

The Peoples Gas Light and Coke Company

Jurisdictional Operating Income Summary

Line No.	I.C.C. Acc. No. [A]	Description [B]	Company Proforma Present (Co. Sch. C-1) (Col. E) [C]	Rate Making Adjustments excluding NOL (Exhibit 22.2P, p3, col K minus p3, col H) [D]	Rate Making Adjustment NOL (Exhibit 22.2P, p3, col H) [E]	As Adjusted Under Present Rates [F] = [C + D + E]	Requested Rate Increase [G]	NOL adjustment at Rev Increase [H]	Adjusted Requested Rate Increase [I] = [G + I]	As adjusted Under Proposed Rates [J] = [F + I]	Line No.
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	\$ 490,127,000	-	-	\$ 490,127,000	\$ 111,586,000	\$ -	\$ 111,586,000	\$ 601,713,000	1
2	480-481, 489	Uncollectible Expense Adjustment Revenues	\$ -	-	-	\$ -	-	-	\$ -	\$ -	2
3	480-481, 489	Volume Balancing Adjustment Revenues	\$ -	-	-	\$ -	-	-	\$ -	\$ -	3
4	480-481, 489	Infrastructure Cost Recovery Revenues	\$ -	-	-	\$ -	-	-	\$ -	\$ -	4
5		Base Rate Revenues	490,127,000	-	-	490,127,000	111,586,000	-	111,586,000	601,713,000	5
6	480-481, 489	PGA Revenues	-	-	-	\$ -	-	-	\$ -	\$ -	6
7	480-481, 489	Coaltar Revenues	-	-	-	\$ -	-	-	\$ -	\$ -	7
8	480-481, 489	Enhanced Energy Program Revenues	-	-	-	\$ -	-	-	\$ -	\$ -	8
9		Pass Through Service Revenues	-	-	-	-	-	-	\$ -	\$ -	9
10	487, 488, 495	Other Revenues	17,210,000	-	-	17,210,000	\$ 1,688,000	\$ -	\$ 1,688,000	\$ 18,898,000	10
11	400	Operating Revenues	\$ 507,337,000	\$ -	\$ -	\$ 507,337,000	\$ 113,274,000	\$ -	\$ 113,274,000	\$ 620,611,000	11
12		Operating Expenses									12
13	401	Cost of Gas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	13
14	401 & 402	Other Operation and Maintenance:									14
15	401 & 402	Other Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	15
16	401 & 402	Storage	\$ 11,421,000	\$ 121,000	\$ -	\$ 11,542,000	\$ -	\$ -	\$ -	\$ 11,542,000	16
17	401 & 402	Transmission	\$ 3,308,000	\$ (58,000)	\$ -	\$ 3,250,000	\$ -	\$ -	\$ -	\$ 3,250,000	17
18	401 & 402	Distribution	\$ 116,720,000	\$ (8,063,000)	\$ -	\$ 108,657,000	\$ -	\$ -	\$ -	\$ 108,657,000	18
19	401	Customer Accounts - Uncollectible Expense	\$ 29,414,000	\$ -	\$ -	\$ 29,414,000	\$ 2,877,000	\$ -	\$ 2,877,000	\$ 32,291,000	19
20	401	Customer Accounts - Other	\$ 31,229,000	\$ 10,000	\$ -	\$ 31,239,000	\$ -	\$ -	\$ -	\$ 31,239,000	20
21	401	Customer Services and Informational Services	\$ 2,364,000	\$ (150,000)	\$ -	\$ 2,214,000	\$ -	\$ -	\$ -	\$ 2,214,000	21
22	401	Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	22
23	401 & 402	Administrative and General	\$ 145,834,000	\$ (11,176,000)	\$ -	\$ 134,658,000	\$ -	\$ -	\$ -	\$ 134,658,000	23
24		Total Other Operation and Maintenance	\$ 340,290,000	\$ (19,316,000)	\$ -	\$ 320,974,000	\$ 2,877,000	\$ -	\$ 2,877,000	\$ 323,851,000	24
25	403	Depreciation	\$ 83,246,000	\$ (44,000)	\$ -	\$ 83,202,000	\$ -	\$ -	\$ -	\$ 83,202,000	25
26	404	Amortization	\$ 5,356,000	\$ -	\$ -	\$ 5,356,000	\$ -	\$ -	\$ -	\$ 5,356,000	26
27	408.1	Taxes Other than Income	\$ 22,588,000	\$ (67,000)	\$ -	\$ 22,521,000	\$ -	\$ -	\$ -	\$ 22,521,000	27
28		Income Taxes					\$ -	\$ -	\$ -	\$ -	28
29	409.1	Federal Income Taxes - Current	\$ 5,957,000	\$ (48,671,000)	\$ 42,714,000	\$ -	\$ 34,968,000	\$ (34,968,000)	\$ -	\$ -	29
30	409.1	State Income Taxes - Current	\$ (46,000)	\$ 85,000	\$ (39,000)	\$ -	\$ 10,488,000	\$ (6,709,000)	\$ 3,779,000	\$ 3,779,000	30
31	410.1 & 411.1	Deferred Income Taxes	\$ 3,433,000	\$ 60,341,000	\$ (42,675,000)	\$ 21,099,000	\$ -	\$ 41,677,000	\$ 41,677,000	\$ 62,776,000	31
32	411.4	Investment Tax Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	32
33		Total Operating Expenses	\$ 460,824,000	\$ (7,672,000)	\$ -	\$ 453,152,000	\$ 48,333,000	\$ -	\$ 48,333,000	\$ 501,485,000	33
34		Jurisdictional Operating Income (Loss)	\$ 46,513,000	\$ 7,672,000	\$ -	\$ 54,185,000	\$ 64,941,000	\$ -	\$ 64,941,000	\$ 119,126,000	34

	Company Rebuttal
a Original Cost Rate Base	Exhibit 23.11N \$ 1,452,760,000
b Operating Income at Present Rates	Exhibit 22.11N \$ 54,185,000
c Cost of Capital	Schedule D-1 8.20%
d Operating Income at Proposed Rates	line a x line c \$ 119,126,000
e Income Deficiency	line d - line b \$ 64,941,000
f Gross Revenue Conversion Factor	Exhibit 22.11P 1.74426200
g Revenue Increase Required	line e x line f \$ 113,274,000

The Peoples Gas Light and Coke Company

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

Line No.	I.C.C. Acc. No.	Description	Update income tax effects from L state tax, and other NS-PGL Ex. 22.4P	Co Direct Sch C-2 for L state tax rate change NS-PGL Ex. 22.5P	Adjust Depreciation on Forecast Plant Additions & 2010 UPIS NS-PGL Ex. 22.3P	Distribution Inflation NS-PGL Ex. 21.4P	Reclass Income Taxes from Deferred to Current Charitable Contributions NS-PGL Ex. 22.6P	Budget Payment Plans ICC Sch. 3.6P	Customer Deposits ICC Sch. 3.7P	Lobbying Expense ICC Sch. 2.3P	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[G]	[F]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments									-
2	480-481, 489	Uncollectible Expense Adjustment Revenues									-
3	480-481, 489	Volume Balancing Adjustment Revenues									-
4	480-481, 489	Infrastructure Cost Recovery Revenues									-
5		Base Rate Revenues	-	-	-	-	-	-	-	-	-
6	480-481, 489	PGA Revenues									-
7	480-481, 489	Coaltar Revenues									-
8	480-481, 489	Enhanced Energy Program Revenues									-
9		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-
10	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-
11	400	Operating Revenues	-	-	-	-	-	-	-	-	-
12		Operating Expenses									-
13	401	Cost of Gas									-
14	401 & 402	Other Operation and Maintenance									-
15	401 & 402	Other Production									-
16	401 & 402	Storage									-
17	401 & 402	Transmission									-
18	401 & 402	Distribution				(811,000)	-				(811,000)
19	401	Customer Accounts -Uncollectible Account					-				-
20	401	Customer Accounts-Other					-				-
21	401	Customer Service and Informational Services									-
22	401	Sales									-
23	401 & 402	Administrative and General	-	-	-	-	-	(244,000)	(432,000)	(55,000)	(731,000)
24		Total Other Operations and Maintenance	-	-	-	(811,000)	-	(244,000)	(432,000)	(55,000)	(1,542,000)
25	403	Depreciation	-	-	(44,000)	-	-	-	-	-	(44,000)
26	404	Amortization									-
27	408.1	Taxes Other than Income									-
28		Income Taxes									-
29	409.1	Federal Income Taxes - Current	(54,946,000)	67,000	14,000	257,000	9,000	77,000	136,000	18,000	(54,368,000)
30	409.1	State Income Taxes - Current	(1,552,000)	(192,000)	4,000	77,000	(25,000)	23,000	41,000	5,000	(1,619,000)
31	410.1 & 411.1	Deferred Income Taxes	60,414,000	(22,000)	(67,000)	-	16,000	-	-	-	60,341,000
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	3,916,000	(147,000)	(93,000)	(477,000)	-	(144,000)	(255,000)	(32,000)	2,768,000
34		Net Operating Income	\$ (3,916,000)	\$ 147,000	\$ 93,000	\$ 477,000	\$ -	\$ 144,000	\$ 255,000	\$ 32,000	\$ (2,768,000)

The Peoples Gas Light and Coke 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	Social and Service Club Dues ICC Sch. 2.4P		Reclass Test Year 2012 costs Accts 905 & 909	Adjusted Employee Benefits NS-PGL Ex. 22.7P	Advertising Staff disallowance ICC Sch 2.5P, p2	Acct 823 Physical Losses ICC 8.3P	Distribution-O&M Locates, Leaks, Disconnects, Building GCI AG Exh. 1.2 PGL	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-	-	-	-	-	-	-	-	-
2	480-481, 489	Uncollectible Expense Adjustment Revenues	-	-	-	-	-	-	-	-	-
3	480-481, 489	Volume Balancing Adjustment Revenues	-	-	-	-	-	-	-	-	-
4	480-481, 489	Infrastructure Cost Recovery Revenues	-	-	-	-	-	-	-	-	-
5		Base Rate Revenues	-	-	-	-	-	-	-	-	-
6	480-481, 489	PGA Revenues	-	-	-	-	-	-	-	-	-
7	480-481, 489	Coaltar Revenues	-	-	-	-	-	-	-	-	-
8	480-481, 489	Enhanced Energy Program Revenues	-	-	-	-	-	-	-	-	-
9		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-
10	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-
11	400	Operating Revenues	-	-	-	-	-	-	-	-	-
12		Operating Expenses									
13	401	Cost of Gas	-	-	-	-	-	-	-	-	-
14	401 & 402	Other Operation and Maintenance	-	-	-	-	-	-	-	-	-
15	401 & 402	Other Production	-	-	-	-	-	-	-	-	-
16	401 & 402	Storage	-	-	-	-	-	-	121,000	-	121,000
17	401 & 402	Transmission	-	-	-	-	-	-	-	-	-
18	401 & 402	Distribution	(811,000)	-	-	-	-	-	-	(6,423,000)	(7,234,000)
19	401	Customer Accounts -Uncollectible Expense	-	-	-	-	-	-	-	-	-
20	401	Customer Accounts -Other	-	-	-	70,000	-	-	-	-	70,000
21	401	Customer Service and Informational Services	-	-	-	(70,000)	-	(80,000)	-	-	(150,000)
22	401	Sales	-	-	-	-	-	-	-	-	-
23	401 & 402	Administrative and General	(731,000)	(74,000)	-	-	(10,354,000)	-	-	-	(11,159,000)
24		Total Other Operations and Maintenance	(1,542,000)	(74,000)	-	-	(10,354,000)	(80,000)	121,000	(6,423,000)	(18,352,000)
25	403	Depreciation	(44,000)	-	-	-	-	-	-	-	(44,000)
26	404	Amortization	-	-	-	-	-	-	-	-	-
27	408.1	Taxes Other than Income	-	-	-	-	-	-	-	-	-
28		Income Taxes	-	-	-	-	-	-	-	-	-
29	409.1	Federal Income Taxes - Current	(54,368,000)	23,000	-	-	3,280,000	25,000	(39,000)	2,035,000	(49,044,000)
30	409.1	State Income Taxes - Current	(1,619,000)	7,000	-	-	984,000	8,000	(11,000)	610,000	(21,000)
31	410.1 & 411.1	Deferred Income Taxes	60,341,000	-	-	-	-	-	-	-	60,341,000
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	2,768,000	(44,000)	-	-	(6,090,000)	(47,000)	71,000	(3,778,000)	(7,120,000)
34		Net Operating Income	\$ (2,768,000)	\$ 44,000	\$ -	\$ -	\$ 6,090,000	\$ 47,000	\$ (71,000)	\$ 3,778,000	\$ 7,120,000

The Peoples Gas Light and Coke 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	Building Lease ICC Sch 8.1P	Inflation Factor-Institutional Events ICC Sch 2.6P	Cast Iron Main Capital/O&M Data Req AG 1 23	Solicitation Revenues NS-PGL Ex. 21.1P	Net Operating Loss-tax normalization NS-PGL Ex. 22 8P	Incremental Invested Capital Tax Adjustment NS-PGL Ex. 22.9P	Incremental Interest Synchronization Adjustment NS-PGL Ex. 22.10P	Total Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-								-
2	480-481, 489	Uncollectible Expense Adjustment Revenues	-								-
3	480-481, 489	Volume Balancing Adjustment Revenues	-								-
4	480-481, 489	Infrastructure Cost Recovery Revenues	-								-
5		Base Rate Revenues	-	-	-	-	-	-	-	-	-
6	480-481, 489	PGA Revenues	-								-
7	480-481, 489	Coaltar Revenues	-								-
8	480-481, 489	Enhanced Energy Program Revenues	-								-
9		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-
10	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-
11	400	Operating Revenues	-	-	-	-	-	-	-	-	-
12		Operating Expenses	-								-
13	401	Cost of Gas	-								-
14	401 & 402	Other Operation and Maintenance	-								-
15	401 & 402	Other Production	-								-
16	401 & 402	Storage	121,000					-			121,000
17	401 & 402	Transmission	-	(58,000)							(58,000)
18	401 & 402	Distribution	(7,234,000)			(829,000)					(8,063,000)
19	401	Customer Accounts-Uncollectible Accounts	-								-
20	401	Customer Accounts-Other	70,000				(60,000)				10,000
21	401	Customer Service and Informational Services	(150,000)								(150,000)
22	401	Sales	-								-
23	401 & 402	Administrative and General	(11,159,000)	-	(17,000)	-	-	-	-	-	(11,176,000)
24		Total Other Operations and Maintenance	(18,352,000)	(58,000)	(17,000)	(829,000)	(60,000)	-	-	-	(19,316,000)
25	403	Depreciation	(44,000)					-	-	-	(44,000)
26	404	Amortization	-								-
27	408.1	Taxes Other than Income	-	-	-	-			(67,000)	-	(67,000)
28		Income Taxes	-								-
29	409.1	Federal Income Taxes - Current	(49,044,000)	18,000	5,000	263,000	19,000	42,714,000	(6,000)	74,000	(5,957,000)
30	409.1	State Income Taxes - Current	(21,000)	6,000	2,000	79,000	6,000	(39,000)	25,000	(12,000)	46,000
31	410.1 & 411.1	Deferred Income Taxes	60,341,000	-	-	-	-	(42,675,000)			17,666,000
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	(7,120,000)	(34,000)	(10,000)	(487,000)	(35,000)	-	(48,000)	62,000	(7,672,000)
34		Net Operating Income	\$ 7,120,000	\$ 34,000	\$ 10,000	\$ 487,000	\$ 35,000	\$ -	\$ 48,000	\$ (62,000)	\$ 7,672,000

The Peoples Gas Light and Coke Company

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

Line No.	I.C.C. Acc. No.	Description	Company Rebuttal income tax effect update in FAS 106 OPEB/Pension Retirement Welfare		TEE 1.17 SUPP Income tax effects from bonus depreciation, IL state tax and tax acctg method (1)(2)							Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[G]	[F]	[H]	[I]	[J]	[K]	
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-	-	-	-	-	-	-	-	-	-
2	480-481, 489	Uncollectible Expense Adjustment Revenues										-
3	480-481, 489	Volume Balancing Adjustment Revenues										-
4	480-481, 489	Infrastructure Cost Recovery Revenues										-
5		Base Rate Revenues	-	-	-	-	-	-	-	-	-	-
6	480-481, 489	PGA Revenues										-
7	480-481, 489	Coaltar Revenues										-
8	480-481, 489	Enhanced Energy Program Revenues										-
9		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-	-
10	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-	-
11	400	Operating Revenues	-	-	-	-	-	-	-	-	-	-
12		Operating Expenses										-
13	401	Cost of Gas										-
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										-
21	401	Customer Service and Informational Services										-
22	401	Sales										-
23	401 & 402	Administrative and General	-	-	-	-	-	-	-	-	-	-
24		Total Other Operations and Maintenance	-	-	-	-	-	-	-	-	-	-
25	403	Depreciation	-	-	-	-	-	-	-	-	-	-
26	404	Amortization										-
27	408.1	Taxes Other than Income										-
28		Income Taxes										-
29	409.1	Federal Income Taxes - Current	1,696,000	-	(56,642,000)	-	-	-	-	-	-	(54,946,000)
30	409.1	State Income Taxes - Current	509,000	-	(2,061,000)	-	-	-	-	-	-	(1,552,000)
31	410.1 & 411.1	Deferred Income Taxes	(228,000)		60,642,000							60,414,000
32	411.4	Investment Tax Credit	-	-	-	-	-	-	-	-	-	-
33		Total Operating Expenses	1 977 000	-	1 939 000	-	-	-	-	-	-	3 916 000
34		Net Operating Income	\$ (1 977 000)	\$ -	\$ (1 939 000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3 916 000)

Notes: (1) Separate income taxes for these adjustments were calculated in column [E] to reflect incremental impacts from bonus depreciation (Capital Expenditures and VEBA contributions) , new Illinois state tax and tax accounting method changes.

(2) Includes incremental impacts reflecting the revised effective income tax rate of 41.175% due to change in Illinois state rate to 9.5%

Summary of Proposed Adjustments to Operating Income -Updates to Schedule C-2 (1)
For the Test Year Ending December 31, 2012

Line No.	I.C.C. Acc. No.	Description	Original filing - Effective Tax Rate of 39.745% -without invested capital tax and interest sync				at 41.175% (3)		(Increase)/Decrease Attach 01(a) Incremental Adjustments (1)
			Original filed	Less:	Less:	Original filed	Schedule C-2.1 to C-2.13; C-2.16 Adjustments (1)	Schedule C-2.1 to C-2.13; C-2.16 Adjustments (1)	
			Sch C-2, p 3, col K Total Adjustments (2)	Sch C-2.14 Invested Capital Tax (1)(2)	Sch C-2.15 Interest Sync Tax (1)(2)	Schedule C-2.1 to C-2.13; C-2.16 Adjustments (1)			
[A]	[B]	[C]	[D]	[E]	[F]	[F]	[F]		
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-	-	-	-	-	-	
2	480-481, 489	Uncollectible Expense Adjustment Revenues	2,217,000			2,217,000	2,217,000	-	
3	480-481, 489	Volume Balancing Adjustment Revenues	2,970,000			2,970,000	2,970,000	-	
4	480-481, 489	Infrastructure Cost Recovery Revenues	(12,876,000)			(12,876,000)	(12,876,000)	-	
5		Base Rate Revenues	(7,689,000)	-	-	(7,689,000)	(7,689,000)	-	
6	480-481, 489	PGA Revenues	(639,885,000)			(639,885,000)	(639,885,000)	-	
7	480-481, 489	Coaltar Revenues	(14,040,000)			(14,040,000)	(14,040,000)	-	
8	480-481, 489	Enhanced Energy Program Revenues	(6,297,000)			(6,297,000)	(6,297,000)	-	
9		Pass Through Service Revenues	(660,222,000)	-	-	(660,222,000)	(660,222,000)	-	
10	487, 488, 495	Other Revenues	1,513,000	-	-	1,513,000	1,513,000	-	
11	400	Operating Revenues	(666,398,000)	-	-	(666,398,000)	(666,398,000)	-	
12		Operating Expenses						-	
13	401	Cost of Gas	(639,887,000)			(639,887,000)	(639,887,000)	-	
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	1,715,000			1,715,000	1,715,000	-	
21	401	Customer Service and Informational Services	-			-	-	-	
22	401	Sales	-			-	-	-	
23	401 & 402	Administrative and General	(17,875,000)	-	-	(17,875,000)	(17,875,000)	-	
24		Total Other Operations and Maintenance	(16,160,000)	-	-	(16,160,000)	(16,160,000)	-	
25	403	Depreciation	-			-	-	-	
26	404	Amortization	-			-	-	-	
27	408.1	Taxes Other than Income	558,000	(587,000)	-	(29,000)	(29,000)	-	
28		Income Taxes						-	
29	409.1	Federal Income Taxes - Current	(2,986,000)	190,000	453,000	(2,343,000)	(2,276,000)	(67,000)	
30	409.1	State Income Taxes - Current	(673,000)	43,000	102,000	(528,000)	(720,000)	192,000	
31	410.1 & 411.1	Deferred Income Taxes	(621,000)			(621,000)	(643,000)	22,000	
32	411.4	Investment Tax Credit	-			-	-	-	
33		Total Operating Expenses	(659,769,000)	(354,000)	555,000	(659,568,000)	(659,715,000)	147,000	
34		Net Operating Income	\$ (6,629,000)	\$ 354,000	\$ (555,000)	\$ (6,830,000)	\$ (6,683,000)	\$ (147,000)	

Sch C-2 O&M ratemaking at deferred income taxes:

Sch C-2.6 amortization of 2012 rate case expenses	\$ 2,043,000	\$ 2,043,000
Sch C-2.7 amortization of 2007 rate case expenses	(260,000)	(260,000)
Sch C-2.8 amortization of 2009 rate case expenses	(594,000)	(594,000)
Sch C-2.11 charitable contribution	1,125,000	1,125,000
Sch C-2.12 amortization of CTA merger costs	(753,000)	(753,000)
Total before deferred income taxes	1,561,000	1,561,000
Effective income tax rate	39.745%	41.175%
Deferred Income Taxes	(621,000)	(643,000)

Schedule C-2 O&M ratemaking at current income taxes:

Remaining C-2 O&M rate making adjustments before income taxes	8,761,000	8,761,000
Current - State calculated on O&M ratemaking (Sch 2.1-2.5, 2.9, 2.10, 2.16)	(640,000)	(832,000)
Sch C-2.13 income tax items not in revenue requirement	112,000	112,000
Total Current - State income tax	(528,000)	(720,000)
Current - Federal calculated on O&M ratemaking (Sch 2.1-2.5, 2.9, 2.10, 2.16)	(2,842,000)	(2,775,000)
Sch C-2.13 income tax items not in revenue requirement	499,000	499,000
Total Current - Federal income tax	(2,343,000)	(2,276,000)

Notes: (1) To provide reasonable comparison between original filing and update information In response to TEE 1.17 supplemental, adjustments and calculations for Invested Capital Tax and Interest Synchronization are excluded

(2) Income Taxes calculated at former effective income tax rate of 39.745% (Illinois at 7.3%, Federal at 35%)

(3) Reflects the revised effective income tax rate of 41.175% due to change in Illinois state rate to 9.5%

THE PEOPLES GAS LIGHT & COKE COMPANY
Reclass Income Taxes from Deferred to Current for Charitable Contributions

Docket Nos. 11-0280/11-0281 consol.
 NS-PGL Exhibit 22.6P

			\$	1,125,000					
ICC 930 2	Donations (recorded in ICC 426.10)		\$	1,125,000					
		ICC 426.10	\$	<u>1,125,000</u>					
				Update Sch. C-2					
				TEE 1.17 Supp.					
				new IL state income tax					
						Company Direct		(Increase)/Decrease	(Increase)/Decrease
						old L state income tax		Difference	Company Rebuttal
									Adjustment
									reclass
OPERATING EXPENSES									
General Operation and Maintenance				1,125,000		1,125,000		-	
Total Normalized Income Taxes	- State	(9 50% x 1,125,000)		(107,000)	(7 3% x 1,125,000)	(82,000)			
	- Federal	(35 00% x 1,018,000)		<u>(356,000)</u>	(35 0% x 1,043,000)	<u>(365,000)</u>			
Total				<u>(463,000)</u>		<u>(447,000)</u>			
Current (409.1)	- State			-		-			(25,000)
	- Federal			-		-			9,000
Deferred (410.1)				<u>(463,000)</u>		<u>(447,000)</u>	<u>(16,000)</u>		<u>16,000</u>
Total Operating Expenses				<u>662,000</u>		<u>678,000</u>	<u>(16,000)</u>		<u>0</u>
EFFECT ON OPERATING INCOME				<u>\$ (662,000)</u>		<u>\$ (678,000)</u>	<u>\$ 16,000</u>		<u>\$ -</u>

THE PEOPLES GAS LIGHT & COKE COMPANY
Incremental Adjustment on O&M Employee Benefits for 2012

Docket Nos. 11-0280/11-0281 consol.
NS-PGL Exhibit 22.7P

Rate making adjustment

Incremental Adjustment on O&M Employee Benefits for 2012				Amount
OPERATING EXPENSES				Company Rebuttal
ICC 926	Forecast 2012 Test Year Budget - O&M Costs	NS_PGL Ex. 27.1	Updated	50,804,000
ICC 926	Forecast 2012 Test Year Budget - O&M Costs	Schedule C-11.3	Original Filing	<u>61,158,000</u>
ICC 926	(Decrease)/increase in OPERATING EXPENSES - Costs			(10,354,000)
Income Taxes	- State (9.5% x (10,354,000))			984,000
	- Federal (35.0% x (9,370,000))			3,280,000
		Current (409.1)	- State	984,000
			- Federal	3,280,000
		Deferred (410.1)		<u>-</u>
				4,264,000
	TOTAL OPERATING EXPENSES			(6,090,000)
EFFECT ON OPERATING INCOME			Ratemaking adjustment	<u><u>6,090,000</u></u>

THE PEOPLES GAS LIGHT & COKE COMPANY
NET OPERATING LOSS -TAX NORMALIZATION

2012

Docket Nos. 11-0280/11-0281 consol.
NS-PGL Exhibit 22.8P

			Account 409.10 Federal-Current	Account 409.10 State-Current	Account 410.1 Deferred
TOTAL INCOME TAXES -2012 OPERATING INCOME	Company proforma present	NS-PGL Ex. 22.1P col. C	\$ 5,957,000	\$ (46,000)	\$ 3,433,000
TOTAL INCOME TAXES -2012 OPERATING INCOME	Ratemaking adjustments excluding NOL	NS-PGL Ex. 22.2P, p3, col. K minus p3 col.H	\$ (48,671,000)	\$ 85,000	\$ 60,341,000
			\$ (42,714,000)	\$ 39,000	\$ 63,774,000
Ratemaking adjustment -Current Income Taxes -NOL to Deferred Tax Asset	Adjusted Company proforma present		\$ 42,714,000	\$ (39,000)	\$ (42,675,000)
Ratemaking adjustment -Current Income Taxes -NOL to Deferred Tax Asset	NS-PGL Ex. 22.2P, p3 col.H		\$ 42,714,000	\$ (39,000)	\$ (42,675,000)
	NET		\$ -	\$ -	\$ -
PROPOSED REVENUE INCREASE		NS-PGL Ex. 22.1P col. F lines 29 and 30	\$ 34,968,000	\$ 10,488,000	\$ -
Adjustment -Proposed Revenue IncreaseCurrent Income Taxes -NOL to Deferred Tax Asset		NS-PGL Ex. 22.1P col. G lines 29 and 30	\$ (34,968,000)	\$ (6,709,000)	\$ 41,677,000
Remaining as adjusted requested rate increase		NS-PGL Ex. 22.1P col. I lines 29 and 30	\$ -	\$ 3,779,000	\$ 41,677,000
Ratemaking adjustment -Current Income Taxes -NOL to Deferred Tax Asset	TOTAL		7,746,000	(6,748,000)	(998,000)

THE PEOPLES GAS LIGHT & COKE COMPANY
 Adjust to reflect increase in invested capital tax
 Future Test Year ended December 31, 2012

Docket Nos. 11-0280/11-0281 consol.
 NS-PGL Exhibit 22.9P

Ratemaking adjustment

	Company Direct	Company Rebuttal
RATE BASE Average Test Year 2012 Schedule B-1	1,415,543,000	1,452,760,000
RATE OF RETURN	8.49%	8.20%
NET OPERATING INCOME REQUIREMENT	\$120,180,000	\$119,126,000
PRO FORMA OPERATING INCOME AT PRESENT RATES	46,513,000	54,185,000
ADJUST: OPERATING INCOME ADJUSTMENT- INVESTED CAPITAL TAX	354,000	(48,000)
	46,867,000	54,137,000
ADDITIONAL OPERATING INCOME ALLOWED	\$73,313,000	\$64,989,000

OPERATING EXPENSES	Old IllinoisRate	New IllinoisRate	Company Direct	Company Rebuttal Reverse Co Direct	Company Rebuttal Update	Co Surrebut Incremental	Adjusted Company Total
Invested Capital Tax	(0.8%)	(0.8%)	\$587,000	(587,000)	520,000	-	\$520,000
Income Taxes - State	(7.3%)	(9.5%)	(\$43,000)	43,000	(49,000)	-	(\$49,000)
- Federal	(35.0%)	(35.0%)	(\$190,000)	190,000	(165,000)	-	(\$165,000)
Total Operating Expenses			\$354,000	(354,000)	306,000	-	306,000
EFFECT ON OPERATING INCOME			(\$354,000)	\$354,000	(\$306,000)	\$0	(\$306,000)

total rebuttal adjustment	48,000
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Co Direct Original filing	(354,000)
Company Rebuttal -Reverse Co Direct -old IL state income tax rate	354,000
Company Rebuttal -Update -new IL state income tax rate	(306,000)
Company Surrebuttal Incremental adjustment	0
Total Adjust Income Taxes to Reflect Effect of Interest Synchronization	(306,000)

() Denotes red figure.

THE PEOPLES GAS LIGHT & COKE COMPANY
Adjust Income Taxes to Reflect Effect of Interest Synchronization

Docket Nos. 11-0280/11-0281 consol.
NS-PGL Exhibit 22.10P

			Company Direct	Company Rebut Incremental	Co Surrebut Incremental Total	Adjusted Company	
Rate-making adjustment							
RATE BASE	Average Test Year	2012	1,415,543,000	-	37,217,000	1,452,760,000	
WEIGHTED COST OF LONG-TERM DEBT			2.19%			2.12%	
SYNCHRONIZED INTEREST			31,000,000	-	-	30,799,000	
LESS: PER BOOK INTEREST AS ADJUSTED			29,603,000	-	-	29,603,000	
INCREASE IN INTEREST EXPENSE			\$1,397,000	-	-	1,196,000	
OPERATING EXPENSES	Old Illinois Rate	New Illinois Rate	Company Direct	Company Rebuttal Reverse Co Direct	Company Rebuttal Update	Co Surrebut Incremental Total	Adjusted Company
Income Taxes	- State	(7.3%)	(102,000)	102,000	(114,000)	-	(114,000)
		(0.0%)					
	- Federal	(35.0%)	(453,000)	453,000	(379,000)	-	(379,000)
		(35.0%)					
Total Operating Expenses			(555,000)	555,000	(493,000)	0	(493,000)
EFFECT ON OPERATING INCOME			\$555,000	(\$555,000)	\$493,000	\$0	\$493,000
			total rebuttal adjustment		(62,000)		

Co Direct Original filing	555,000
Company Rebuttal -Reverse Co Direct -old IL state income tax rate	(555,000)
Company Rebuttal -Update -new IL state income tax rate	493,000
Company Surrebuttal Incremental adjustment	0
Total Adjust Income Taxes to Reflect Effect of Interest Synchronization	493,000

() Denotes red figure.

The Peoples Gas Light and Coke Company

Computation of Jurisdictional Gross Revenue
Conversion Factor
for Test Year Ended December 31, 2012

with new IL state tax rate of 9.5%

Line No.	Description [A]	with Uncollectibles Calculation [B]	without Uncollectibles Calculation [B]	Line No.
1	Total Operating Revenues Before Add-on Revenue Taxes	1.000000	1.000000	1
2	Less: Provision for Uncollectible Accounts	<u>0.025400</u>	<u>0.000000</u>	2
3	Taxable Income for State Income Tax Purposes	0.974600	1.000000	3
4	Less: State Income Taxes @ 9.50%	<u>0.092587</u>	<u>0.095000</u>	4
5	Taxable Income for Federal Income Tax Purposes	0.882013	0.905000	5
6	Less: Federal Income Tax @ 35.00%	<u>0.308705</u>	<u>0.316750</u>	6
7	Operating Income	<u>0.573308</u>	<u>0.588250</u>	7
8	Gross Revenue Conversion Factor - Revenues Subject to The			8
9	Provision for Uncollectible Accounts (Line 1 / Line 7)	<u>1.744262</u>	<u>1.699958</u>	9
10	Effective tax rate (Line 1 minus Line 7)		<u>0.411750</u>	