

North Shore Gas Company

Jurisdictional Operating Income Summary

For the Test Year Ending December 31, 2012

Line No.	I.C.C. Acc. No.	Description	Forecast Under Present Rates (Schedule C-4) [C]	Rate Making Adjustments (Schedule C-2, p3) [D]	As Adjusted Under Present Rates [E] = [C + D]	Requested Rate Increase [F]	As Adjusted Under Proposed Rates [G]	
	[A]	[B]						
1	480-481, 489	Base Rate Revenues exclude Base Rate adjustments	\$ 74,719,000	\$ -	\$ 74,719,000	\$ 8,594,000	\$ 83,313,000	1
2	480-481, 489	Uncollectible Expense Adjustment Revenues	\$ (86,000)	\$ 86,000	\$ -		\$ -	2
3	480-481, 489	Volume Balancing Adjustment Revenues	\$ (473,000)	\$ 473,000	\$ -		\$ -	3
4	480-481, 489	Franchise Cost Adjustment Revenues	\$ 1,264,000	\$ (1,264,000)	\$ -		\$ -	4
5		Base Rate Revenues	\$ 75,424,000	\$ (705,000)	\$ 74,719,000	\$ 8,594,000	\$ 83,313,000	5
6	480-481, 489	PGA Revenues	\$ 148,869,000	\$ (148,869,000)	\$ -		\$ -	6
7	480-481, 489	Coaltar Revenues	\$ 13,805,000	\$ (13,805,000)	\$ -		\$ -	7
8	480-481, 489	Enhanced Energy Program Revenues	\$ 1,116,000	\$ (1,116,000)	\$ -		\$ -	8
9		Pass Through Service Revenues	\$ 163,790,000	\$ (163,790,000)	\$ -	\$ -	\$ -	9
10	495	Other Revenues	\$ 1,394,000	\$ 156,000	\$ 1,550,000	\$ 134,000	\$ 1,684,000	10
11	480-495	Operating Revenues (Lines 5 + 9 + 10)	\$ 240,608,000	\$ (164,339,000)	\$ 76,269,000	\$ 8,728,000	\$ 84,997,000	11
12		Operating Expenses						12
13	401	Cost of Gas	\$ 148,869,000	\$ (148,869,000)	\$ -		\$ -	13
14		Other Operation and Maintenance:						14
15	401 & 402	Other Production	\$ 273,000	\$ -	\$ 273,000		\$ 273,000	15
16	401 & 402	Storage	\$ -	\$ -	\$ -		\$ -	16
17	401 & 402	Transmission	\$ 180,000	\$ -	\$ 180,000		\$ 180,000	17
18	401 & 402	Distribution	\$ 11,886,000	\$ -	\$ 11,886,000		\$ 11,886,000	18
19	401	Customer Accounts -Uncollectible Expense	\$ 1,675,000	\$ -	\$ 1,675,000	\$ 61,000	\$ 1,736,000	19
20	401	Customer Accounts -Other	\$ 5,567,000	\$ 107,000	\$ 5,674,000		\$ 5,674,000	20
21	401	Customer Services and Informational Services	\$ 549,000	\$ -	\$ 549,000		\$ 549,000	21
22	401	Sales	\$ -	\$ -	\$ -		\$ -	22
23	401 & 402	Administrative and General	\$ 42,635,000	\$ (14,988,000)	\$ 27,647,000		\$ 27,647,000	23
24		Total Other Operation and Maintenance	\$ 62,765,000	\$ (14,881,000)	\$ 47,884,000	\$ 61,000	\$ 47,945,000	24
25	403	Depreciation	\$ 10,102,000	\$ -	\$ 10,102,000		\$ 10,102,000	25
26	404	Amortization	\$ -	\$ -	\$ -		\$ -	26
27	408.1	Taxes Other than Income	\$ 3,308,000	\$ 42,000	\$ 3,350,000		\$ 3,350,000	27
28		Income Taxes						28
29	409.1	Federal Income Taxes - Current	\$ 3,248,000	\$ 8,000	\$ 3,256,000	\$ 2,812,000	\$ 6,068,000	29
30	409.1	State Income Taxes - Current	\$ 584,000	\$ 1,000	\$ 585,000	\$ 633,000	\$ 1,218,000	30
31	410.1 & 411.1	Deferred Income Taxes	\$ 381,000	\$ (370,000)	\$ 11,000		\$ 11,000	31
32	411.4	Investment Tax Credit	\$ 6,000	\$ -	\$ 6,000		\$ 6,000	32
33		Total Operating Expenses	\$ 229,263,000	\$ (164,069,000)	\$ 65,194,000	\$ 3,506,000	\$ 68,700,000	33
34		Jurisdictional Operating Income (Loss)	\$ 11,345,000	\$ (270,000)	\$ 11,075,000	\$ 5,222,000	\$ 16,297,000	34

North Shore Gas Company

Summary of Proposed Adjustments to Operating Income  
For the Test Year Ending December 31, 2012

Line No.	I.C.C. Acc. No.	Description	Adjust Non-Base Rate Charges PGA and Coaltar (Schedule C-2.1)	Adjust Non-Base Rate Charges Enhanced Energy Program (Schedule C-2.2)	Adjust Non-Base Rate Charges Uncollectible Exp Adjustment (Schedule C-2.3)		Adjust Non-Base Rate Charges Volume Balancing Adjustment (Schedule C-2.4)	Adjust Non-Base Rate Charges Franchise Cost Adjustment (Schedule C-2.5)	Adjust to reflect amortization of proposed 2012 rate case expenses (Schedule C-2.6)	Adjust amortization rate case expenses Docket #07-0241/0242 (consol) (Schedule C-2.7)	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues exclude Base Rate adjustments			-	-	-	-	-	-	-
2	480-481, 489	Uncollectible Expense Adjustment Revenues			86,000						86,000
3	480-481, 489	Volume Balancing Adjustment Revenues					473,000				473,000
4	480-481, 489	Franchise Cost Adjustment Revenues						(1,264,000)			(1,264,000)
5		Base Rate Revenues	-	-	86,000	-	473,000	(1,264,000)	-	-	(705,000)
6	480-481, 489	PGA Revenues	(148,869,000)								(148,869,000)
7	480-481, 489	Coaltar Revenues	(13,805,000)								(13,805,000)
8	480-481, 489	Enhanced Energy Program Revenues		(1,116,000)							(1,116,000)
9		Pass Through Service Revenues	(162,674,000)	(1,116,000)	-	-	-	-	-	-	(163,790,000)
10	487,488,495	Other Revenues	-	-	-	-	156,000	-	-	-	156,000
11	400	Operating Revenues (Lines 5 + 9 +10)	(162,674,000)	(1,116,000)	86,000	-	629,000	(1,264,000)	-	-	(164,339,000)
12		Operating Expenses									-
13	401	Cost of Gas	(148,869,000)								(148,869,000)
14	401 & 402	Other Operation and Maintenance									-
15	401 & 402	Other Production									-
16	401 & 402	Storage									-
17	401 & 402	Transmission									-
18	401 & 402	Distribution									-
19	401	Customer Accounts -Uncollectible Account									-
20	401	Customer Accounts-Other			107,000						107,000
21	401	Customer Service and Informational Services									-
22	401	Sales									-
23	401 & 402	Administrative and General	(13,805,000)	(1,116,000)	-	-	-	(1,114,000)	1,361,000	(191,000)	(14,865,000)
24		Total Other Operations and Maintenance	(13,805,000)	(1,116,000)	107,000	-	-	(1,114,000)	1,361,000	(191,000)	(14,758,000)
25	403	Depreciation	-	-	-	-	-	-	-	-	-
26	404	Amortization	-	-	-	-	-	-	-	-	-
27	408.1	Taxes Other than Income	-	-	-	-	-	-	-	-	-
28		Income Taxes									-
29	409.1	Federal Income Taxes - Current	-	-	(7,000)	-	204,000	(49,000)	-	-	148,000
30	409.1	State Income Taxes - Current	-	-	(2,000)	-	46,000	(11,000)	-	-	33,000
31	410.1 & 411.1	Deferred Income Taxes							(541,000)	76,000	(465,000)
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	(162,674,000)	(1,116,000)	98,000	-	250,000	(1,174,000)	820,000	(115,000)	(163,911,000)
34		Net Operating Income	\$ -	\$ -	\$ (12,000)	\$ -	\$ 379,000	\$ (90,000)	\$ (820,000)	\$ 115,000	\$ (428,000)

North Shore Gas Company

Summary of Proposed Adjustments to Operating Income  
For the Test Year Ending December 31, 2012

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Adjust amortization rate case expenses Docket #09-0166/0167 (consol) (Schedule C-2.8)	Adjust for effect of interest on customer deposits (Schedule C-2.9)	Adjust for effect of interest on budget plan accounts (Schedule C-2.10)	Adjust for charitable contributions (Schedule C-2.11)	Adjust amortization of unamortized CTA merger costs (Schedule C-2.12)	Adjust income taxes to eliminate effect of items not included in revenue requirement (Schedule C-2.13)	-	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues exclude Base Rate adjustm	-	-	-	-	-	-	-	-	-
2	480-481, 489	Uncollectible Expense Adjustment Revenues	86,000								86,000
3	480-481, 489	Volume Balancing Adjustment Revenues	473,000								473,000
4	480-481, 489	Franchise Cost Adjustment Revenues	(1,264,000)								(1,264,000)
5		Base Rate Revenues	(705,000)	-	-	-	-	-	-	-	(705,000)
6	480-481, 489	PGA Revenues	(148,869,000)								(148,869,000)
7	480-481, 489	Coaltar Revenues	(13,805,000)								(13,805,000)
8	480-481, 489	Enhanced Energy Program Revenues	(1,116,000)								(1,116,000)
9		Pass Through Service Revenues	(163,790,000)	-	-	-	-	-	-	-	(163,790,000)
10	487,488,495	Other Revenues	156,000								156,000
11	400	Operating Revenues (Lines 5 + 9 +10)	(164,339,000)	-	-	-	-	-	-	-	(164,339,000)
12		Operating Expenses	-								-
13	401	Cost of Gas	(148,869,000)								(148,869,000)
14	401 & 402	Other Operation and Maintenance	-								-
15	401 & 402	Other Production	-								-
16	401 & 402	Storage	-								-
17	401 & 402	Transmission	-								-
18	401 & 402	Distribution	-					-			-
19	401	Customer Accounts -Uncollectible Expense	-								-
20	401	Customer Accounts -Other	107,000								107,000
21	401	Customer Service and Informational Services	-								-
22	401	Sales	-								-
23	401 & 402	Administrative and General	(14,865,000)	(258,000)	52,000	64,000	125,000	(106,000)	-	-	(14,988,000)
24		Total Other Operations and Maintenance	(14,758,000)	(258,000)	52,000	64,000	125,000	(106,000)	-	-	(14,881,000)
25	403	Depreciation	-	-							-
26	404	Amortization	-								-
27	408.1	Taxes Other than Income	-								-
28		Income Taxes	-								-
29	409.1	Federal Income Taxes - Current	148,000	-	(17,000)	(21,000)	-		81,000	-	191,000
30	409.1	State Income Taxes - Current	33,000	-	(4,000)	(5,000)	-		18,000	-	42,000
31	410.1 & 411.1	Deferred Income Taxes	(465,000)	103,000			(50,000)	42,000			(370,000)
32	411.4	Investment Tax Credit	-	-							-
33		Total Operating Expenses	(163,911,000)	(155,000)	31,000	38,000	75,000	(64,000)	99,000	-	(163,887,000)
34		Net Operating Income	\$ (428,000)	\$ 155,000	\$ (31,000)	\$ (38,000)	\$ (75,000)	\$ 64,000	\$ (99,000)	\$ -	\$ (452,000)

North Shore Gas Company

Summary of Proposed Adjustments to Operating Income  
For the Test Year Ending December 31, 2012

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	[D]	[E]	[F]	[G]	[H]	Invested Capital Tax Adjustment (Schedule C-2.14)	Interest Synchronization Adjustment (Schedule C-2.15)	Total Operating Statement Adjustments
	[A]	[B]	[C]						[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues exclude Base Rate adjustr	-								-
2	480-481, 489	Uncollectibe Expense Adjustment Revenues	86,000								86,000
3	480-481, 489	Volume Balancing Adjustment Revenues	473,000								473,000
4	480-481, 489	Franchise Cost Adjustment Revenues	(1,264,000)								(1,264,000)
5		Base Rate Revenues	(705,000)	-	-	-	-	-	-	-	(705,000)
6	480-481, 489	PGA Revenues	(148,869,000)								(148,869,000)
7	480-481, 489	Coaltar Revenues	(13,805,000)								(13,805,000)
8	480-481, 489	Enhanced Energy Program Revenues	(1,116,000)								(1,116,000)
9		Pass Through Service Revenues	(163,790,000)	-	-	-	-	-	-	-	(163,790,000)
10	487,488,495	Other Revenues	156,000								156,000
11	400	Operating Revenues (Lines 5 + 9 +10)	(164,339,000)	-	-	-	-	-	-	-	(164,339,000)
12		Operating Expenses	-								-
13	401	Cost of Gas	(148,869,000)								(148,869,000)
14	401 & 402	Other Operation and Maintenance	-								-
15	401 & 402	Other Production	-								-
16	401 & 402	Storage	-								-
17	401 & 402	Transmission	-								-
18	401 & 402	Distribution	-			-				-	-
19	401	Customer Accounts-Uncollectible Accounts	-			-					-
20	401	Customer Accounts-Other	107,000			-					107,000
21	401	Customer Service and Informational Services	-								-
22	401	Sales	-								-
23	401 & 402	Administrative and General	(14,988,000)	-	-	-	-	-	-	-	(14,988,000)
24		Total Other Operations and Maintenance	(14,881,000)	-	-	-	-	-	-	-	(14,881,000)
25	403	Depreciation	-	-	-	-	-	-	-	-	-
26	404	Amortization	-								-
27	408.1	Taxes Other than Income	-						42,000	-	42,000
28		Income Taxes	-								-
29	409.1	Federal Income Taxes - Current	191,000		-	-	-	-	(14,000)	(169,000)	8,000
30	409.1	State Income Taxes - Current	42,000		-	-	-	-	(3,000)	(38,000)	1,000
31	410.1 & 411.1	Deferred Income Taxes	(370,000)			-					(370,000)
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	(163,887,000)	-	-	-	-	-	25,000	(207,000)	(164,069,000)
34		Net Operating Income	\$ (452,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,000)	\$ 207,000	\$ (270,000)

North Shore Gas Company

Adjustment No. 1  
Test Year Ending December 31, 2012

<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. 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 REVENUES				7	
8	ICC 480-481,489	Sales of Gas-Residential, Commercial & Industrial, Transportation			8	
9	ICC 480-481,489	Rider 2 Purchased Gas Charges	\$ (148,869,000)		9	
10	ICC 480-481,489	Rider 11 Environmental Activity Charges	<u>(13,805,000)</u>	\$ (162,674,000)	10	
11	OPERATING EXPENSES				11	
12	ICC 804	Natural Gas City Gate Purchases	(\$150,691,000)		12	
13	ICC 808.1	Gas withdrawn from storage-Debit	(61,276,000)		13	
14	ICC 808.2	Gas delivered to storage-Credit	61,276,000		14	
15	ICC 810	Gas used for compressor station fuel-credit	708,000		15	
16	ICC 930.2	Administrative & General -Miscellaneous	1,114,000		16	
17		General Expenses	<u>(13,805,000)</u>	<u>(162,674,000)</u>	17	
18	Subtotal Operating Revenues less Expenses before Income Taxes				-	18
19	ICC 409.1-Income Taxes	State	7.30%	-	19	
20	ICC 409.1-Income Taxes	Federal	35.00%	<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. 2  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust Non-Base Rate Rider EEP -Enhanced Efficiency Program Charges	1
2	from revenue requirement	2
3	Schedule C-2, Adjustment No. 2	3
4	Supporting Work Paper Reference WPC-2.2	4
5	Purpose and Description:	5
6	See testimony of S. Moy regarding Adjustment No. 2	6
7	Summary Calculations:	7
8	OPERATING REVENUES	8
9	ICC 480-481,489 Sales of Gas-Residential, Commercial & Industrial, Transportation (\$1,116,000)	9
10	OPERATING EXPENSES	10
11	ICC 930.2 Administrative & General -Miscellaneous (\$1,116,000)	11
12	General Expenses	12
13	Subtotal Operating Revenues less Expenses before Income Taxes <span style="float: right;">_____</span>	13
14	ICC 409.1-Income Taxes State 7.30% <span style="float: right;">-</span>	14
15	ICC 409.1-Income Taxes Federal 35.00% <span style="float: right;">_____</span>	15
16	Total after Income taxes <span style="float: right;">_____</span>	16
17	EFFECT ON OPERATING INCOME <span style="float: right;">_____</span>	17

North Shore Gas Company  
Adjustment No. 3  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust Non-Base Rate Rider UEA -Uncollectibles Expense Adjustment	1	
2	from revenue requirement	2	
3	Schedule C-2, Adjustment No. 3	3	
4	Supporting Work Paper Reference WPC-2.3	4	
5	Purpose and Description:	5	
6	See testimony of S. Moy regarding Adjustment No. 3	6	
7	Summary Calculations:	7	
8	OPERATING REVENUES	8	
9	ICC 480-481,489 Sales of Gas-Residential, Commercial & Industrial, Transportation	\$86,000	9
10	OPERATING EXPENSES		10
11	ICC 905 Miscellaneous customer accounts expenses	107,000	11
12	Subtotal Operating Revenues less Expenses before Income Taxes	<u>(21,000)</u>	12
13	ICC 409.1-Income Taxes State 7.30%	2,000	13
14	ICC 409.1-Income Taxes Federal 35.00%	<u>7,000</u>	14
15	Total Income taxes	<u>9,000</u>	15
16	EFFECT ON OPERATING INCOME	<u><u>(12,000)</u></u>	16

North Shore Gas Company

Adjustment No. 4

Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust Non-Base Rate Rider VBA -Volume Balancing Adjustment	1	
2	from revenue requirement	2	
3	Schedule C-2, Adjustment No. 4	3	
4	Supporting Work Paper Reference WPC-2.4	4	
5	Purpose and Description:	5	
6	See testimony of S. Moy regarding Adjustment No. 4	6	
7	Summary Calculations:	7	
8	OPERATING REVENUES	8	
9	ICC 480-481,489 Sales of Gas-Residential, Commercial & Industrial, Transportation	\$473,000	9
10	ICC 495 Other Gas Revenues	156,000	10
11	Total Operating Revenues	<u>\$629,000</u>	11
12	ICC 409.1-Income Taxes State 7.30%	(46,000)	12
13	ICC 409.1-Income Taxes Federal 35.00%	<u>(204,000)</u>	13
14	Total Income taxes	<u>(250,000)</u>	14
15	Total after income taxes	<u>379,000</u>	15
16	EFFECT ON OPERATING INCOME	<u><u>379,000</u></u>	16

North Shore Gas Company  
Adjustment No. 5  
Test Year Ending December 31, 2012

<u>Line No.</u>				<u>Line No.</u>
1	Title of Adjustment:	Adjust Non-Base Rate Rider FCA - Franchise Cost Adjustment		1
2		from revenue requirement		2
3	Schedule C-2, Adjustment No. 5			3
4	Supporting Work Paper Reference	WPC-2.5		4
5	Purpose and Description:			5
6		See testimony of S. Moy regarding Adjustment No. 5		6
7	Summary Calculations:			7
8	OPERATING REVENUES			8
9	ICC 480-481,489	Sales of Gas-Residential, Commercial & Industrial, Transportation	(\$1,264,000)	9
10	OPERATING EXPENSES			10
11	ICC 927	Administrative & General -Franchise Requirements	(\$1,114,000)	11
12	Subtotal Operating Revenues less Expenses before Income Taxes		<u>(150,000)</u>	12
13	ICC 409.1-Income Taxes	State 7.30%	11,000	13
14	ICC 409.1-Income Taxes	Federal 35.00%	<u>49,000</u>	14
15	Total Income taxes		<u>60,000</u>	15
16	Total after Income taxes		<u>(90,000)</u>	16
17	EFFECT ON OPERATING INCOME		<u><u>(90,000)</u></u>	17

North Shore Gas Company

Adjustment No. 6  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>	
1	Title of Adjustment: Adjust to reflect amortization of proposed 2012 rate case expenses	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 928 Administrative & General -Regulatory Commision Expenses	\$1,361,000	8
9	Total Normalized Income Taxes - State 7.30%	(\$99,000)	9
10	- Federal 35.00%	<u>(442,000)</u>	10
11	Total	<u><u>(541,000)</u></u>	11
12	ICC 409.1 -Current - State	-	12
13	- Federal	-	13
14	ICC 410.1-Deferred	<u>(541,000)</u>	14
15	Total Operating Expenses	<u>820,000</u>	15
16	EFFECT ON OPERATING INCOME	<u><u>(\$820,000)</u></u>	16

North Shore Gas Company

Adjustment No. 7  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust amortization of rate case expenses from Docket #07-0241/0242 (cons.) in test year 2012	1
2	Schedule C-2, Adjustment No. 7	2
3	Supporting Work Paper Reference WPC-2.7	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 7	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 928 Administrative & General -Regulatory Commision Expenses (\$191,000)	8
9	Total Normalized Income Taxes - State 7.30% \$14,000	9
10		10
11	- Federal 35.00% \$62,000	11
12	Total <u>\$76,000</u>	12
13	ICC 409.1 -Current - State -	13
14	- Federal -	14
15	ICC 410.1-Deferred <u>76,000</u>	15
16	Total Operating Expenses <u>(\$115,000)</u>	16
17	EFFECT ON OPERATING INCOME <u>\$115,000</u>	17

North Shore Gas Company

Adjustment No. 8  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust amortization of rate case expenses from Docket #09-0166/0167 (cons.) in test year 2012	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 928 Administrative & General -Regulatory Commision Expenses (\$258,000)	8
9	Total Normalized Income Taxes - State 7.30% \$19,000	9
10	- Federal 35.00% \$84,000	9
11	Total <u>\$103,000</u>	11
12	ICC 409.1 -Current - State -	12
	- Federal -	
13	ICC 410.1-Deferred <u>\$103,000</u>	13
14	Total Operating Expenses <u>(\$155,000)</u>	14
15	EFFECT ON OPERATING INCOME <u>\$155,000</u>	15

North Shore Gas Company  
Adjustment No. 9  
Test Year Ending December 31, 2012

<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. 9	2
3	Supporting Work Paper Reference WPC-2.9	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 9	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 930.20 Administrative & General -Miscellaneous General Expenses \$52,000	8
9	ICC 409.1-Income Taxes State 7.30% (4,000)	9
10	ICC 409.1-Income Taxes Federal 35.00% <u>(17,000)</u>	10
11	Total Operating Expenses <u>31,000</u>	11
12	EFFECT ON OPERATING INCOME <u><u>(\$31,000)</u></u>	12





North Shore Gas Company

Adjustment No. 12  
Test Year Ending December 31, 2012

<u>Line No.</u>		<u>Line No.</u>
1	Title of Adjustment: Adjust Amortization of Cost to Achieve from Docket #09-0166/0167 (cons.) in test year 2012	1
2	Schedule C-2, Adjustment No. 12	2
3	Supporting Work Paper Reference WPC-2.12	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 12	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 930.20 Administrative & General -Miscellaneous General Expenses	(\$106,000) 8
9	Total Normalized Income Taxes - State 7.30%	\$8,000 9
10	- Federal 35.00%	<u>\$34,000</u> 10
11	Total	<u><u>42,000</u></u> 11
12	ICC 409.1 -Current - State	- 12
13	- Federal	- 13
14	ICC 410.1-Deferred - Federal	<u>42,000</u> 14
15	Total Operating Expenses	<u>(64,000)</u> 15
16	EFFECT ON OPERATING INCOME	<u><u>\$64,000</u></u> 16



North Shore Gas Company

Adjustment No. 14  
Test Year Ending December 31, 2012

<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. 14	2	
3	Supporting Work Paper Reference WPC-2.14	3	
4	Purpose and Description:	4	
5	See testimony of S. Moy regarding Adjustment No. 14	5	
6	Summary Calculations:	6	
7	OPERATING EXPENSES	7	
8	ICC 408.1 Taxes Other Than Income Taxes	\$42,000	8
9	ICC 409.1-Income Taxes - State 7.30%	(3,000)	9
10	ICC 409.1-Income Taxes - Federal 35.00%	<u>(14,000)</u>	10
11	Total Operating Expenses	<u>25,000</u>	11
12	EFFECT ON OPERATING INCOME	<u><u>(\$25,000)</u></u>	12

North Shore Gas Company

Adjustment No. 15  
Test Year Ending December 31, 2012

<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. 15	2
3	Supporting Work Paper Reference                      WPC-2.15	3
4	Purpose and Description:	4
5	See testimony of S. Moy regarding Adjustment No. 15	5
6	Summary Calculations:	6
7	OPERATING EXPENSES	7
8	ICC 409.1-Income Taxes      - State      (522,000) x      7.30%      (\$38,000)	8
9	ICC 409.1-Income Taxes      - Federal      (484,000) x      35.00% <u>(169,000)</u>	9
10	Total Operating Expenses	<u>(207,000)</u> 10
11	EFFECT ON OPERATING INCOME	<u><u>\$207,000</u></u> 11

North Shore Gas Company

Sales Statistics by Customer Classification (All Volume in Therms)

Line No.	Description	Test Year Ending December 31, 2012		Historical Year Ended December 31, 2009		Historical Year Ended December 31, 2008		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	\$182,444,000	175,473,000	\$176,528,000	194,191,000	\$246,748,000	205,546,000	\$224,452,000	193,328,000	2
3	Commercial	29,598,000	31,449,000	28,513,000	33,074,000	42,103,000	36,988,000	38,389,000	34,631,000	3
4	Industrial	5,580,000	6,382,000	5,490,000	6,850,000	7,850,000	7,401,000	7,373,000	7,100,000	4
5	Transportation by customer class									5
6	Residential	\$6,113,000	15,571,000	\$4,271,000	14,644,000	\$3,252,000	12,388,000	2,184,000	9,858,000	6
7	Commercial	10,390,000	72,335,000	6,363,000	73,811,000	6,167,000	74,527,000	6,864,000	71,276,000	7
8	Industrial	3,770,000	47,591,000	2,272,000	46,399,000	2,388,000	50,313,000	2,714,000	48,098,000	8
9	Contract	1,314,000		1,839,000		2,859,000		2,333,000		9
10	Total Sales and Transportation	<u>\$239,209,000</u>	<u>348,801,000</u>	<u>\$225,276,000</u>	<u>368,969,000</u>	<u>\$311,367,000</u>	<u>387,163,000</u>	<u>\$284,309,000</u>	<u>364,291,000</u>	10
11	Other Revenues									11
12	Forfeited Discounts	\$ 646,000		\$ 946,000		\$ 1,043,000		\$ 912,000		12
13	Misc Service Revenues	550,000		505,000		490,000		428,000		13
14	Other Revenues	203,000		1,483,000		(30,000)		134,000		14
15	Sub-Total	<u>\$ 1,399,000</u>		<u>\$ 2,934,000</u>		<u>\$ 1,503,000</u>		<u>\$ 1,474,000</u>		15
16	Total Revenues	<u>\$240,608,000</u>		<u>\$228,210,000</u>		<u>\$312,870,000</u>		<u>\$285,783,000</u>		16

Note: All revenues and volumes are subject to the jurisdiction of the Commission.  
Sales and transportation revenues by customer class do not include charges for the Rider 1; additional charges for taxes and customer charge adjustments.

North Shore Gas Company

Comparative Operating Income Statements for  
Prior Years and the Test Year

Line No.	Account Number [A]	Account [B]	Test Year Ending December 31, 2012 [C]	Forecasted Year Ending December 31, 2011 (1) [D]	Forecasted Year Ending December 31, 2010 (2) [E]	Historical Year Ended December 31, 2009 [F]	Line No.
1	400	OPERATING REVENUES					1
2		Residential Sales	\$ 182,444,000	\$ 176,777,000	\$ 168,770,000	\$ 176,528,000	2
3		Commercial and Industrial Sales	35,178,000	33,358,000	30,506,000	34,003,000	3
4		Other Revenues	22,986,000	22,786,000	19,360,000	17,679,000	4
5		Total Operating Revenues	<u>\$ 240,608,000</u>	<u>\$ 232,921,000</u>	<u>\$ 218,636,000</u>	<u>\$ 228,210,000</u>	5
6		OPERATING EXPENSES					6
7	401	Cost of Gas (3)	148,869,000	142,247,000	133,638,000	157,949,000	7
8	401 and 402	Other Operation and Maintenance (3)	62,765,000	58,502,000	53,689,000	50,340,000	8
9	403	Depreciation	10,102,000	9,550,000	9,040,000	6,225,000	9
10	404.3	Amortization	-	-	-	-	10
11	408.1	Taxes Other than Income	3,308,000	2,948,000	2,935,000	3,081,000	11
12	409.1	Federal Income Taxes - Current	3,248,000	4,416,000	3,017,000	(3,320,000)	12
13	409.1	State Income Taxes - Current	584,000	505,000	690,000	(539,000)	13
14	410.1 and 411.1	Deferred Income Taxes	381,000	1,088,000	2,780,000	6,139,000	14
15	411.4	Investment Tax Credit	6,000	(37,000)	(52,000)	(36,000)	15
16		Total Operating Expenses	<u>\$ 229,263,000</u>	<u>\$ 219,219,000</u>	<u>\$ 205,737,000</u>	<u>\$ 219,839,000</u>	16
17		OPERATING INCOME	<u>\$ 11,345,000</u>	<u>\$ 13,702,000</u>	<u>\$ 12,899,000</u>	<u>\$ 8,371,000</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, 2012 [C]	Forecasted Year Ending December 31, 2011 (1) [D]	Forecasted Year Ending December 31, 2010 (2) [E]	Historical Year Ended December 31, 2009 [F]	Line No.
	[A]	[B]					
1		<b>Cost of Gas</b>					1
2	728	Liquefied Petroleum Gas	\$ -	\$ -	\$ 18,000	\$ 78,000	2
3	804	Natural Gas City Gate Purchases	150,691,000	143,991,000	134,781,000	160,917,000	3
4	808.1	Gas Withdrawn from Storage - Debit	61,276,000	58,810,000	54,788,000	58,867,000	4
5	808.2	Gas Delivered to Storage - Credit	(61,276,000)	(58,810,000)	(54,788,000)	(59,805,000)	5
6	810	Gas Used for Compressor Station Fuel - Credit	(708,000)	(683,000)	(755,000)	(1,150,000)	6
7	812	Gas Used for Other Utility Operations - Credit	(1,114,000)	(1,061,000)	(406,000)	(958,000)	7
8		Total Cost of Gas	\$ 148,869,000	\$ 142,247,000	\$ 133,638,000	\$ 157,949,000	8
9		<b>Production - Operation</b>					9
10	710	Operation Supervision and Engineering MGP	43,000	39,000	30,000	33,000	10
11	717	Liquefied Petroleum Gas Expenses	8,000	8,000	11,000	9,000	11
12	735	Miscellaneous Production Expenses - Manufactured Gas Production	72,000	75,000	71,000	80,000	12
13		Total Production - Operation	\$ 123,000	\$ 122,000	\$ 112,000	\$ 122,000	13
14		<b>Production - Maintenance</b>					14
15	740	Maintenance Supervision and Engineering Manufactured Gas Product	86,000	80,000	89,000	100,000	15
16	741	Maintenance of Structures and Improvements	17,000	28,000	22,000	29,000	16
17	742	Maintenance of Production Equipment Manufactured Gas Product	47,000	40,000	50,000	30,000	17
18		Total Production - Maintenance	\$ 150,000	\$ 148,000	\$ 161,000	\$ 159,000	18
19		<b>Transmission Expenses - Operation</b>					19
20	856	Mains Expense	180,000	590,000	408,000	93,000	20
21		Total Transmission Expenses - Operation	\$ 180,000	\$ 590,000	\$ 408,000	\$ 93,000	21
22		<b>Distribution Expenses - Operation</b>					22
23	870	Operation Supervision and Engineering	1,217,000	1,114,000	829,000	665,000	23
24	871	Distribution Load Dispatching	47,000	45,000	150,000	71,000	24
25	874	Mains and Services Expenses	1,500,000	1,457,000	1,519,000	1,626,000	25
26	878	Meter and House Regulator Expenses	1,340,000	1,296,000	1,540,000	1,788,000	26
27	879	Customer Installations Expenses	384,000	371,000	465,000	676,000	27
28	880	Other Expenses	4,415,000	4,332,000	3,656,000	2,375,000	28
29	881	Rents	6,000	6,000	5,000	10,000	29
30		Total Distribution Expenses - Operation	\$ 8,909,000	\$ 8,621,000	\$ 8,164,000	\$ 7,211,000	30

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, 2012	Forecasted Year Ending December 31, 2011 (1)	Forecasted Year Ending December 31, 2010 (2)	Historical Year Ended December 31, 2009	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1		<b>Distribution Expenses - Maintenance</b>					1
2	885	Maintenance Supervision and Engineering	\$ 404,000	\$ 384,000	\$ 1,124,000	\$ 1,155,000	2
3	886	Maintenance of Structures and Improvements	75,000	196,000	29,000	17,000	3
4	887	Maintenance of Mains	1,173,000	1,105,000	1,009,000	1,072,000	4
5	889	Maintenance of Measuring & Regulating Station Equipment - General	4,000	4,000	35,000	2,000	5
6	890	Measuring and Regulating Station Equipment - Industrial Distribution	-	-	-	6,000	6
7	891	Measuring and Regulating Station Equipment - City Gate - Distribution	28,000	27,000	65,000	98,000	7
8	892	Maintenance of Services	1,289,000	1,251,000	1,252,000	1,793,000	8
9	893	Maintenance of Meters and House Regulators	4,000	4,000	32,000	39,000	9
10		Total Distribution Expenses - Maintenance	\$ 2,977,000	\$ 2,971,000	\$ 3,546,000	\$ 4,182,000	10
11		<b>Customer Accounts Expense - Operation</b>					11
12	901	Customer Accounts Supervision	255,000	237,000	368,000	639,000	12
13	902	Meter Reading Expenses	510,000	490,000	520,000	569,000	13
14	903	Customer Records and Collection Expenses	4,110,000	4,009,000	3,857,000	4,539,000	14
15	904	Uncollectible Accounts	1,675,000	1,617,000	1,527,000	1,936,000	15
16	905	Miscellaneous Customer Accounts Expenses	692,000	704,000	1,835,000	701,000	16
17		Total Customer Accounts Expense - Operation	\$ 7,242,000	\$ 7,057,000	\$ 8,107,000	\$ 8,384,000	17
18		<b>Customer Service and Informational Services - Operation</b>					18
19	907	Customer Service Supervision	11,000	10,000	103,000	144,000	19
20	908	Customer Assistance Expenses	236,000	218,000	182,000	207,000	20
21	909	Informational and Instructional Advertising Expenses	302,000	297,000	255,000	257,000	21
22	910	Miscellaneous Customer Service and Informational Expenses	-	-	19,000	-	22
23		Total Customer Service and Informational Services - Operation	\$ 549,000	\$ 525,000	\$ 559,000	\$ 608,000	23
24		<b>Administrative and General Expenses - Operation</b>					24
25	920	Administrative and General Salaries	6,106,000	5,275,000	5,382,000	5,641,000	25
26	921	Office Supplies and Expenses	2,659,000	1,621,000	1,960,000	1,475,000	26
27	922	Administrative Expenses Transferred - Credit	-	(225,000)	(519,000)	-	27
28	923	Outside Services Employed	1,089,000	999,000	1,199,000	1,179,000	28
29	924	Property Insurance	31,000	33,000	35,000	34,000	29
30	925	Injuries and Damages	1,518,000	1,489,000	823,000	2,068,000	30
31	926	Employee Pensions and Benefits	8,409,000	7,686,000	7,935,000	7,091,000	31
32	927	Franchise Requirements	1,114,000	1,061,000	648,000	1,421,000	32
33	928	Regulatory Commission Expense	1,057,000	1,057,000	840,000	434,000	33
34	929	Duplicate Charges - Credit	-	-	(242,000)	(463,000)	34
35	930.1	General Advertising Expenses	52,000	51,000	46,000	12,000	35
36	930.2	Miscellaneous General Expenses	19,480,000	18,345,000	13,454,000	9,893,000	36
37	931	Rents	1,120,000	1,076,000	1,070,000	793,000	37
38		Total Administrative and General Expenses - Operation	\$ 42,635,000	\$ 38,468,000	\$ 32,631,000	\$ 29,578,000	38
39		<b>Administrative and General Expenses - Maintenance</b>					39
40	932	Maintenance of General Plant	-	-	1,000	3,000	40
41		Total Administrative and General Expenses - Maintenance	\$ -	\$ -	\$ 1,000	\$ 3,000	41
42		<b>Total Operation and Maintenance, Excluding Cost of Gas</b>	\$ 62,765,000	\$ 58,502,000	\$ 53,689,000	\$ 50,340,000	42
43		<b>Total Operation and Maintenance</b>	\$ 211,634,000	\$ 200,749,000	\$ 187,327,000	\$ 208,289,000	43

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, 2012 [B]	Line No.
1	<b>Computation of Taxes Based on Operating Income</b>		1
2	Operating Income - Schedule C-1	\$ 11,345,000	2
3	Add:		3
4	Interest Charges	(4,580,000)	4
5	Federal and State Income Taxes - Current	3,832,000	5
6	Deferred Income Taxes	381,000	6
7	Investment Tax Credit	6,000	7
8	Operating Income Before Taxes	<u>10,984,000</u>	8
9	Less Adjustments:		9
10	Permanent Tax Adjustments		10
11	Meals & Entertainment	(7,000)	11
12	ESOP	<u>75,000</u>	12
13	Total Permanent Adjustments	<u>68,000</u>	13
14	Taxable Operating Income	<u><u>10,916,000</u></u>	14
15	<u>Calculation of State Income Tax (SIT) for Operating Income</u>		15
16	Operating Income Subject to State Tax (Line 14)	10,916,000	16
17	Illinois Tax Rate	<u>7.30%</u>	17
18	Total State Taxes	<u>797,000</u>	18
19	Less:		19
20	Provision for State Deferred Taxes	115,000	20
21	Amortization of Investment Tax Credits - Net	(11,000)	
22	Provision for Deferred Investment Tax Credits	<u>109,000</u>	22
23	Current State Income Taxes	<u><u>584,000</u></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)	10,119,000	25
26	Federal Income Tax Rate	<u>35.00%</u>	26
27	Total Federal Taxes	<u>3,542,000</u>	27
28	Less:		28
29	Provision for Federal Deferred Taxes	<u>294,000</u>	29
30	Current Federal Income Taxes	<u><u>3,248,000</u></u>	30

North Shore Gas Company

Consolidated Federal Income Tax Return

Test Year Ended December 31, 2012

- 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 Ended December 31, 2012

Line No.	Component of Deferred Taxes (Timing/Temporary Difference) [A]	Contra ICC Account [B]	Test Year Calendar 2012 Timing/Temporary Difference [C]	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 [D]	State Income Tax [E]	Federal Income Tax [F]	State Income Tax [G]	Federal Income Tax [L]	State Income Tax [N]	
1	Tax vs. Book Depreciation-Federal	282	\$ 2,631,395	\$ 921,000	\$ -	\$ (32,000)	\$ -	\$ 889,000	\$ -	1
2	Tax vs. Book Depreciation-State	282	4,109,138	-	195,000	-	6,000	-	201,000	2
3	Environmental Costs	283	(1,374,975)	(481,000)	(65,000)	-	-	(481,000)	(65,000)	3
4	Injuries and Damages	283	(75,000)	(26,000)	(4,000)	-	-	(26,000)	(4,000)	4
5	Loss on Reacquired Debt	283	(113,073)	(40,000)	(5,000)	-	-	(40,000)	(5,000)	5
6	Reg Assets - Bad Debt Rider ST- Federal	283	21,493	8,000	1,000	-	-	8,000	1,000	6
7	Reg Assets-SB1918	283	(43,558)	(15,000)	(2,000)	-	-	(15,000)	(2,000)	7
8	Regulatory Assets (Non Current)	283	(625,637)	(219,000)	(30,000)	-	-	(219,000)	(30,000)	8
9	Section 481 (a) Adj.	283	(142,582)	(50,000)	(7,000)	-	-	(50,000)	(7,000)	9
10	Regulatory Liabilities- Bad Debt Rider	190	86,106	30,000	4,000	-	-	30,000	4,000	10
11	Bad Debt	190	142,016	50,000	7,000	-	-	50,000	7,000	11
12	FAS 112	190	62,994	22,000	3,000	-	-	22,000	3,000	12
13	Group Insurance /Post Retirement-Med/Dental	190	712,597	249,000	34,000	-	-	249,000	34,000	13
14	Benefits (Current)	190	(1,508)	-	-	-	-	-	-	14
15	Gas Cost Reconciliation	190	(1,190,791)	(416,000)	(58,000)	-	-	(416,000)	(58,000)	15
16	Pension Expense	190	840,035	294,000	40,000	-	-	294,000	40,000	16
17	Vacation	190	174,067	61,000	8,000	-	-	61,000	8,000	17
18	Price Risk Hedging	190	(5,462)	(2,000)	-	-	-	(2,000)	-	18
19	Deferred Income & Deduction (Non Current)/Prepaid Insurance	190	13,028	5,000	1,000	-	-	5,000	1,000	19
20	Gas Charge Settlement	190	38,000	13,000	2,000	-	-	13,000	2,000	20
21	Incentives - 481 Adj.	190	(71,083)	(25,000)	(3,000)	-	-	(25,000)	(3,000)	21
22	Incentive Compensation	190	(79,193)	(28,000)	(4,000)	-	-	(28,000)	(4,000)	22
23	Restricted Stock	190	(86,523)	(30,000)	(4,000)	-	-	(30,000)	(4,000)	23
24	Illinois Replacement Tax - Investment Tax Credit - Amortization	190	32,403	11,000	2,000	(1,000)	(1,000)	10,000	1,000	24
25	Illinois Replacement Tax - Investment Tax Credit - Provision	190	(109,256)	(38,000)	-	-	-	(38,000)	-	25
<b>26</b>	<b>Total Deferred Taxes</b>			<b>\$ 294,000</b>	<b>\$ 115,000</b>	<b>\$ (33,000)</b>	<b>\$ 5,000</b>	<b>\$ 261,000</b>	<b>\$ 120,000</b>	<b>26</b>

C-5  
 Page 1, Line 29

C-5  
 Page 1, Line 20

Note: (1) Current Rates are as follows:

Column Line 1-25	[D] 35%	[E] 4.75%
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North Shore Gas Company

Differences Between Book And Tax Depreciation

Test Year Ending December 31, 2012

Line No.	Description	Amount [B]	Timing Difference [C]	Deferred Taxes Current Rate (1) [D]	Deferred Taxes Difference at Average Rates (2) [E]	Amortization of Excesses / and Deficiencies [F]	Line No.
1	Liberalized Depreciation						1
2	Accelerated Depreciation	11,823,000					2
3	(Gain)/Loss on Early Retirements	<u>0</u>					3
4	Total Accelerated Depreciation and Loss	<u>11,823,000</u>					4
5	Depreciation - Straight Line	10,841,000					5
6	(Gain)/Loss on Early Retirements	<u>0</u>					6
7	Total Straight Line Depreciation and Loss	<u>10,841,000</u>					7
8	Liberalized / Straight-line on Book Difference	<u>982,000</u>	982,000	344,000	311,000	(33,000)	
9	Basis Differences						9
10	Construction Work In-Progress	(19,000)					10
11	Interest Capitalized	(370,000)					11
12	Repairs	2,038,000					12
		<u>1,649,000</u>	<u>1,649,000</u>	<u>577,000</u>	<u>577,000</u>	<u>0</u>	
13	Difference - Federal Income Tax	<u>2,631,000</u>	2,631,000	<u>921,000</u>	<u>888,000</u>	<u>(33,000)</u>	13
14	Difference - Federal Income Tax	2,631,000					14
15	Net Adjustment - Federal / State Depreciation Differences	<u>1,478,000</u>					15
16	Difference - State Income Tax	<u>4,109,000</u>	4,109,000	<u>195,000</u>	<u>201,000</u>	<u>6,000</u>	16
17	Total Deferred Tax			<u>1,116,000</u>	<u>1,089,000</u>	<u>(27,000)</u>	17

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

	Used for lines 8, 14	Used for line 16
Federal	35.00000%	35.00000%
Federal-SIT credit		-2.55500%
State		4.80000%
Illinois Replacement		2.50000%
	<u>35.00000%</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, 2012

<u>Line No.</u>					<u>Line No.</u>
1	Original Cost Rate Base - Average			\$ 186,897,000	1
2	Weighted Cost of Long-Term Debt			<u>2.42%</u>	2
3	Synchronized Interest			<u>4,523,000</u>	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	\$ 3,728,000	5
6	428.00	428000	Amortization of Debt Discount and Expense	160,000	6
7	428.10	428100	Amortization of Loss on Reacquired Long-Term Debt	<u>113,000</u>	7
8	Total Interest Expense on Long-Term Debt		Schedule G-15, lines 32-34, column B	<u>4,001,000</u> (1)	8
9	Increase (Decrease) in Interest Expense			<u>\$ 522,000</u>	9

Note: (1) Schedule C-5.4, line 8 picks up interest related to long term debt. This will not tie to Schedule C-5, line 4 because other interest is not included on Schedule C-5.4.

North Shore Gas Company

Investment Tax And Job Development Credits

Test Year Ending December 31, 2012

Line No.	Description [A]	Balance at December 31, 2011 [B]	Amortization of Credits [C]	Addition to Credits [D]	Balance at December 31, 2012 [F]	Line No.
1	Unamortized Job Development Investment Credit	\$ (1,518,000)	\$ 71,000	\$ -	\$ (1,447,000)	1
2	Unamortized Illinois Replacement Tax Investment Credit	\$ (1,114,000)	\$ 32,000	\$ (109,000)	\$ (1,191,000)	2

North Shore Gas Company

Social and Service Club Membership Dues (1)

Line No.	Organization [A]	Purpose and Nature of Organization [B]	Test Year Ending December 31, 2012 Under Proposed Rates (2) [C]	Test Year Ending December 31, 2012 (2) [D]	Forecasted Year Ending December 31, 2011 (2)(3) [E]	Forecasted Year Ending December 31, 2010 (2)(4) [F]	Historical Year Ended December 31, 2009 [G]	Line No.
1	Illinois Environmental Regulatory Group	To develop and negotiate for environmental regulations and laws in Illinois.	\$ -	\$ -	\$ -	\$ -	\$ 8,000	1
2	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	2
3	Other (Under \$1,000)						-	3
4	Total		\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 9,000	4

- Note: (1) For calendar year 2009, all amounts charged to account 880 (Distribution - Other Expenses ) and 930.2 (Miscellaneous General Expenses).  
(2) Actual expenses for membership dues are only available for the historical year ended December 31, 2009. Respondent does not have estimates as to the level of dues for any individual organization for calendar years 2010 - 2012, 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, 2012 Under Proposed Rates (2) [C]	Test Year Ending December 31, 2012 (2) [D]	Forecasted Year Ending December 31, 2011 (2)(3) [E]	Forecasted Year Ending December 31, 2010 (2)(4) [F]	Historical Year Ended December 31, 2009 (1) [G]	Line No.
1	Other (Under \$250,000) (5)						\$ 50,000	1
2	Total		\$ 56,000	\$ 56,000	\$ 55,000	\$ 48,000	\$ 50,000	2

- Note: (1) For calendar year 2009, 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, 2009. Respondent does not have estimates as to the level of dues for any individual organization for calendar years 2010 - 2012, 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.

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

Line No.	Organization/ Nature of Service Provided (2)	Test Year Ending December 31, 2012 Under Proposed Rates (3)	Test Year Ending December 31, 2012 (3)	Forecasted Year Ending December 31, 2011 (3)(4)	Forecasted Year Ending December 31, 2010 (3)(5)	Historical Year Ended December 31, 2009	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	<b><u>Accounting and Auditing Services</u></b>						1
2	Deloitte & Touche LLP					\$ 369,000	2
3	<b><u>Credit Reporting Agencies</u></b>						3
4	Allied Interstate Charlotte					102,000	4
5	<b><u>Employment Agencies</u></b>						5
6	Stafflogix					185,000	6
10	<b><u>Legal</u></b>						10
11	Foley & Lardner LLP					765,000	11
12	Ungaretti & Harris					314,000	12
13	<b><u>Security</u></b>						13
14	JK Guardian Security Services					57,000	14
15	<b><u>Other</u></b>						15
16	Total Under \$50,000					209,000	16
17	Total	\$ 1,350,000 (6)	\$ 1,350,000	\$ 1,353,000	\$ 1,789,000	\$ 2,001,000	17

- Note: (1) For the historical year 2009, amounts were charged to accounts 107000 - Construction Work in Progress, 182527 - Regulatory Asset - Rate Case Expense, 228200 - Injuries and Damages Reserve, 609000 - Contractor Expense, 625000 - Legal Services and 626000 - Consulting and Other Professional Services.  
For forecasted years, charges are to the accounts listed above and also to accounts 609011 - Contractor Other, 618000 - Outsourced Services and 622000 - Audit Fees. Amounts charged for environmental activities are not included as they are recovered under the Environmental Rider.
- (2) Purpose and nature of outside services provided by organization is noted by service category.
- (3) Detail of outside service expense is only available for the historical year ended December 31, 2009. The Company does not have estimates as to the level of charges for any individual outside service provider for the years 2010, 2011, and 2012, but only an estimate of total outside service fees.
- (4) Includes zero months of actual data and twelve months of forecasted data.
- (5) Includes six months of actual data and six months of forecasted data.
- (6) 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, 2012 Under Proposed Rates (2)(5) [C]	Test Year Ending December 31, 2012 (2) [D]	Forecasted Year Ending December 31, 2011 (2) (3) [E]	Forecasted Year Ending December 31, 2010 (4) [F]	Historical Year Ended December 31, 2009 [G]
1	<b>Neighborhood Development</b>						
2	Affordable Housing Corp of Lake County	AHC is a HUD-certified organization that focuses on increasing and preserving affordable housing in Lake County. It provides homeowner education and counseling, foreclosure prevention services and has a homeowners rehab program.	-	-	-		5,000
3	Girls on the Run	Prevention program for pre-teen girls					3,000
4	<b>Education</b>						
5	Donor Forum	The Donor Forum is a membership organization for philanthropy – grantmakers and nonprofits – In Illinois. For grantmakers it provides on-going professional development programs focusing on best practices and current challenges. The Donors Forum programming at the Philanthropy Center at the College of Lake County in Grayslake serves the entire non-profit community in Lake County with materials, guidance and forums on fundraising, management and governance.	-	-	-		5,000
6	North Chicago Community Unit School	North Chicago Community Unit School District #187 serves 4,000 K-12 students from North Chicago and from the Great Lakes Naval Training Center.	-	-	-		15,000
7	Waukegan Community Unit School	The Waukegan Public School District 60 serves 17,000 students in preschool through high school.					5,000
8	Waukegan Public Library	The Early Learning Center at the Waukegan Public Library provides a stimulating learning environment for children 0-7 years. Its focus is on the development of pre-literacy and literacy skills – listening, speaking, reading and writing.					10,000
9	<b>Culture</b>						
10	Ravinia Festival Association	Ravinia is an internationally recognized non-profit arts organization dedicated to drawing together artists and audiences for the celebration of music. Annually it presents more than 150 live concerts. It has an extensive music education program in the school that places teaching artists in the classrooms and brings students to the Ravinia Festival for performances.	-	-	-		6,000
11	Total		\$ 125,000	\$ 125,000	\$ 125,000	\$ 106,000	\$ 49,000

- 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, 2009. The Company does not have estimates as to the level of contributions for any individual organization for calendar years 2011 and 2012, 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) Amount for test year jurisdictional pro forma at proposed rates on Schedule C-1 was adjusted by Schedule C-2 ratemaking adjustment No. 11 to equal Test Year amount reflected in column C.

North Shore Gas Company

Demonstration and Selling, Advertising  
 and Miscellaneous Sales Expenses

Test Year Ending December 31, 2012

<u>Line No.</u>	<u>Account Number</u> [A]	<u>Account Description</u> [B]	<u>Test Year Ending December 31, 2012</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	\$ 302,000	\$ -	\$ 302,000	1

North Shore Gas Company

Rate Case Expense

Line No.	Item of Expense [A]	Type of Service Rendered [B]	Specific Service Rendered [C]	Basis of Charge [D]	Estimated Fee [E]	Travel Expenses [F]	Total Expenses [G]	Amount Expensed During Test Year [H]
1	<u>Outside Consultants or Witnesses</u>							
2	Stafflogix	Consultants	Rate Base and Cash Working Capital	Estimated Hours				
3			Rate Design and Cost of Service					
4			Rate Case Support					
5	SFIO Consulting	Consultants	Rate Case/Regulatory Policy	Estimated Hours				
6	Deloitte & Touche	Public Accounting Services	Examination of the projected financial statements for the year ending December 31, 2012	Level of staff and estimated hours, plus out-of-pocket expenses				
7								
8								
9	P. Moul & Associates	Expert Witness	Return on Equity	Estimated Hours				
10	Tower Watson	Consultants	Actuarial Studies	Estimated Hours				
11	Rebuttal Witnesses -To be determined	Consultants	Rate Case/Regulatory Policy	Estimated Hours				
12	Total Outside Consultants or Witnesses							
13	Outside Legal Services - Foley & Lardner, LLP		Rate Case Support	Estimated Hours				
14	Outside Legal Services - Rooney Rippie and Ratnaswamy LLP		Rate Case Support	Estimated Hours				
15	InterCompany - billings from Affiliates							(1)
16	Other Expenses							(2)
17	Total Expense				<u>\$ 2,721,000</u>	<u>\$ -</u>	<u>\$ 2,721,000</u>	<u>\$ 1,361,000 (3)</u>

Notes: (1) Paid Overtime was not forecasted in the amount.  
(2) Other expenses include charges for outside printing services, court reporting, express courier and other miscellaneous expenses.  
(3) Based upon a two-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. 09-0166) (2) [C]	Line No.
1	Outside Consultants and Witnesses	\$732,000	\$589,000	1
2	Outside Legal Services	1,041,000	1,019,000	2
3	InterCompany (Billings from Affiliates)	924,000	942,000	3
4	Paid Overtime	---	---	4
5	Other Expenses	<u>24,000</u>	<u>47,000</u>	5
6	Total Expense	<u><u>\$2,721,000</u></u> (1)	<u><u>\$2,597,000</u></u>	6

Notes: (1) The increase in expense compared to the prior rate case is due primarily to Increased outside rate case support in current rate case.

(2) The amount proposed in 2010 Future Test Year Rate Case, Docket 09-0167 - General increase in rates for gas service was approved in Docket 09-0166/09-0167 Consolidated - Final Order.

North Shore Gas Company

Direct Payroll By Function

Line No.	Category [A]	Test Year Ending December 31, 2012 [B]	Forecasted Year Ending December 31, 2011 (1) [C]	Forecasted Year Ending December 31, 2010 (2) [D]	Historical Year Ended December 31, 2009 [E]	Line No.
1	Operations and Maintenance					1
2	Production	\$ 215,000	\$ 212,000	\$ 149,000	\$ 70,000	2
3	Storage	-	-	-	-	3
4	Transmission	-	-	(1,000)	10,000	4
5	Distribution	6,395,000	6,040,000	6,708,000	6,806,000	5
6	Customer Accounts	580,000	558,000	598,000	760,000	6
7	Sales	-	-	-	-	7
8	Administrative and General	-	-	(50,000)	(86,000)	8
9	Total Operations and Maintenance	<u>7,190,000</u>	<u>6,810,000</u>	<u>7,404,000</u>	<u>7,560,000</u>	9
10	Total Construction	2,746,000	2,637,000	2,269,000	2,047,000	10
11	Total Other	2,431,000	2,365,000	1,496,000	1,699,000	11
12	Total Payroll	<u>\$ 12,367,000</u>	<u>\$ 11,812,000</u>	<u>\$ 11,169,000</u>	<u>\$ 11,306,000</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.





North Shore Gas Company

Number of Employees

Forecasted Year Ending December 31, 2011 (1)

Line No	Department [A]	January		February		March		April		May		June		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	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	8	8	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)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	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	146	146	146	146	146	146	146	146	146	146	146	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)	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	16
17	Total Operations													17
18	Full Time Employees (a)	157	157	157	157	157	157	157	157	157	157	157	157	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)	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	21
22	<b>Materials and Stores</b>													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	6	6	6	6	6	6	6	6	6	6	6	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	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	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	9	9	9	9	9	9	9	9	9	9	9	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	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	37
38	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	166	166	166	166	166	166	166	166	166	166	166	166	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)	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	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, 2011 (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	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	8	8	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)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	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	146	146	146	146	146	146	146	146	146	146	146	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)	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	146.68	16
17	Total Operations													17
18	Full Time Employees (a)	157	157	157	157	157	157	157	157	157	157	157	157	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)	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	157.68	21
22	<b>Materials and Stores</b>													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	6	6	6	6	6	6	6	6	6	6	6	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	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	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	9	9	9	9	9	9	9	9	9	9	9	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	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	37
38	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	166	166	166	166	166	166	166	166	166	166	166	166	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)	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	166.68	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, 2010 (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	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	7	8	3
4	Part Time Employees	0	2	0	2	0	2	0	2	0	2	0	2	4
5	Full Time Equivalents for PT Employees (b)	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	5
6	Total Full Time Equivalents (a)+(b)	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	7.00	9.00	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)	144	149	144	149	144	149	144	149	144	149	143	149	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)	144.68	149.00	144.68	149.00	144.68	149.00	144.68	149.00	144.68	149.00	143.68	149.00	16
17	Total Operations													17
18	Full Time Employees (a)	155	160	155	160	155	160	155	160	155	160	153	160	18
19	Part Time Employees	1	2	1	2	1	2	1	2	1	2	1	2	19
20	Full Time Equivalents for PT Employees (b)	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	20
21	Total Full Time Equivalents (a)+(b)	155.68	161.00	155.68	161.00	155.68	161.00	155.68	161.00	155.68	161.00	153.68	161.00	21
22	<b>Materials and Stores</b>													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	6	6	6	6	6	6	6	6	6	6	6	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	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	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 NSG, Materials and Stores													33
34	Full Time Employees (a)	9	9	9	9	9	9	9	9	9	9	9	9	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	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	37
38	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	164	169	164	169	164	169	164	169	164	169	162	169	39
40	Part Time Employees	1	2	1	2	1	2	1	2	1	2	1	2	40
41	Full Time Equivalents for PT Employees (b)	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	41
42	Total Full Time Equivalents (a)+(b)	164.68	170.00	164.68	170.00	164.68	170.00	164.68	170.00	164.68	170.00	162.68	170.00	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, 2010 (1)

Line No	Department	July		August		September		October		November		December		Line No
		Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	
1	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	8	8	8	8	8	8	8	8	8	8	8	8	3
4	Part Time Employees	0	2	0	2	0	2	0	2	0	2	0	2	4
5	Full Time Equivalents for PT Employees (b)	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	0.00	1.00	5
6	Total Full Time Equivalents (a)+(b)	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	8.00	9.00	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	149	146	149	146	149	146	149	146	149	146	149	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)	146.68	149.00	146.68	149.00	146.68	149.00	146.68	149.00	146.68	149.00	146.68	149.00	16
17	Total Operations													17
18	Full Time Employees (a)	157	160	157	160	157	160	157	160	157	160	157	160	18
19	Part Time Employees	1	2	1	2	1	2	1	2	1	2	1	2	19
20	Full Time Equivalents for PT Employees (b)	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	20
21	Total Full Time Equivalents (a)+(b)	157.68	161.00	157.68	161.00	157.68	161.00	157.68	161.00	157.68	161.00	157.68	161.00	21
22	<b>Materials and Stores</b>													22
23	B02 Materials and Equipment													23
24	Full Time Employees (a)	6	6	6	6	6	6	6	6	6	6	6	6	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	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	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 NSG, Materials and Stores													33
34	Full Time Employees (a)	9	9	9	9	9	9	9	9	9	9	9	9	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	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	37
38	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	166	169	166	169	166	169	166	169	166	169	166	169	39
40	Part Time Employees	1	2	1	2	1	2	1	2	1	2	1	2	40
41	Full Time Equivalents for PT Employees (b)	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	0.68	1.00	41
42	Total Full Time Equivalents (a)+(b)	166.68	170.00	166.68	170.00	166.68	170.00	166.68	170.00	166.68	170.00	166.68	170.00	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, 2009 (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	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	8	10	8	10	9	10	9	10	9	10	9	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)	8.00	10.00	8.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	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	146	147	146	147	146	147	146	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	146.68	147.68	146.68	147.68	146.68	147.68	146.68	147.68	16
17	Total Operations													17
18	Full Time Employees (a)	158	160	158	160	158	160	158	160	158	160	158	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)	158.68	160.68	158.68	160.68	158.68	160.68	158.68	160.68	158.68	160.68	158.68	160.68	21
22	<b>Materials and Stores</b>													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	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	167	170	167	170	167	170	167	170	167	170	167	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)	167.68	170.68	167.68	170.68	167.68	170.68	167.68	170.68	167.68	170.68	167.68	170.68	42

Note: (1) For 2009, the authorized column represents a revised budget that was used for management purposes due to the economic downturn. The revised budget was addressed in Docket Nos. 09-0166/0167 (Cons.).

North Shore Gas Company

Number of Employees

Historical Year Ended December 31, 2009 (1)

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	<b>Operations</b>													1
2	B25 Meter Reading													2
3	Full Time Employees (a)	9	10	9	10	9	10	9	10	9	10	9	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)	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	10.00	9.00	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)	146	147	145	147	143	147	143	147	144	147	144	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)	146.68	147.68	145.68	147.68	143.68	147.68	143.68	147.68	144.68	147.68	144.68	147.68	16
17	Total Operations													17
18	Full Time Employees (a)	158	160	157	160	155	160	155	160	156	160	156	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)	158.68	160.68	157.68	160.68	155.68	160.68	155.68	160.68	156.68	160.68	156.68	160.68	21
22	<b>Materials and Stores</b>													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	<b>Total North Shore Gas Company</b>													38
39	Full Time Employees (a)	167	170	166	170	164	170	164	170	165	170	165	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)	167.68	170.68	166.68	170.68	164.68	170.68	164.68	170.68	165.68	170.68	165.68	170.68	42

Note: (1) For 2009, the authorized column represents a revised budget that was used for management purposes due to the economic downturn. The revised budget was addressed in Docket Nos. 09-0166/0167 (Cons.).

North Shore Gas Company

Employee Benefits

Historical Year Ended December 31, 2009

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	\$ 1,369,000	\$ 281,000	20.53%	\$ 1,088,000	79.47%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	1,682,000	322,000	19.14%	1,360,000	80.86%
3	Post Employment Benefits - FAS 112	All	298,000	11,000	3.69%	287,000	96.31%
4	Pension Plan	All	2,741,000	463,000	16.89%	2,278,000	83.11%
5	Savings and Investment Plan	All	313,000	64,000	20.45%	249,000	79.55%
6	Other Welfare and Social Benefits	Active Employees	(280,000)	-	0.00%	(280,000)	100.00%
7	IBS Benefits Billed	Active Employees	<u>2,109,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,109,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 8,232,000</u>	<u>\$ 1,141,000</u>	<u>13.86%</u>	<u>\$ 7,091,000</u>	<u>86.14%</u>

North Shore Gas Company

Employee Benefits

Curent Year Ending December 31, 2010 (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	\$ 1,546,000	\$ 312,000	20.18%	\$ 1,234,000	79.82%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	2,241,000	416,000	18.56%	1,825,000	81.44%
3	Post Employment Benefits - FAS 112	All	99,000	3,000	3.03%	96,000	96.97%
4	Pension Plan	All	2,713,000	549,000	20.24%	2,164,000	79.76%
5	Savings and Investment Plan	All	366,000	73,000	19.95%	293,000	80.05%
6	Other Welfare and Social Benefits	Active Employees	172,000	-	0.00%	172,000	100.00%
7	IBS Benefits Billed	Active Employees	<u>2,151,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,151,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 9,288,000</u>	<u>\$ 1,353,000</u>	<u>14.57%</u>	<u>\$ 7,935,000</u>	<u>85.43%</u>

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

North Shore Gas Company

Employee Benefits

Forecasted Year Ending December 31, 2011 (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	\$ 1,487,000	\$ 363,000	24.41%	\$ 1,124,000	75.59%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	2,567,000	415,000	16.17%	2,152,000	83.83%
3	Post Employment Benefits - FAS 112	All	(37,000)	14,000	-37.84%	(51,000)	137.84%
4	Pension Plan	All	2,628,000	600,000	22.83%	2,028,000	77.17%
5	Savings and Investment Plan	All	426,000	83,000	19.48%	343,000	80.52%
6	Other Welfare and Social Benefits	Active Employees	67,000	-	0.00%	67,000	100.00%
7	IBS Benefits Billed	Active Employees	2,023,000	-	0.00%	2,023,000	100.00%
8	TOTAL		<u>\$ 9,161,000</u>	<u>\$ 1,475,000</u>	<u>16.10%</u>	<u>\$ 7,686,000</u>	<u>83.90%</u>

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

North Shore Gas Company

Employee Benefits

Test Year Ending December 31, 2012

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	\$ 1,603,000	\$ 379,000	23.64%	\$ 1,224,000	76.36%
2	Group Insurance - Retiree - FAS 106	Pre and Post-65 Retirees	2,561,000	434,000	16.95%	2,127,000	83.05%
3	Post Employment Benefits - FAS 112	All	(28,000)	14,000	-50.00%	(42,000)	150.00%
4	Pension Plan	All	2,998,000	626,000	20.88%	2,372,000	79.12%
5	Savings and Investment Plan	All	477,000	86,000	18.03%	391,000	81.97%
6	Other Welfare and Social Benefits	Active Employees	76,000	1,000	1.32%	75,000	98.68%
7	IBS Benefits Billed	Active Employees	<u>2,262,000</u>	<u>-</u>	<u>0.00%</u>	<u>2,262,000</u>	<u>100.00%</u>
8	TOTAL		<u>\$ 9,949,000</u>	<u>\$ 1,540,000</u>	<u>15.48%</u>	<u>\$ 8,409,000</u>	<u>84.52%</u>

North Shore Gas Company

Depreciation Expense (1)

Historical Year Ended December 31, 2009

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 (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	\$ 320,932,000	\$ 330,734,000	\$ 325,833,000	1.61%	\$ 5,244,000	\$ (38,000)	\$ 240,000	\$ -	\$ -	\$ -	\$ 5,446,000	1
2	Underground Storage Plant	10,264,000	10,105,000	10,185,000	0.81%	83,000	-	-	-	-	-	83,000	2
3	Transmission Plant	28,705,000	29,392,000	29,049,000	1.57%	456,000	-	-	-	-	-	456,000	3
4	General Plant	15,632,000	16,067,000	15,850,000	8.33%	1,320,000	-	(78,000)	(1,132,000)	79,000	-	189,000	4
5	Production Plant	<u>6,584,000</u>	<u>6,673,000</u>	<u>6,629,000</u>	0.77%	<u>51,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,000</u>	5
6	Total Utility Plant in Service	<u>\$ 382,117,000</u>	<u>\$ 392,971,000</u>	<u>\$ 387,546,000</u>		<u>\$ 7,154,000</u>	<u>\$ (38,000)</u>	<u>\$ 162,000</u>	<u>\$ (1,132,000)</u>	<u>\$ 79,000</u>	<u>\$ -</u>	<u>\$ 6,225,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Current Year ended December 31, 2009, is shown on Line 6 of Column L.

(2) North Shore 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, 2010 (2)

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 (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	\$ 330,734,000	\$ 338,603,000	\$ 334,669,000	2.38%	\$ 7,974,000	\$ (38,000)	\$ 52,000	\$ -	\$ -	\$ -	\$ 7,988,000	1
2	Underground Storage Plant	10,105,000	10,105,000	10,105,000	1.12%	113,000	-	-	-	-	-	113,000	2
3	Transmission Plant	29,392,000	29,622,000	29,507,000	1.86%	548,000	-	-	-	-	-	548,000	3
4	General Plant	16,067,000	13,940,000	15,004,000	6.64%	997,000	-	-	(680,000)	-	-	317,000	4
5	Production Plant	<u>6,673,000</u>	<u>6,699,000</u>	<u>6,686,000</u>	1.11%	<u>74,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,000</u>	5
6	Total Utility Plant in Service	<u>\$ 392,971,000</u>	<u>\$ 398,969,000</u>	<u>\$ 395,971,000</u>		<u>\$ 9,706,000</u>	<u>\$ (38,000)</u>	<u>\$ 52,000</u>	<u>\$ (680,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,040,000</u>	6

- Notes: (1) Income Statement Depreciation Expense for the Current Year ended December 31, 2010, is shown on Line 6 of Column L.  
(2) Includes Six Months of Actual data and Six Months of Forecasted data.  
(3) North Shore 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, 2011 (2)

Line No.	Functional Account Grouping (A)	Beginning Plant Balance 01-01-2011 (B)	Ending Plant Balance 12-31-2011 (C)	2011 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	\$ 338,603,000	\$ 346,953,000	\$ 342,778,000	2.45%	\$ 8,410,000	\$ (38,000)	\$ -	\$ -	\$ -	\$ - (4)	\$ 8,372,000	1
2	Underground Storage Plant	10,105,000	10,105,000	10,105,000	1.15%	116,000	-	-	-	-	-	116,000	2
3	Transmission Plant	29,622,000	29,711,000	29,667,000	1.88%	557,000	-	-	-	-	-	557,000	3
4	General Plant	13,940,000	16,528,000	15,234,000	7.25%	1,104,000	-	-	(675,000)	-	-	429,000	4
5	Production Plant	<u>6,699,000</u>	<u>6,749,000</u>	<u>6,724,000</u>	<u>1.13%</u>	<u>76,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,000</u>	5
6	Total Utility Plant in Service	<u>\$ 398,969,000</u>	<u>\$ 410,046,000</u>	<u>\$ 404,508,000</u>		<u>\$ 10,263,000</u>	<u>\$ (38,000)</u>	<u>\$ -</u>	<u>\$ (675,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,550,000</u>	6

- Notes: (1) Income Statement Depreciation Expense for the Forecasted Year ended December 31, 2011, is shown on Line 6 of Column L.  
(2) Includes Zero Months of Actual data and Twelve Months of Forecasted data.  
(3) North Shore 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, 2012

Line No.	Functional Account Grouping (A)	Beginning Plant Balance 01-01-2012 (B)	Ending Plant Balance 12-31-2012 (C)	2012 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	\$ 346,953,000	\$ 365,508,000	\$ 356,231,000	2.45%	\$ 8,739,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,739,000	1
2	Underground Storage Plant	10,105,000	10,105,000	10,105,000	1.15%	116,000	-	-	-	-	-	116,000	2
3	Transmission Plant	29,711,000	29,803,000	29,757,000	1.88%	559,000	-	-	-	-	-	559,000	3
4	General Plant	16,528,000	17,935,000	17,232,000	7.83%	1,350,000	-	-	(739,000)	-	-	611,000	4
5	Production Plant	<u>6,749,000</u>	<u>6,824,000</u>	<u>6,787,000</u>	1.13%	<u>77,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,000</u>	5
6	Total Utility Plant in Service	<u>\$ 410,046,000</u>	<u>\$ 430,175,000</u>	<u>\$ 420,112,000</u>		<u>\$ 10,841,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (739,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,102,000</u>	6

Notes: (1) Income Statement Depreciation Expense for the Forecasted Year ended December 31, 2012, is shown on Line 6 of Column L.

(2) North Shore 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

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, 2012 (1)</u>					1
2	Integrys Business Support	Intercompany Services	\$ 30,737,000	\$ -	07-0361	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	1,658,000	129,000	06-0540	3
4	Integrys Energy Group	Intercompany Services	166,000	-	06-0540	4
5	Peoples Energy Home Services	Intercompany Services	-	15,000	06-0540	5
6	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,558,000	-	87-0401	6
7	Peoples Energy Corporation	Interest on Intercompany Loans	175,000	-	04-0603	7
8			<u>\$ 34,294,000</u>	<u>\$ 144,000</u>		8
9	<u>Forecasted Year Ending December 31, 2011 (1) (2)</u>					9
10	Integrys Business Support	Intercompany Services	\$ 29,672,000	\$ -	07-0361	10
11	The Peoples Gas Light and Coke Company	Intercompany Services	1,996,000	129,000	06-0540	11
12	Integrys Energy Group	Intercompany Services	144,000	-	06-0540	12
13	Peoples Energy Home Services	Intercompany Services	-	16,000	06-0540	13
14	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,590,000	-	87-0401	14
15	Peoples Energy Corporation	Interest on Intercompany Loans	38,000	-	04-0603	15
16			<u>\$ 33,440,000</u>	<u>\$ 145,000</u>		16

Note: (1) 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, 2010 (1) (2)</u>					1
2	IntegrYS Business Support	Intercompany Services	\$ 34,005,000	\$ 33,000	07-0361	2
3	The Peoples Gas Light and Coke Company	Intercompany Services	1,393,000	307,000	06-0540	3
4	IntegrYS Energy Group	Intercompany Services	134,000	-	06-0540	4
5	Peoples Energy Corporation	Intercompany Services	29,000	-	06-0540	5
6	Minnesota Energy Resources Corporation	Intercompany Services	6,000	77,000	06-0540	6
7	Wisconsin Public Service Corporation	Intercompany Services	35,000	-	06-0540	7
8	Peoples Energy Home Services	Intercompany Services	-	17,000	06-0540	8
9	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,580,000	-	87-0401	9
10	Peoples Energy Corporation	Interest on Intercompany Loans	4,000	-	04-0603	10
11	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	-	-	04-0602	11
12			<u>\$ 37,186,000</u>	<u>\$ 434,000</u>		12
13	<u>Historical Year Ended December 31, 2009 (1)</u>					13
14	IntegrYS Business Support	Intercompany Services	\$ 30,825,000	\$ 107,000	07-0361	14
15	The Peoples Gas Light and Coke Company	Intercompany Services	4,435,000	583,000	06-0540	15
16	IntegrYS Energy Group	Intercompany Services	145,000	-	06-0540	16
17	Peoples Energy Corporation	Intercompany Services	1,454,000	-	06-0540	17
18	Minnesota Energy Resources Corporation	Intercompany Services	2,000	128,000	06-0540	18
19	Michigan Gas Utilities Corporation	Intercompany Services	1,000	-	06-0540	19
20	Wisconsin Public Service Corporation	Intercompany Services	77,000	8,000	06-0540	20
21	Peoples Energy Home Services	Intercompany Services	-	19,000	06-0540	21
22	The Peoples Gas Light and Coke Company	Underground Gas Storage Services	1,649,000	-	87-0401	22
23	Peoples Energy Corporation	Interest on Intercompany Loans	3,000	-	04-0603	23
24	The Peoples Gas Light and Coke Company	Interest on Intercompany Loans	-	26,000	04-0602	24
25			<u>\$ 38,591,000</u>	<u>\$ 871,000</u>		25

Note: (1) 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.

North Shore Gas Company

Operating Leases

<u>Line No.</u>	<u>I.C.C. Acc. No.</u>	<u>Description of Leased Property</u>	<u>Test Year Ending December 31, 2012</u>	<u>Forecasted Year Ending December 31, 2011 (1)</u>	<u>Forecasted Year Ending December 31, 2010 (2)</u>	<u>Historical Year Ended December 31, 2009</u>	<u>Line No.</u>
	[A]	[B]	[C]	[D]	[E]	[F]	
1	881	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.

North Shore Gas Company

Uncollectible Expense

Line No.	Fiscal Year [A]	Percent of Revenue Method (1)		
		Uncollectible Expense [B]	Applicable Revenues [C]	Uncollectible Expense as a Percentage of Applicable Revenues [D]
1	Test Year Ending			
2	December 31, 2012	\$ 1,675,000	\$ 239,266,000	0.70%
3	Forecasted Year Ending			
4	December 31, 2011 (2)	1,617,000	231,112,000	0.70%
5	Forecasted Year Ending			
6	December 31, 2010 (3)	1,527,000	218,212,000	0.70%
7	Historical Year Ended			
8	December 31, 2009	1,936,000 (4)	225,349,000	0.86%

- 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) Includes \$359,000 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.

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 2012	\$ 1,174,000	\$ 1,795,000	\$ (2,324,000)	\$ 387,000		\$ 1,032,000
2	Forecasted Year 2011 (2)	1,376,000	1,735,000	(2,324,000)	387,000		1,174,000
3	Forecasted Year 2010 (3)	885,000	1,642,000	(1,559,000)	408,000		1,376,000
4	Historical Year 2009	1,684,000	1,690,000	(3,502,000)	633,000	380,000 (4)	885,000

- 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 \$380,000 resulting from this analysis for the quarters ended June 30 and September 30.

North Shore Gas Company

Uncollectible Expense

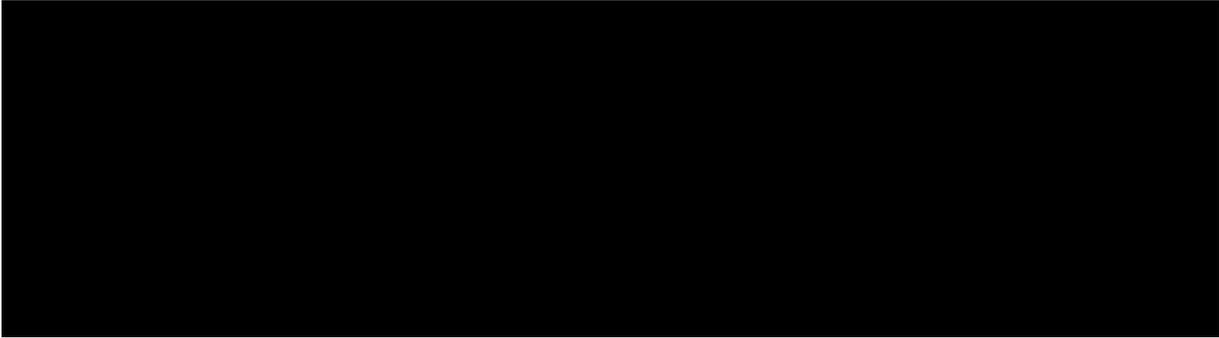
<u>Line No.</u>	<u>Fiscal Year</u> [A]	<u>Collection Agency Expense</u> [B]
1	Test Year 2012	\$ 87,000
2	Forecasted Year 2011 (1)	\$ 84,000
3	Forecasted Year 2010 (2)	\$ 125,000
4	Historical Year 2009	\$ 69,000

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.

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

	<u>Description</u>	<u>Calendar Year</u> 2009
7		
8		

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Historical Year Ended December 31, 2009					
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	Deductible [G]	Claims (1) [H]
<b><u>Insurance on Operations</u></b>								
1	National Union, AEGIS, EIM, Lloyd's of London	Property Insurance						
2	AEGIS	Excess Workers' Compensation						
3	AEGIS, EIM, Lloyd's of London, Axis, TORUS, ARGO, XL Insurance, Lexington. Liberty	Excess Public Liability						
4	AEGIS, U.S. Specialty, EIM	Fiduciary Liability Insurance						
5	AEGIS, U.S. Specialty, EIM	Directors & Officers Liability						
6	AEGIS	Professional Liability						
7	Great American Insurance Co.	Commercial Crime Coverage						
8	US Aircraft Insurance Group, U.S. Specialty	Other (3)						
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) Other includes Non-Owned Aircraft Insurance and Special Risk Coverage.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Historical Year Ended December 31, 2009				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (1) [E]	Deductible (2) [F]	Claims [G]
<b><u>Group Insurance</u></b>							
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	Active Healthcare					
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	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. Trustee services are provided by Northern Trust and US Bank.

- Notes:
- (1) Includes only employer money.
  - (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.
  - (4) Actual 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, 2010 (1)				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	Deductible [G]
<b><u>Insurance on Operations</u></b>							
1	National Union, AEGIS, EIM, Lloyd's of London	Property Insurance					
2	AEGIS	Excess Workers' Compensation					
3	AEGIS, EIM, Lloyd's of London, Axis, TORUS, ARGO, XL Insurance, Lexington, Liberty	Excess Public Liability					
4	AEGIS, U.S. Specialty, EIM	Fiduciary Liability Insurance					
5	AEGIS, U.S. Specialty, EIM, Chubb	Directors & Officers Liability					
6	AEGIS	Professional Liability					
7	Great American Insurance Co.	Commercial Crime Coverage					
8	US Aircraft Insurance Group, U.S. Specialty	Other (4)					
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) Other includes Non-Owned Aircraft Insurance and Special Risk Coverage.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2010 (1)				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (2) [E]	Deductible (3) [F]	Claims [G]
<b>Group Insurance</b>							
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	Active Healthcare					
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	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. 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) Includes only employer money.

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

(4) Actual claims incurred, less any provider discount, reduced by applicable employee contributions. Forecast 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.

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

(6) Includes Medicare Part D Subsidy.

(7) 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, 2011 (1)					
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium [E]	Premium Expense [F]	Deductible [G]	Claims (2) [H]
<u>Insurance on Operations</u>								
1	National Union, AEGIS, EIM, Lloyd's of London	Property Insurance						
2	AEGIS	Excess Workers' Compensation						
3	AEGIS, EIM, Lloyd's of London, Axis, TORUS, ARGO, XL Insurance, Lexington, Liberty	Excess Public Liability						
4	AEGIS, U.S. Specialty, EIM	Fiduciary Liability Insurance						
5	AEGIS, U.S. Specialty, EIM, Chubb	Directors & Officers Liability						
6	AEGIS	Professional Liability						
8	Great American Insurance Co.	Commercial Crime Coverage						
9	US Aircraft Insurance Group, U.S. Specialty	Other (4)						
10								

**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) Other includes Non-Owned Aircraft Insurance and Special Risk Coverage.

North Shore Gas Company

Insurance Expense

Line No.	Name of Carrier [A]	Type of Policy [B]	Forecasted Year Ending December 31, 2011 (1)				
			Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (2) [E]	Deductible (3) [F]	Claims [G]
<b><u>Group Insurance</u></b>							
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	Active Healthcare					
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	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. 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) Includes only employer money.

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

(4) Actual claims incurred, less any provider discount, reduced by applicable employee contributions. Forecast 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.

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

(6) Includes Medicare Part D Subsidy.

(7) 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

Forecasted Year Ending December 31, 2012

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]
<b><u>Insurance on Operations</u></b>								
1	National Union, AEGIS, EIM, Lloyd's of London	Property Insurance						
2	AEGIS	Excess Workers' Compensation						
3	AEGIS, EIM, Lloyd's of London, Axis, TORUS, ARGO, XL Insurance, Lexington, Liberty	Excess Public Liability						
4	AEGIS, U.S. Specialty, EIM	Fiduciary Liability Insurance						
5	AEGIS, U.S. Specialty, EIM, Chubb	Directors & Officers Liability						
6	AEGIS	Professional Liability						
8	Great American Insurance Co.	Commercial Crime Coverage						
9	US Aircraft Insurance Group, U.S. Specialty	Other (3)						
10								

**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.

[REDACTED]

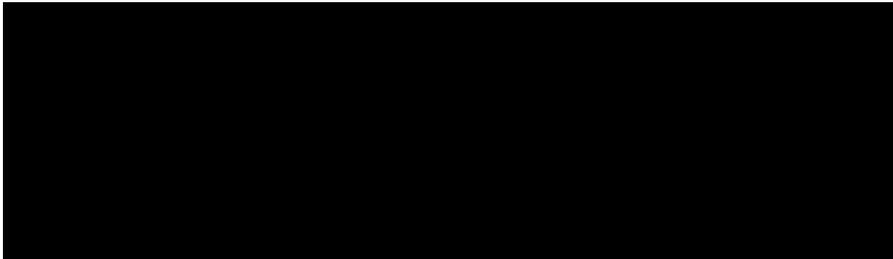
(3) Other includes Non-Owned Aircraft Insurance and Special Risk Coverage.

North Shore Gas Company

Insurance Expense

Test Year Ending December 31, 2012

Line No.	Name of Carrier [A]	Type of Policy [B]	Amount of Coverage [C]	Policy Coverage Period [D]	Annual Premium (1) [E]	Deductible (2) [F]	Claims [G]
<b>Group Insurance</b>							
1	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	Active Healthcare					
2	BlueCross/BlueShield, Delta Dental, EyeMed, Medco Health Solutions, Health Alliance, Aetna, Employee Resource Center, and Active Health Management	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. Trustee services are provided by Northern Trust and US Bank.

Notes: (1) Includes only employer money.

(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. Forecast 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) Forecast 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

Taxes Other Than Income Taxes

Test Year Ended December 31, 2012

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 (2)	\$1,356,000		\$927,000		\$2,283,000	2
3	Federal Unemployment Tax	4,000		8,000		12,000	3
4	Federal Excise Tax	2,000				2,000	4
5	Illinois:						5
6	Illinois Public Utility Tax (1)					0	6
7	Annual Gross Revenue Tax (1)					0	7
8	Invested Capital Tax - Replacement Tax	1,645,000				1,645,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	21,000		24,000		45,000	10
11	State Use and Sales Tax	5,000				5,000	11
12	Supplemental Low Income Energy Assistance Fund Charge (1)					0	12
13	Renewable Energy Charge (1)					0	13
14	Unauthorized Insurance Tax	14,000				14,000	14
15	Local:						15
16	Municipal Public Utility Tax (1)					0	16
17	Personal Property Tax					0	17
18	Real Estate Tax	236,000			48,000	284,000	18
19	Total	<u>\$3,308,000</u>	<u>\$0</u>	<u>\$959,000</u>	<u>\$48,000</u>	<u>\$4,315,000</u>	19

Note: (1) Add-on taxes are netted with revenues and recorded directly to receivables and liabilities when customers are billed.  
(2) Includes IBS billed - Federal Insurance Contribution Act

North Shore Gas Company

Taxes Other Than Income Taxes

Forecasted Year Ended December 31, 2011 (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 (3)	\$1,231,000		\$878,000		\$2,109,000	2
3	Federal Unemployment Tax	3,000		7,000		10,000	3
4	Federal Excise Tax	2,000				2,000	4
5	Illinois:						5
6	Illinois Public Utility Tax (2)					0	6
7	Annual Gross Revenue Tax (2)					0	7
8	Invested Capital Tax - Replacement Tax	1,446,000				1,446,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	19,000		22,000		41,000	10
11	State Use and Sales Tax	5,000				5,000	11
12	Supplemental Low Income Energy Assistance Fund Charge (2)					0	12
13	Renewable Energy Charge (2)					0	13
14	Unauthorized Insurance Tax	14,000				14,000	14
15	Local:						15
16	Municipal Public Utility Tax (2)					0	16
17	Personal Property Tax					0	17
18	Real Estate Tax	203,000		25,000	46,000	274,000	18
19	Total	<u>\$2,948,000</u>	<u>\$0</u>	<u>\$932,000</u>	<u>\$46,000</u>	<u>\$3,926,000</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.

(3) Includes IBS billed - Federal Insurance Contribution Act

North Shore Gas Company

Taxes Other Than Income Taxes

Forecasted Year Ended December 31, 2010 (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 (3)	\$1,203,000		\$437,000		\$1,640,000	2
3	Federal Unemployment Tax	11,000		5,000		16,000	3
4	Federal Excise Tax	1,000				1,000	4
5	Illinois:						5
6	Illinois Public Utility Tax (2)					0	6
7	Annual Gross Revenue Tax (2)	25,000				25,000	7
8	Invested Capital Tax - Replacement Tax	1,412,000				1,412,000	8
9	State Franchise Tax	29,000				29,000	9
10	State Unemployment Tax	33,000		9,000		42,000	10
11	State Use and Sales Tax	5,000				5,000	11
12	Supplemental Low Income Energy Assistance Fund Charge (2)					0	12
13	Renewable Energy Charge (2)					0	13
14	Unauthorized Insurance Tax	14,000				14,000	14
15	Local:						15
16	Municipal Public Utility Tax (2)					0	16
17	Personal Property Tax					0	17
18	Real Estate Tax	202,000		25,000	46,000	273,000	18
19	Total	<u>\$2,935,000</u>	<u>\$0</u>	<u>\$476,000</u>	<u>\$46,000</u>	<u>\$3,457,000</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.

(3) Includes IBS billed - Federal Insurance Contribution Act

North Shore Gas Company

Taxes Other Than Income Taxes

Historical Year Ended December 31, 2009

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 (2)	\$1,286,000		\$171,000		\$1,457,000	2
3	Federal Unemployment Tax	3,000		3,000		6,000	3
4	Federal Excise Tax	1,000				1,000	4
5	Illinois:						5
6	Illinois Public Utility Tax (1)					0	6
7	Annual Gross Revenue Tax (1)	79,000				79,000	7
8	Invested Capital Tax - Replacement Tax	1,495,000				1,495,000	8
9	State Franchise Tax	25,000				25,000	9
10	State Unemployment Tax	17,000		2,000		19,000	10
11	State Use and Sales Tax	6,000				6,000	11
12	Supplemental Low Income Energy Assistance Fund Charge (1)					0	12
13	Renewable Energy Charge (1)					0	13
14	Unauthorized Insurance Tax	4,000				4,000	14
15	Local:						15
16	Municipal Public Utility Tax (1)					0	16
17	Personal Property Tax					0	17
18	Real Estate Tax	165,000		25,000	51,000	241,000	18
19	Total	<u>\$3,081,000</u>	<u>\$0</u>	<u>\$201,000</u>	<u>\$51,000</u>	<u>\$3,333,000</u>	19

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

(2) Includes IBS billed - Federal Insurance Contribution Act

North Shore Gas Company

Property Taxes

Line No.	Description of Expenses [A]	Test Year Ending December 31, 2012 (1) [B]	Forecasted Year Ending December 31, 2011 (2) [C]	Forecasted Year Ended December 31, 2010 (3) [D]	Historical Year Ended December 31, 2009 [E]	Line No.
1	Personal Property Tax	\$0	\$0	\$0	\$0	1
2	Real Estate Tax	236,000	203,000	202,000	165,000	2
3	Total Property Taxes (4)	<u>\$236,000</u>	<u>\$203,000</u>	<u>\$202,000</u>	<u>\$165,000</u>	3

- Note: (1) Does not include reduction for expense capitalized to fixed assets.  
 (2) Includes zero months actual data and twelve months of forecasted data.  
 (3) Includes six months actual data and six months of forecasted data.  
 (4) 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, 2012

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 (2)	\$ 1,356,000	\$	\$	
8	Federal Unemployment Tax	4,000			
9	Federal Excise Tax	2,000			
10	Illinois Public Utility Tax				(1)
11	Annual Gross Revenue Tax				(1)
12	Invested Capital Tax - Replacement Tax	1,645,000			
13	State Franchise Tax	25,000			
14	State Unemployment Tax	21,000			
15	State Use and Sales Tax	5,000			
16	Supplemental Low Income Energy Assistance Fund Charge				(1)
17	Renewable Energy Charge				(1)
18	Unauthorized Insurance Tax	14,000			
19	Municipal Public Utility Tax				(1)
20	Personal Property Tax				
21	Real Estate Tax	236,000	236,000		
22	Use Tax Expense				
23	Total for Test Year Ending December 31, 2012	<u>\$ 3,308,000</u>	<u>\$ 236,000</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.

(2) Includes IBS billed - Federal Insurance Contribution Act

North Shore Gas Company

Miscellaneous General Expenses

Account 930.2

Line No.	Description [A]	Test Year Ending December 31, 2012 Under Proposed Rates (1) [B]	Test Year Ending December 31, 2012 [C]	Forecasted Year Ending December 31, 2011 (2) [D]	Forecasted Year Ending December 31, 2010 (3) [E]	Historical Year Ended December 31, 2009 [F]	Line No.
1	Industry Association, Social and Service Club Dues	\$ 189,000	\$ 189,000	\$ 193,000	\$ 160,000	\$ 158,000	1
2	Bank, Bond, and Fiscal Agent Fees	367,000	367,000	352,000	197,000	202,000	2
3	IBS Billings G&A Cross Charges and Depreciation	3,569,000	3,569,000	3,570,000	3,773,000	1,034,000	3
4	Intercompany System Usage	41,000	41,000	41,000	43,000	1,146,000	4
5	Other	24,000	24,000	23,000	103,000	69,000	5
6	Subtotal	<u>4,190,000</u>	<u>4,190,000</u>	<u>4,179,000</u>	<u>4,276,000</u>	<u>2,609,000</u>	6
7	Amortization of Environmental Costs	-	13,805,000	12,585,000	8,350,000	5,980,000	7
8	Gas Charge Settlement Adjustment	-	-	-	-	(600,000)	8
9	Allocated Merger Costs	123,000	229,000	229,000	296,000	834,000	9
10	Rider EEP Expense	-	1,116,000	1,212,000	307,000	897,000	10
11	Research and Development	140,000	140,000	140,000	-	-	11
12	Reconnection Program	-	-	-	-	114,000	12
13	Other	-	-	-	225,000	59,000	13
14	Subtotal	<u>263,000</u>	<u>15,290,000</u>	<u>14,166,000</u>	<u>9,178,000</u>	<u>7,284,000</u>	14
15	TOTAL	<u>\$ 4,453,000</u>	<u>\$ 19,480,000</u> (4)	<u>\$ 18,345,000</u> (4)	<u>\$ 13,454,000</u> (4)	<u>\$ 9,893,000</u> (4)	15

- 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. 1, 2, and 12 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, 2012	Forecasted Year Ending December 31, 2011 (1)	Forecasted Year Ending December 31, 2010 (2)	Historical Year Ended December 31, 2009	Line No.
	[A]	[B]	[C]	[D]	[E]	[F]	
1	487	Forfeited Discounts	\$ 646,000	\$ 646,000	\$ 627,000	\$ 946,000	1
2	488	Miscellaneous Services Revenues	550,000	550,000	507,000	505,000	2
3	489.3	Rev from Transp of Gas of Other Through Distribut Facilities	21,644,000	20,977,000	18,936,000	14,818,000	3
4	495	Other Gas Revenues	146,000	613,000	(710,000)	1,410,000	4
6		Total Miscellaneous Operating Revenues	<u>\$ 22,986,000</u>	<u>\$ 22,786,000</u>	<u>\$ 19,360,000</u>	<u>\$ 17,679,000</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, 2012

Line No.	Taxing Authorities [A]	<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) [B]	Accounting Fees Collected [C]	Additional Charges for Taxes and Customer Charge Adjustments (1) [D]	Accounting Fees Collected [E]
1	<u>Municipalities</u>				
2	Municipal Utility Tax	\$ 6,748,000	\$ 201,000	\$ 6,975,000	\$ 208,000
3	Municipal Gas Use Tax	235,000	7,000	235,000	7,000
4	Total	<u>\$ 6,983,000</u>	<u>\$ 208,000</u>	<u>\$ 7,210,000</u>	<u>\$ 215,000</u>
5	<u>State</u>				
6	Illinois Gross Revenue Tax	\$ 241,000	\$ -	\$ 249,000	\$ -
7	Illinois Gas Use Tax	2,157,000	37,000	2,157,000	37,000
8	Illinois Public Utility Tax	6,086,000	-	6,290,000	-
9	<u>Other</u>				
10	Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund Charge	1,630,000	-	1,630,000	-
11	Renewable Energy Resources and Coal Technology Development Assistance Charge	170,000	-	170,000	-
12	Total	<u>\$ 17,267,000</u>	<u>\$ 245,000</u>	<u>\$ 17,706,000</u>	<u>\$ 252,000</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 taxes 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]	Line No.
1	<u>Investigation and Removal of Manufactured Gas Residues</u>				1
2	Test Year Ending December 31, 2012	\$ 11,807,000	10,432,000	\$ 13,805,000	2
3	Forecasted Year Ending December 31, 2011 (1)	10,422,000	11,807,000	12,585,000	3
4	Forecasted Year Ending December 31, 2010 (2)	7,755,000	10,422,000	8,350,000	4
5	Historical Year Ending December 31, 2009	4,502,000	7,755,000	5,980,000	5
6	Time period charges were recorded: 2008-2012 (3)				6
7	Amortization period: 13 Months (3)				7
8	ICC Docket No.: 91-0010				8

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]	Line No.
1	<u>Deferred Rate Case Charges</u>				1
2	Test Year Ending December 31, 2012	\$ 1,255,000	\$ 199,000	\$ 1,057,000	2
3	Forecasted Year Ending December 31, 2011 (1)	\$ 2,312,000	\$ 1,255,000	\$ 1,057,000	3
4	Forecasted Year Ending December 31, 2010 (2)	\$ 3,015,000	\$ 2,312,000	\$ 1,007,000 (3)	4
5	Historical Year Ending December 31, 2009	\$ 2,109,000	\$ 3,015,000	\$ 434,000	5
6	Time period charges were recorded: 2007 Filing - 2006 - 2008				6
7	2009 Filing - 2008 - 2009				7
8	Amortization period: 2007 Filing 60 Months				8
9	2009 Filing 36 Months				9
10	ICC Docket No.: 07-0241/07-0242(cons.) and 09-0166/09-0167(cons.)				10

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 related to the 2009 Filing began in February, 2010.

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]	Line No.
1	<u>Merger Related Costs</u>				1
2	Test Year Ending December 31, 2012	\$ 245,000	17,000	\$ 229,000	2
3	Forecasted Year Ending December 31, 2011 (1)	474,000	245,000	229,000	3
4	Forecasted Year Ending December 31, 2010 (2)	747,000	474,000	273,000	4
5	Historical Year Ending December 31, 2009	1,468,000	747,000	834,000	5
6	Time period charges were recorded: 2007- 2009				6
7	Amortization period: 36 months (3)				7
8	ICC Docket No.: 06-0540				8

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) ICC Docket No. 09-0166/09-0167(cons.) changed the amortization period for the remaining unamortized expenses from 60 months to 36 months effective January 28, 2010.

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]	Line No.
1	<u>Welfare and Pension Costs</u>				1
2	Test Year Ending December 31, 2012	\$ 11,812,000	10,584,000	\$ 1,228,000	2
3	Forecasted Year Ending December 31, 2011 (1)	13,039,000	11,812,000	1,228,000	3
4	Forecasted Year Ending December 31, 2010 (2)	14,267,000	13,039,000	1,228,000 (3)	4
5	Historical Year Ending December 31, 2009	14,267,000	14,267,000	-	5
6	Time period charges were recorded: February 2007 (4)				6
7	Amortization period: Pension Costs - 158 months				7
8	Welfare Costs - 112 months				8
9	ICC Docket No.: 09-0166/09-0167(cons.)				9

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 January, 2010

(4) Prior to 2006 pension and welfare gains and losses were not recorded as regulatory assets. With the adoption of FAS 158 these costs were considered to be regulatory assets. All FAS 158 costs that were recorded pre-merger are amortized according to ICC Docket No. 09-0166/09-0167(cons.)

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]	Line No.
1	<u>Rider UEA</u>				1
2	Test Year Ending December 31, 2012	\$ (101,000)	7,000	\$ (86,000)	2
3	Forecasted Year Ending December 31, 2011 (1)	(175,000)	(101,000)	(110,000)	3
4	Forecasted Year Ending December 31, 2010 (2)	424,000	(175,000)	482,000	4
5	Historical Year Ending December 31, 2009	-	424,000	-	5
6	Time period charges were recorded: 2009 - 2012				6
7	Amortization period: 12 months				7
8	ICC Docket No.: 09-0420				8

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

Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]	Line No.
1	<u>Rider EEP</u>				1
2	Test Year Ending December 31, 2012	\$ 7,000	7,000	\$ -	2
3	Forecasted Year Ending December 31, 2011 (1)	571,000	7,000	564,000	3
4	Forecasted Year Ending December 31, 2010 (2)	8,000	571,000	280,000	4
5	Historical Year Ending December 31, 2009	-	8,000	(3,000)	5
6	Time period charges were recorded: 2009 - 2012				6
7	Amortization period: 9 months				7
8	ICC Docket No.: 07-0241/07-0242 (cons.)				8

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

Amortization of Deferred Charges

Line No.	Description [A]	Balance at Beginning of Year [B]	Balance at End of Year [C]	Amortization Expense [D]	Line No.
1	<u>Rider VBA</u>				1
2	Test Year Ending December 31, 2012	\$ 43,000	18,000	\$ 25,000	2
3	Forecasted Year Ending December 31, 2011 (1)	(137,000)	43,000	(160,000)	3
4	Forecasted Year Ending December 31, 2010 (2)	371,000	(137,000)	329,000	4
5	Historical Year Ending December 31, 2009	(839,000)	371,000	(413,000)	5
6	Time period charges were recorded: 2008 - 2012				6
7	Amortization period: 9 months				7
8	ICC Docket No.: 07-0241/07-0242 (cons.)				8

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

Purchased Gas Adjustment Clause  
Revenues and Expenses - Gas Utilities

Test Year Ending December 31, 2012

<u>Line No.</u>	<u>PGA Revenues</u> [A]	<u>PGA Recoverable Expenses</u> [B]	<u>Number of Units Sold (therms)</u> [C]
1	\$ 148,869,000	\$ 149,691,000	214,659,000

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

Line No.	Description of Non-Utility Operations [A]	Date Utility Began Engaging In Operations [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