ 27,152
4	Company Interest Expense	<u>34,027</u> ⁽³⁾
5	Increase (Decrease) in Interest Expense	<u>\$ (6,875)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 502</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 2,231</u>

(1) Source: Appendix A, page 5, column (d), line 23

(2) Source: ICC Staff Exhibit 22.0, Schedule 22.1

(3) Source: NS-PGL Ex. SM-2.9P

The Peoples Gas Light and Coke Company
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	1.000000
2	Uncollectibles	2.5400%	<u>0.025400</u>	
3	State Taxable Income		0.974600	
4	State Income Tax	7.3000%	<u>0.071146</u>	<u>0.073000</u>
5	Federal Taxable Income		0.903454	0.927000
6	Federal Income Tax	35.0000%	<u>0.316209</u>	<u>0.324450</u>
7	Operating Income		<u>0.587245</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff (Line 1 / Line 7)		<u>1.702867</u>	<u>1.659613</u>

The Peoples Gas Light and Coke Company
 Invested Capital Taxes Adjustment
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Rate Base	\$ 1,170,346	Appendix A, page 5, col. i, line 25
2	Rate of Return	<u>7.75%</u>	Appendix A, page 1, col. i, line 26
3	Operating Income Required	\$ 90,702	Line 1 x Line 2
4	Pro forma operating income at present rates adjusted before ICT adjustment	<u>59,708</u>	Appendix A, page 1, col. d line 24 - Appendix A, page 2, col. e line 17
5	Operating Income Additional Allowed	\$ 30,994	Line 3 - line 4
6	Invested Capital Tax Rate	<u>0.80%</u>	NS-PGL Ex. SM-2.8P
7	Incremental Invested Capital Tax Impact per Staff	\$ 248	Line 5 x line 6
8	Incremental Invested Capital Tax Impact per Company	<u>572</u>	NS-PGL Ex. SM-2.8P
9	Staff Proposed Adjustment	<u><u>\$ (324)</u></u>	Line 7 - line 8

The Peoples Gas Light and Coke Company
Adjustment to Cash Working Capital
For the Test Year Ending Decemger 31, 2010
(In Thousands)

Line No. (A)	Item (B)	Amount (C)	Lag (Lead) (D)	CWC Factor (D) / 365 (E) (D/365)	CWC Requirement (C) x (E) (F)	Column (C) Source (G)
1	Revenues	\$ 1,039,797	50.22	0.13759	\$ 143,065	Appendix A, page 12, Column C, Line 6
2	Pass Through Taxes	223,445	0.00	0.00000	-	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 20
3	Payroll and Withholdings	52,970	(14.18)	(0.03885)	(2,058)	Appendix A, page 13, Column C, Line 4
4	Inter Company Billings	143,517	(36.02)	(0.09868)	(14,163)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 24
5	Natural Gas	687,268	(40.51)	(0.11099)	(76,277)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 25
6	Other Operations and Maintenance	71,268	(46.30)	(0.12685)	(9,040)	Appendix A, page 12, Column C, Line 15
7	Federal Insurance Contributions (FICA)	5,323	(16.04)	(0.04395)	(234)	Appendix A, page 13, Column C, Line 8
8	Federal Unemployment Tax	103	(76.38)	(0.20926)	(22)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 29
9	State Unemployment Tax	142	(76.38)	(0.20926)	(30)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 30
10	Property/Real Estate Taxes	1,143	(385.13)	(1.05515)	(1,206)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 31
11	Invested Capital Tax	9,950	(30.13)	(0.08255)	(821)	Appendix A, page 13, Column C, Line 11
12	Corporation Franchise Tax	300	(182.27)	(0.49937)	(150)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 33
13	Illinois Sales and Use Tax	26	(42.98)	(0.11775)	(3)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 34
14	Federal Excise Tax	25	(76.32)	(0.20910)	(5)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 35
15	ICC Gas Revenue Tax	1,630	31.27	0.08567	140	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 15
16	Gross Receipts/Municipal Utility Tax	135,685	(50.30)	(0.13781)	(18,699)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 16
17	Energy Assistance Charges	8,704	(42.98)	(0.11775)	(1,025)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 17
18	Gas Revenue/Public Utility tax	41,431	(9.26)	(0.02537)	(1,051)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 18
19	City of Chicago Gas Use tax	35,995	(50.32)	(0.13786)	(4,962)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 19
20	Interest Expense	27,152	(79.17)	(0.21690)	(5,889)	Appendix A, page 8, Column B, Line 3
21	Federal Income Tax	35,671	(37.88)	(0.10378)	(3,702)	Appendix A, page 1, Column I, Line 21
22	State Income Tax	6,560	(37.88)	(0.10378)	(681)	Appendix A, page 1, Column I, Line 20
23	TOTAL				<u>\$ 3,187</u>	Sum of Lines 1 through 22
24	Cash Working Capital per Staff		\$ 3,187			Appendix A, page 11, Column F, Line 19
25	Cash Working Capital per Company		<u>34,325</u>			NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 36
26	Difference -- Staff Adjustment		<u>\$ (31,138)</u>			Line 24 - line 25

Note: Lag (Lead) is from NS-PGL Ex. JH-2.6P, Cash Working Capital, Column B

The Peoples Gas Light and Coke Company
Adjustment to Cash Working Capital
For the Test Year Ending Decemger 31, 2010
(In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Total Operating Revenues	\$ 514,190	Appendix A, page 1, Column I, Line 5
2	PGA Revenue	687,268	Peoples Gas WP Ex. CG-2.3P Revised, Page 1 of 4
3	Uncollectible Accounts	(29,497)	Appendix A, page 1, Column I, Line 6
4	Depreciation & Amortization	(81,370)	Appendix A, page 1, Column I, Line 14
5	Return on Equity	<u>(50,794)</u>	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 1,039,797</u>	Sum of Lines 1 through 5
7	Total Return on Rate Base	\$ 90,703	Appendix A, page 1, Column I, Line 24
8	Percentage Equity	<u>56.00%</u>	ICC Staff Ex. 22.0, Schedule 22.01
9	Return on Equity	<u>\$ 50,794</u>	Line 7 x Line 8
10	O & M Expenses	\$ 386,315	Appendix A, page 1, Column I, Line 19
11	Payroll and Withholdings	(60,662)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 23
12	Inter Company Billings	(143,517)	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 24
13	Uncollectible Accounts	(29,497)	Appendix A, page 1, Column I, Line 6
14	Depreciation & Amortization	<u>(81,370)</u>	Appendix A, page 1, Column I, Line 14
15	Other Operations & Maintenance	<u>\$ 71,268</u>	Sum of Lines 10 through 14

The Peoples Gas Light and Coke Company
Adjustment to Cash Working Capital
For the Test Year Ending Decemger 31, 2010
(In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Payroll and Withholdings per Company Filing	\$ 60,662	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 23
2	Incentive Compensation Adjustment	(5,802)	ICC Staff Ex. 15.0, Schedule 15.7 P, Page 1 of 5, Column B, Line 17
3	Non-Union Base Wages Adjustment	<u>(1,890)</u>	ICC Staff Ex. 15.0, Schedule 15.8 P, Page 1 of 2, Column F, Line 8
4	Payroll and Withholdings per Staff	<u>\$ 52,970</u>	Sum of Lines 1 through 3
5	FICA Tax per Company Filing	\$ 6,132	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 28
6	Incentive Compensation Adjustment	(664)	ICC Staff Ex. 15.0, Schedule 15.7 P, Page 1 of 5, Column B, Line 25
7	Non-Union Wages Adjustment	<u>(145)</u>	ICC Staff Ex. 15.0, Schedule 15.8 P, Page 1 of 2, Column F, Line 9
8	FICA Tax per Staff	<u>\$ 5,323</u>	Sum of Lines 5 through 7
9	Invested Capital Tax per Company Filing	\$ 10,274	NS-PGL Ex. JH-2.6P, Cash Working Capital, Column I, Line 32
10	Invested Capital Tax Adjustment	<u>(324)</u>	Appendix A, page 10, Column B, Line 9
11	Invested Capital Tax per Staff	<u>\$ 9,950</u>	Sum of Lines 9 and 10

The Peoples Gas Light and Coke Company
 Adjustment to Uncollectibles Expense
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
1	Uncollectibles Rate per Company	2.54%	Company Schedule C-16
2	Total Revenues Applicable to Uncollectible Expense	<u>\$ 1,109,262</u>	NS-PGL Ex. CMG-3.1P Schedule 2.3P, Line 2, Column (b)
3	Uncollectibles Expense per Staff	\$ 28,175	Line 1 x line 2
4	Updated Uncollectibles Expense per Company Rebuttal	<u>29,409</u>	NS-PGL Ex. CMG-2.3P Schedule 2.3P, Line 3, Column (b)
5	Staff Proposed Adjustment	<u><u>\$ (1,234)</u></u>	Line 3 - line 4

The Peoples Gas Light and Coke Company
 Adjustment to Plant in Service Recoverable Cushion Gas
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description (a)	Adjustments (b)	Amount (c)	Source (d)
<u>Cushion Gas-Recoverable</u>				
1	2009 Cushion Gas-Recoverable per Staff	349		NS-PGL Ex. JH 3.3P Corrected
2	2010 Cushion Gas-Recoverable per Staff	<u>381</u>		NS-PGL Ex. JH 3.3P Corrected
3	Average 2010 Cushion Gas-Recoverable per Staff	190		Line 2 / 2
4	Test Year Cushion Gas-Recoverable per Staff	539	539	Col. (b), line 1 + line 3
5	2009 Cushion Gas-Recoverable per Company	364		NS-PGL Ex. JH 3.3P Corrected
6	2010 Cushion Gas-Recoverable per Company	<u>406</u>		NS-PGL Ex. JH 3.3P Corrected
7	Average 2010 Cushion Gas-Recoverable per Company	203		Line 6 / 2
8	Test Year Cushion Gas-Recoverable per Company	566	<u>\$ 566</u>	Col. (b), line 10 + line 12
9	Staff Adjustment to Cushion Gas-Recoverable		<u>\$ (27)</u>	Line 4 - line 8

The Peoples Gas Light and Coke Company
Adjustment to Utility Plant in Service-Non-Recoverable Cushion Gas
For the Test Year Ending December 31, 2010
In Thousands

Line No.	Description (a)	Adjustments (b)	Amount (c)	Source (d)
<u>Cushion Gas-Non Recoverable</u>				
1	2009 Cushion Gas-Non Recoverable per Staff	\$ 6,628		NS-PGL Ex. JH 3.3P Corrected
2	2010 Cushion Gas-Non Recoverable per Staff	7,236		NS-PGL Ex. JH 3.3P Corrected
3	Average 2010 Cushion Gas-Non Recoverable per Staff	3,618		Line 2 / 2
4	Test Year Cushion Gas-Non Recoverable per Staff	10,246	\$ 10,246	Col. (b), line 1 + line 3
5	2009 Cushion Gas-Non Recoverable per Company	\$ 6,908		NS-PGL Ex. JH 2.3P
6	2010 Cushion Gas-Non Recoverable per Company	7,710		NS-PGL Ex. JH 2.3P
7	Average 2010 Cushion Gas-Non Recoverable per Company	3,855		Line 6 / 2
8	Test Year Cushion Gas-Non Recoverable per Company	\$ 10,763	\$ 10,763	Col. (b), line 5 + line 7
9	Staff Adjustment to Cushion Gas-Non Recoverable		<u>\$ (517)</u>	Line 4 - line 8
<u>Depreciation Expense attributable to Cushion Gas-Non Recoverable</u>				
10	2009 Cushion Gas-Non Recoverable per Staff		\$ 6,628	Line 1
11	2010 Cushion Gas-Non Recoverable per Staff		7,236	Line 2
12	Number of years		0.5	
13	Average 2010 Cushion Gas-Non Recoverable per Staff		<u>3,618</u>	Line 11 x line 12
14	2009-2010 Depreciable Cushion Gas-Non Recoverable per Staff		\$ 10,246	Line 10 + line 13
15	2010 Composite Depreciation Rate		<u>2.50%</u>	Co. revised response to DLH 4.06
16	2010 Depreciation Exp-Cushion Gas-Non Recoverable per Staff		\$ 256	Line 14 x line 15
17	2009 Cushion Gas-Non Recoverable per Company		\$ 6,908	NS-PGL Ex. JH 2.3P
18	2010 Cushion Gas-Non Recoverable per Company		7,710	NS-PGL Ex. JH 2.3P
19	Number of years		0.5	
20	Average 2010 Cushion Gas-Non Recoverable per Company		<u>3,855</u>	Line 18 x line 19
21	2009-2010 Depreciable Cushion Gas-Non Recoverable per Company		\$ 10,763	Line 17 + line 20
22	2010 Composite Depreciation Rate		<u>2.50%</u>	Co. revised response to DLH 4.06
23	2010 Depreciation Exp-Cushion Gas-Non Recoverable per Co.		\$ 269	Line 21 x line 22
24	Staff Adjustment to 2010 Depreciation Expense		<u>\$ (13)</u>	Line 16 - line 23

The Peoples Gas Light and Coke Company
 Adjustment to Utility Plant in Service-Non-Recoverable Cushion Gas
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description (a)	Amount (b)	Source (c)
	<u>Accumulated Depreciation-Non Recoverable Cushion Gas</u>		
1	Depreciable 2009 Cushion Gas-Non Recoverable per Staff	(6,628)	Appendix A, page 16
2	2009 Composite Depreciation Rate	<u>2.50%</u>	Co. revised response to DLH 4.06
3	Accum. Depr. 2009 Cushion Gas-Non Recoverable per Staff	(166)	Line 1 x line 2
4	Depreciable 2009-10 Cushion Gas-Non Recoverable per Staff	(3,618)	Appendix A, page 16
5	2009-2010 Composite Depreciation Rate	<u>2.50%</u>	Co. revised response to DLH 4.06
6	2010 Accum. Depr.Cushion Gas Non Recoverable per Staff	\$ (90)	Line 4 x line 5
7	Accumulated Depreciation-Cushion Gas per Staff	<u>\$ (256)</u>	Line 3 + line 6
8	Depreciable 2009 Cushion Gas-Non Recoverable per Company	\$ (6,908)	Appendix A, page 16
9	2009 Composite Depreciation Rate	<u>2.50%</u>	Co. revised response to DLH 4.06
10	Accum. Depr. 2009 Cushion Gas-Non Recoverable per Company	(173)	Line 8 x line 9
11	Depreciable 2009-10 Cushion Gas-Non Recoverable per Company	(3,855)	Appendix A, page 16
12	2009-2010 Composite Depreciation Rate	<u>2.50%</u>	Co. revised response to DLH 4.06
13	2010 Accum. Depr.Cushion Gas-Non Recoverable per Company	\$ (96)	Line 11 x line 12
14	Accumulated Depreciation Cushion Gas-Non Recoverable per Company	<u>(269)</u>	Line 10 + line 13
15	Difference-Staff Adjustment to Accum. Depr. Cushion Gas-Non Recoverable	<u><u>13</u></u>	Line 7 - line 14

The Peoples Gas Light and Coke Company
Adjustment to Utility Plant in Service-Non-Recoverable Cushion Gas
For the Test Year Ending December 31, 2010
In Thousands

Line No.	Description	Amounts		Source
	(a)	(b)	(c)	(d)
1	Accumulated Deferred Income Taxes per Company	\$ -		
2	Accumulated Deferred Income Taxes per Staff	(10)		Line 33
3	Difference-Adjustment to Accumulated Deferred Income Taxes	\$ 10		Line 1 - line 2
<u>Accumulated Deferred Income Taxes-Cushion Gas-Non Recoverable</u>		<u>2009</u>	<u>2010</u>	
<u>Reduction in Cushion Gas-Non Recoverable</u>				
4	Company	\$ 6,908	\$ 7,710	NS-PGL Ex. JH 3.3P Corrected
5	Staff	6,628	7,236	NS-PGL Ex. JH 3.3P Corrected
6	Reduction in Cushion Gas	\$ 280	\$ 474	Line 4 - line 5
7	Average reduction	\$ 140		Line 6/2
8	Composite Rate	2.50%		Co. revised response to DLH 4.06
9		4		Line 7 x line 8
10	Average reduction for 2010 Expenditures		\$ 237	Line 6/2
11	CY 2009 Reduction		280	NS-PGL Ex. JH 3.3P Corrected
12	Total Reduction for Calculating Depreciation		517	Line 10 + line 11
13	Composite rate		2.50%	Co. revised response to DLH 4.06
14	CY 2010 Depreciation Expense		13	Line 12 x line 13
15	Accumulated Depreciation Reserve at 12/31/10		17	Col. (b), line 9 + line 14
16	Average Reserve		\$ 9	Line 15 /2
17	Change in Tax Basis-2009 Vintage	\$ (280)	\$ (280)	Col. (b),line 5
18	Accelerated rate	5.00%	9.50%	NS-PGL Ex. JH 2.3P
19	CY 2009/2010 Tax Depreciation	(14)	(27)	Line 17 x line 18
20	Change in Tax Basis-2010 Vintage		\$ (474)	Line 5
21	Accelerated rate		5.00%	NS-PGL Ex. JH 2.3P
22	CY 2010 Tax Depreciation		(24)	Line 20 x line 21
23	Total 2010 Tax Depreciation		(51)	Line 19 + line 22
24				
25	Timing Difference	\$ (10)	\$ (38)	1
26	Deferred Tax impact * 0.39745	(4)	(15)	Line 25 x .39745
27	State @ 0.04745	-	(2)	Line 25 x .04745
28	Federal @ .35	\$ (4)	\$ (13)	Line 25 x .35
29	Monthly Federal Provision		\$ (1)	Line 28 / 12
30	Amount Total Deferred Taxes disallowed	\$ (4)	\$ (19)	Line 26
31	Impact of Prorating Federal deferred Taxes	-	6	Appendix A, page 19
32	Accumulated Deferred Taxes with prorating	\$ (4)	\$ (13)	Line 30 + line 31
33	Average Accumulated Deferred Income Taxes-Non Recoverable Cushion Gas		\$ (10)	2

Source:

- 1 Column (b), line 25= Col. (b), line 9 + line 19/Col. (c), line 25= Col. (c), line 14 + line 23
- 2 (Col. (b), line 26 + col. (c), line 27 + col. (c), line 32) /2

The Peoples Gas Light and Coke Company
Adjustment to Utility Plant in Service-Non-Recoverable Cushion Gas
For the Test Year Ending December 31, 2010

Line No.	Description (a)	Days (b)	Ratio (c)	Per Books (d)	Prorated (e)
1	ADIT Balance at 12/31/09			\$ -	\$ -
2	January		100.00%	(1)	(1)
3	January	335	95.4%	(1)	(1)
4	February	307	87.5%	(1)	(1)
5	March	276	78.6%	(1)	(1)
6	April	246	70.1%	(1)	(1)
7	May	215	61.3%	(1)	(1)
8	June	185	52.7%	(1)	(1)
9	July	154	43.9%	(1)	-
10	August	123	35.0%	(1)	-
11	September	93	26.5%	(1)	-
12	October	62	17.7%	(1)	-
13	November	32	9.1%	(1)	-
14	December	1	0.3%	(1)	-
15	Totals			<u>\$ (13)</u>	<u>\$ (7)</u>
16	Impact of Proration				<u><u>\$ 6</u></u>

Note 1: Number of days 351

Source:

Percentages in column (c): PGL Ex. JH 2.3P
Columns (d) and (e), line 2: Appendix A, p. 18, line 29/2
Column (d), lines 4-14: Appendix A, p. 18, line 29

The Peoples Gas, Light and Coke Company
 Adjustment For Amortization of Merger Costs
 For the Test Year Ending December 31, 2010
 (In Thousands)

Line No.	Description	Amount	Source
(a)	(b)	(c)	(d)
<u>Operating Statement Adjustment:</u>			
1	Merger Costs To Achieve recovered through rates effective with prior rate case, Docket Nos. 07-0241/-0242 (Cons.) and the instant proceeding, Docket Nos. 09-0166/-0167 (Cons.)	(\$17,399)	Appendix A, page 21, line 11, column (c)
2	Merger Costs To Achieve incurred through July 2009 and projected to be incurred through December 2009 per Company	17,090	Appendix A, page 22, line 5
3	Difference -- Recoveries in excess of projected Costs To Achieve	(\$309)	Line 1 plus line 2
4	Projected number of years current rates are expected to remain in effect	3	Company WP C-2.1.1, amortization of rate case expense
5	Adjustment to reduce test year amortization of merger costs	<u>(\$103)</u>	Line 3 divided by line 4

The Peoples Gas, Light and Coke Company
Recovery of Merger Costs in Rates

Line No.	Merger Cost Recovery Period	Staff Calculated CTA Recoveries (ICC Staff Ex. 2.0, Schedule 2.3, p. 2)	Source of Staff Calculation
(a)	(b)	(c)	(d)
1	<u>2008 (2/14/08 through 12/31/08, Docket Nos. 07-0241/-0242)</u>	\$5,443,808	Schedule C-26, page 3 of 3, line 4.
2	<u>2009 (1/01/09 through 12/31/09)</u>	6,190,000	Schedule C-26, page 3 of 3, line 3.
	<u>2010 (Docket 09-0166/-0167 (Cons.))</u>		
3	Docket 07-0241/-0242 (Cons.)	407,014	Note 1.
4	Docket 09-0166/-0167 (Cons.)	1,668,564	Note 2.
5	Docket 09-0166/-0167 (Cons.) Ratemaking Adjustment per WPC-2.12		
6	Docket 09-0166/-0167 (Cons.) Ratemaking Adjustment per WPC-2.12		
7	Subtotal for 2010	2,075,578	Lines 3 and 4
8	<u>2011 (Docket 09-0166/-0167 (Cons.))</u>	1,786,000	Notes 3 and 4.
9	<u>2012 (Docket 09-0166/-0167 (Cons.))</u>	1,786,000	Notes 3 and 4.
10	<u>2013 (Docket 09-0166/-0167 (Cons.))</u>	117,436	Notes 3 and 5.
11	Total recovery of merger costs through 2012 (with Company adjustments proposed in Docket Nos. 09-0166/-0167)	<u>\$17,398,822</u>	Sum of lines 1, 2, and 7 through 10

Notes

- Docket Nos. 09-0166/-0167, Schedules C-2.12, Adjustment of Test Year 2010 CTA allowed in docket No. 06-0540, cacluated as: \$6,190,000 / 365 * 24 days (Jan. 1 - Jan. 24, 2010)
- Docket Nos. 09-0166/-0167, Schedules C-2.12, Adjustment of Test Year 2010 CTA allowed in docket No. 06-0540, cacluated as: \$1,786,000 / 365 * 341 days (Jan. 25 - Dec. 31, 2010)
- Assumes rates in the instant proceeding remain in effect for 3 years, given 3 year amortization of rate case expense proposed by the Companies (WP C-2.1.1)
- | | | |
|---|--------------------|-------------------------------------|
| Approved Merger Costs to Achieve | \$6,190,000 | Schedule C-26, page 3 of 3, Note 3. |
| Company adjustment to reconcile approved to expected costs | <u>(208,000)</u> | Schedule C-26, page 3 of 3, Note 3. |
| Recoverable balance at 12/31/09 per Company | 5,982,000 | Schedule C-26, page 3 of 3, line 2. |
| Less: Company Ratemaking Adjustment No. 12 | <u>(4,196,000)</u> | Schedule C-2.12, line 8 |
| Adjusted Allocated Merger Costs Reflected in Test Year 2010 | <u>\$1,786,000</u> | Account 930.2, Schedule C-21 |
- Docket Nos. 09-0166/-0167, Schedules C-2.12, Adjustment of Test Year 2010 CTA allowed in docket No. 06-0540, cacluated as: \$1,786,000 / 365 * 24 days (Jan. 1 - Jan. 24, 2013).

The Peoples Gas, Light and Coke Company
 Merger Costs to Achieve

Line No.	Period When Merger Costs Were Incurred/Are Expected To Be Incurred	Merger CTA	Source
(a)	(b)	(c)	(d)
1	Actual merger costs incurred during 2007	\$12,814,597	Notes 1 and 2.
2	Actual merger costs incurred during 2008	3,291,119	Notes 1 and 2.
3	Actual merger costs incurred January through July 2009	393,520	Notes 1 and 2.
4	Projected merger costs to be incurred August through December 2009	<u>591,049</u>	Notes 1 and 2.
5	Total Recoverable Merger Costs per Company	<u>\$17,090,285</u>	Sum of lines 1 through 6

Notes

- Per response to ICC Staff data request BAP-1.02, the only category in which the Companies exceeded the cost caps as determined in Merger Docket No. 06-0540 was the D&O Liability Tail Coverage, Regulatory Process, Facilities Integration, Internal/ External Communication Costs and Intergration Costs. Accordingly, these amounts in excess of the caps are not included in the above amounts for the years 2008 and 2009.
- Impact of revised 2009 forecast using actual CTA for January - July and revised Company forecast for August - December, as reflected on NS-PGL Ex. SM-3.8 N and P.