

The Peoples Gas Light and Coke Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Operating Income (App. B, p. 2 Col. d)	Staff Adjustments (App. B, p. 4)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (NS-PGL Ex. 39.1 P CORR, Col. G)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ 490,127	\$ -	\$ 490,127	\$ 110,928	\$ 294	\$ 601,349	\$ (65,109)	\$ 536,240
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	17,252	6	17,258	1,682	-	18,940	-	18,940
5	Total Operating Revenue	507,379	6	507,385	112,610	294	620,289	(65,109)	555,180
6	Uncollectibles Expense	29,414	510	29,924	2,860	293	33,077	(1,818)	31,259
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Distribution	108,657	(297)	108,360	-	-	108,360	-	108,360
10	Customer Accounts	31,239	379	31,618	-	-	31,618	-	31,618
11	Customer Service and Informational Services	2,214	142	2,356	-	-	2,356	-	2,356
12	Sales	-	-	-	-	-	-	-	-
13	Administrative and General	132,993	(8,476)	124,517	-	-	124,517	-	124,517
14	Depreciation and Amortization	88,443	(136)	88,307	-	-	88,307	-	88,307
15	Storage	11,542	3	11,545	-	-	11,545	-	11,545
16	Transmission	3,250	(651)	2,599	-	-	2,599	-	2,599
17	Taxes Other than Income	22,517	(1,365)	21,152	-	-	21,152	-	21,152
18	Total Operating Expense								
19	Before Income Taxes	430,269	(9,891)	420,378	2,860	293	423,531	(1,818)	421,713
20	State Income Tax	-	1,026	1,026	10,426	-	11,452	(6,013)	5,439
21	Federal Income Tax	-	3,423	3,423	34,763	-	38,186	(20,047)	18,139
22	Deferred Taxes and ITCs Net	22,222	-	22,222	-	-	22,222	-	22,222
23	Total Current and Deferred Income Tax Exp	22,222	4,449	26,671	45,189	-	71,860	(26,060)	45,800
24	Total Operating Expenses	452,491	(5,442)	447,049	48,049	293	495,391	(27,878)	467,513
25	NET OPERATING INCOME	\$ 54,888	\$ 5,448	\$ 60,336	\$ 64,561	\$ 1	\$ 124,898	\$ (37,231)	\$ 87,667
26	Staff Rate Base (Appendix B, p. 5, column (d), line 23)								\$ 1,367,664
27	Staff Overall Rate of Return (Staff IB)								6.41%
28	Base Rate Revenues Change							9.41 %	\$ 46,113
29	Other Revenues Change							9.78 %	\$ 1,688
30	Total Operating Revenue Change							9.42 %	\$ 47,801

The Peoples Gas Light and Coke Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Company Rebuttal Case Pro Forma Present (NS-PGL Ex. 22.1 P, Col. F)	Company Surrebuttal Adjustments (NS-PGL Ex. 39.1 P CORR, Cols. D+E)	Company Surrebuttal Case Pro Forma Present Adjusted (Cols. b+c)
	(a)	(b)	(c)	(d)
1	Base Rates Revenues	\$ 490,127	\$ -	\$ 490,127
2	PGA Revenues	-	-	-
3	ECR Revenues (Coal Tar)	-	-	-
4	Other Revenues	17,210	42	17,252
5	Total Operating Revenue	507,337	42	507,379
6	Uncollectibles Expense	29,414	-	29,414
7	Cost of Gas	-	-	-
8	Other Production	-	-	-
9	Distribution	108,657	-	108,657
10	Customer Accounts	31,239	-	31,239
11	Customer Service and Informational Services	2,214	-	2,214
12	Sales	-	-	-
13	Administrative and General	134,658	(1,665)	132,993
14	Depreciation and Amortization	88,558	(115)	88,443
15	Storage	11,542	-	11,542
16	Transmission	3,250	-	3,250
17	Taxes Other than Income	22,521	(4)	22,517
18	Total Operating Expense			
19	Before Income Taxes	432,053	(1,784)	430,269
20	State Income Tax	-	-	-
21	Federal Income Tax	-	-	-
22	Deferred Taxes and ITCs Net	21,098	1,124	22,222
23	Total Current and Deferred Income Tax Exp	21,098	1,124	22,222
24	Total Operating Expenses	453,151	(660)	452,491
25	NET OPERATING INCOME	\$ 54,186	\$ 702	\$ 54,888

The Peoples Gas Light and Coke Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Interest Synchronization (App. B, p. 9)	Uncollectibles Expense (App. B, p. 15)	Invested Capital Taxes (App. B, p. 14)	Rate Case Expense (Staff IB)	Rate Case Expense Amortization (Staff IB)	Incentive Compensation (Sch. 12.2 P)	Non-Union Wages (Sch. 12.3 P)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	510	-	-	-	-	-	510
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Distribution	-	-	-	-	-	(558)	261	(297)
10	Customer Accounts	-	-	-	-	-	(400)	779	379
11	Customer Service and Informational Services	-	-	-	-	-	(57)	199	142
12	Sales	-	-	-	-	-	-	-	-
13	Administrative and General	-	-	-	(29)	(56)	(5,492)	(1,960)	(7,537)
14	Depreciation and Amortization	-	-	-	-	-	(37)	(99)	(136)
15	Storage	-	-	-	-	-	(90)	93	3
16	Transmission	-	-	-	-	-	(37)	(614)	(651)
17	Taxes Other than Income	-	-	(371)	-	-	(595)	(399)	(1,365)
18	Total Operating Expense	-	510	(371)	(29)	(56)	(7,266)	(1,740)	(8,952)
19	Before Income Taxes	-	510	(371)	(29)	(56)	(7,266)	(1,740)	(8,952)
20	State Income Tax	86	(48)	35	3	5	690	165	936
21	Federal Income Tax	287	(162)	118	9	18	2,302	551	3,123
22	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
23	Total Current and Deferred Income Tax Exp	373	(210)	153	12	23	2,992	716	4,059
24	Total Operating Expenses	373	300	(218)	(17)	(33)	(4,274)	(1,024)	(4,893)
25	NET OPERATING INCOME	\$ (373)	\$ (300)	\$ 218	\$ 17	\$ 33	\$ 4,274	\$ 1,024	\$ 4,893

The Peoples Gas Light and Coke Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Solicitation Services (Staff IB)	Repairs Revenue (Staff IB)	Gas Transportation Admin. Costs (Sch. 12.9 P)	(Source)	(Source)	(Source)	Subtotal Operating Statement Adjustments
	(a)	(j)	(u)	(aa)	(ad)	(n)	(m)	(n)	(q)
1	Base Rate Revenues	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	6	-	-	-	-	6
5	Total Operating Revenue	-	-	6	-	-	-	-	6
6	Uncollectibles Expense	510	-	-	-	-	-	-	510
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Distribution	(297)	-	-	-	-	-	-	(297)
10	Customer Accounts	379	-	-	-	-	-	-	379
11	Customer Service and Informational Services	142	-	-	-	-	-	-	142
12	Sales	-	-	-	-	-	-	-	-
13	Administrative and General	(7,537)	(656)	-	(283)	-	-	-	(8,476)
14	Depreciation and Amortization	(136)	-	-	-	-	-	-	(136)
15	Storage	3	-	-	-	-	-	-	3
16	Transmission	(651)	-	-	-	-	-	-	(651)
17	Taxes Other than Income	(1,365)	-	-	-	-	-	-	(1,365)
18	Total Operating Expense								
19	Before Income Taxes	(8,952)	(656)	-	(283)	-	-	-	(9,891)
20	State Income Tax	936	62	1	27	-	-	-	1,026
21	Federal Income Tax	3,123	208	2	90	-	-	-	3,423
22	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
23	Total Current and Deferred Income Tax Exp	4,059	270	3	117	-	-	-	4,449
24	Total Operating Expenses	(4,893)	(386)	3	(166)	-	-	-	(5,442)
25	NET OPERATING INCOME	\$ 4,893	\$ 386	\$ 3	\$ 166	\$ -	\$ -	\$ -	\$ 5,448

The Peoples Gas Light and Coke Company
Rate Base
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Rate Base (App. B, p. 6 Col. d)	Staff Adjustments (App. B, p. 7)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant	\$ 2,849,863	\$ (5,111)	\$ 2,844,752
2	Accumulated Provision for Depr. and Amort.	(1,153,192)	249	(1,152,943)
3		-	-	-
4	Net Plant	\$ 1,696,671	\$ (4,862)	\$ 1,691,809
5	Additions to Rate Base:			
6	Cash Working Capital	38,567	(7,729)	30,838
7	Materials and Supplies	8,743	(554)	8,189
8	Gas in Storage	61,932	(20,905)	41,027
9	Retirement Benefits, Net	68,887	(118,420)	(49,533)
10	Budget Plan Balances	19,020	-	19,020
11		-	-	-
12	Deductions From Rate Base:			
13	Accumulated Deferred Income Taxes	(382,735)	47,281	(335,454)
14	Customer Deposits	(29,267)	-	(29,267)
15	Customer Advances for Construction	(549)	-	(549)
16	Reserve for Injuries and Damages	(8,416)	-	(8,416)
17	-	-	-	-
18	-	-	-	-
19	-	-	-	-
20	-	-	-	-
21	-	-	-	-
22	-	-	-	-
23	Rate Base	\$ 1,472,853	\$ (105,189)	\$ 1,367,664

The Peoples Gas Light and Coke Company
Rate Base
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (NS-PGL Ex. 23.1 P, Col. F)	Company Surrebuttal Adjustments (NS-PGL Ex. 40.1 P CORR, Col. E)	Company Surrebuttal Case Pro Forma Rate Base (Cols. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant	\$ 2,853,073	\$ (3,210)	\$ 2,849,863
2	Accumulated Provision for Depr. and Amort.	(1,153,285)	93	(1,153,192)
3		-	-	-
4	Net Plant	1,699,788	(3,117)	1,696,671
5	Additions to Rate Base			
6	Cash Working Capital	36,474	2,093	38,567
7	Materials and Supplies	8,743	-	8,743
8	Gas in Storage	61,932	-	61,932
9	Retirement Benefits, Net	68,887	-	68,887
10	Budget Plan Balances	19,020	-	19,020
11		-	-	-
12	Deductions From Rate Base:			
13	Accumulated Deferred Income Taxes	(403,698)	20,963	(382,735)
14	Customer Deposits	(29,267)	-	(29,267)
15	Customer Advances for Construction	(549)	-	(549)
16	Reserve for Injuries and Damages	(8,416)	-	(8,416)
17		-	-	-
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23	Rate Base	\$ 1,452,914	\$ 19,939	\$ 1,472,853

The Peoples Gas Light and Coke Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Cash Working Capital (App. B, p. 11)	Pension Asset (Sch. 12.1 P)	Incentive Compensation (Sch. 12.2 P)	Non-Union Wages (Sch. 12.3 P)	Materials & Supplies (Sch. 12.4 P)	Gas in Storage (Sch. 12.5 P)	(Source)	Subtotal Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(k)	(h)	(i)
1	Gross Utility Plant	\$ -		\$ (1,140)	\$ (3,971)	\$ -	\$ -	\$ -	\$ (5,111)
2	Accumulated Provision for Depr. and Amort.	-		150	99	-	-	-	249
3		-	-	-	-	-	-	-	-
4	Net Plant	\$ -	\$ -	\$ (990)	\$ (3,872)	\$ -	\$ -	\$ -	\$ (4,862)
5	Additions to Rate Base:								
6	Cash Working Capital	(7,729)	-	-	-	-	-	-	(7,729)
7	Materials and Supplies	-	-	-	-	(554)	-	-	(554)
8	Gas in Storage	-	-	-	-	-	(20,905)	-	(20,905)
9	Retirement Benefits, Net	-	(118,420)	-	-	-	-	-	(118,420)
10	Budget Plan Balances	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12	Deductions From Rate Base:								
13	Accumulated Deferred Income Taxes	-	47,234	42	5	-	-	-	47,281
14	Customer Deposits	-	-	-	-	-	-	-	-
15	Customer Advances for Construction	-	-	-	-	-	-	-	-
16	Reserve for Injuries and Damages	-	-	-	-	-	-	-	-
17		-	-	-	-	-	-	-	-
18		-	-	-	-	-	-	-	-
19		-	-	-	-	-	-	-	-
20		-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (7,729)	\$ (71,186)	\$ (948)	\$ (3,867)	\$ (554)	\$ (20,905)	\$ -	\$ (105,189)

The Peoples Gas Light and Coke Company
Revenue Effect of Staff's Adjustments
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description	Peoples Gas' Proposal	Staff's Adjustments	Staff's Proposal
	(a)	(b)	(c)	(d)
1	Summary			
2	Current Revenues	\$ 507,379		\$ 507,379
3	Proposed Increase	112,610	(64,809)	47,801
4	Proposed Revenue Requirement	\$ 619,989	\$ (64,809)	\$ 555,180
5	Percentage Increase	22.19 %	(12.77)%	9.42 %
6	Effect of Each Staff Adjustment			
7	Rate of Return		\$ (43,787)	
8	Incentive Compensation (Sch. 12.2 P)		(7,566)	
9	Pension Asset (Sch. 12.1 P)		(6,893)	
10	Non-Union Wages (Sch. 12.3 P)		(2,165)	
11	Gas in Storage (Sch. 12.5 P)		(2,024)	
12	Cash Working Capital (App. B, p. 11)		(748)	
13	Interest Synchronization (App. B, p. 9)		(954)	
14	Solicitation Services (Staff IB)		(675)	
15	Invested Capital Taxes (App. B, p. 14)		(381)	
16	Gas Transportation Admin. Costs (Sch. 12.9 P)		(290)	
17	Rate Case Expense Amortization (Staff IB)		(58)	
18	Materials & Supplies (Sch. 12.4 P)		(54)	
19	Rate Case Expense (Staff IB)		(30)	
20	Repairs Revenue (Staff IB)		-	
21	Gross Revenue Conversion Factor		294	
22	Uncollectibles Expense (App. B, p. 15)		525	
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Rounding		(3)	
38	Effect of Staff's Adjustments		\$ (64,809)	
39	Reconciliation to Schedule 10.01			
40	Column (c), line 5.		6	
41	Column (f), line 5.		294	
42	Column (h), line 5.		(65,109)	
43	Total Effect of Staff's Adjustments		\$ (64,809)	

The Peoples Gas Light and Coke Company
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2012
(In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 1,367,664 ⁽¹⁾
2	Weighted Cost of Debt	<u>2.12%</u> ⁽²⁾
3	Synchronized Interest Per Staff (Line 1 x Line 2)	\$ 28,994
4	Company Interest Expense	<u>29,901</u> ⁽³⁾
5	Increase (Decrease) in Interest Expense	<u>\$ (907)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 86</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 287</u>
10	Total Income Tax Expense	<u>\$ 373</u>

(1) Source: Appendix B, p. 5, column (d), line 23

(2) Source: Staff IB

(3) Source: Company NS-PGL Ex. 39.7 P

The Peoples Gas Light and Coke Company
 Gross Revenue Conversion Factor
 For the Test Year Ending December 31, 2012
 (In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	1.000000
2	Uncollectibles expense percentage per Staff (1)	2.7927%	<u>0.027927</u>	
3	State Taxable Income		0.972073	
4	State Income Tax	9.5000%	<u>0.092347</u>	<u>0.095000</u>
5	Federal Taxable Income		0.879726	0.905000
6	Federal Income Tax	35.0000%	<u>0.307904</u>	<u>0.316750</u>
7	Operating Income		<u>0.571822</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Staff (Line 1 / Line 7)		<u>1.748796</u>	<u>1.699958</u>

(1) ICC Staff Ex. 1.0, p. 22 lines 491 - 493

The Peoples Gas Light and Coke Company
Adjustment to Cash Working Capital
For the Test Year Ending December 31, 2012
(In Thousands)

Line No. (A)	Item (B)	Amount (C)	Lag (Lead) (D)	CWC Factor (D) / 365 (E)	CWC Requirement (C) x (E) (F)	Column (C) Source (G)
1	Revenues	\$ 1,016,826	56.06	0.15359	\$ 156,173	Appendix B, p. 12, Column C, Line 6
2	Pass Through Taxes	167,973	0.00	0.00000	-	Sum of lines 17 - 21 below
3	Payroll and Withholdings	53,667	(14.26)	(0.03907)	(2,097)	Appendix B, p. 13, Column C, Line 4
4	Inter Company Billings	198,752	(35.80)	(0.09808)	(19,494)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 5
5	Natural Gas	639,885	(40.62)	(0.11129)	(71,211)	Peoples Gas Schedule C-1, line 6, column C
6	Other Operations and Maintenance	3,594	(46.62)	(0.12773)	(459)	Appendix B, p. 12, Column C, Line 18
7	Federal Insurance Contributions (FICA)	3,903	(16.20)	(0.04438)	(173)	Appendix B, p. 13, Column C, Line 11
8	Federal Unemployment Tax	24	(76.38)	(0.20926)	(5)	Peoples Gas Schedule C-18, line 3 column B
9	State Unemployment Tax	277	(80.17)	(0.21964)	(61)	Peoples Gas Schedule C-18, line 10 column B
10	Property/Real Estate Taxes	1,168	(361.00)	(0.98904)	(1,155)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 12
11	Invested Capital Tax	11,141	(35.40)	(0.09699)	(1,081)	Appendix B, p. 13, Column C, Line 16
12	Corporation Franchise Tax	220	(182.79)	(0.50079)	(110)	Peoples Gas Schedule C-18, line 9 column B
13	Sales, Use and Accelerated Tax	185	(6.48)	(0.01775)	(3)	Peoples Gas Schedule C-18, line 11 column B
14	Federal Excise Tax	41	(75.37)	(0.20649)	(8)	Peoples Gas Schedule C-18, line 4 column B
15	Chicago Employer's Expense Tax	54	(59.88)	(0.16405)	(9)	Peoples Gas Schedule C-18, line 19 column B
16	Unauthorized Insurance Tax	127	133.89	0.36682	47	Peoples Gas Schedule C-18, line 14 column B
17	ICC Gas Revenue Tax	1,138	31.84	0.08723	99	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 20
18	Gross Receipts/Municipal Utility Tax	90,983	(46.50)	(0.12740)	(11,591)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 21
19	Energy Assistance Charges	9,684	(35.50)	(0.09726)	(942)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 22
20	IDOR Gas Revenue/Public Utility tax	35,417	(35.75)	(0.09795)	(3,469)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 24
21	City of Chicago Gas Use tax	30,751	(46.50)	(0.12740)	(3,918)	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 25
22	Interest Expense	28,994	(91.25)	(0.25000)	(7,249)	Appendix B, p. 9, Column b, Line 3
23	Federal Income Tax	18,139	(37.88)	(0.10378)	(1,882)	Appendix B, p. 1, Column I, Line 21
24	State Income Tax	5,439	(37.88)	(0.10378)	(564)	Appendix B, p. 1, Column I, Line 20
25	Cash Working Capital per Staff				\$ 30,838	Sum of Lines 1 through 24
26	Cash Working Capital per Company				38,567	NS-PGL Ex. 40.4P CORRECTED
27	Difference -- Staff Adjustment				<u>\$ (7,729)</u>	Line 25 - Line 26

Note: Lag (Lead) is from Peoples Gas Schedule B-8, Page 1 of 2, Column B

The Peoples Gas Light and Coke Company
Adjustment to Cash Working Capital
For the Test Year Ending December 31, 2012
(In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Total Operating Revenues	\$ 555,180	Appendix B, p. 1, Column I, Line 5
2	PGA Revenue	639,885	Peoples Schedule C-1, line 6, column C
3	Uncollectible Accounts	(31,259)	Appendix B, p. 1, Column I, Line 6
4	Depreciation & Amortization	(88,307)	Appendix B, p. 1, Column I, Line 14
5	Return on Equity	<u>(58,673)</u>	Line 9 below
6	Total Revenues for CWC calculation	<u>\$ 1,016,826</u>	Sum of Lines 1 through 5
7	Total Rate Base	\$ 1,367,664	Appendix B, p. 5, Column d, Line 23
8	Weighted Cost of Capital	<u>4.29%</u>	ICC Staff Ex. 13.0, Schedule 13.01
9	Return on equity deduction from revenue	<u>\$ 58,673</u>	Line 7 x Line 8
10	O & M Expenses	\$ 421,713	Appendix B, p. 1, Column I, Line 19
11	Payroll and Withholdings	(53,667)	Appendix B, p. 13, Column C, Line 4
12	Inter Company Billings	(198,752)	Peoples Schedule B-8, Page 1 of 3, Column B, Line 5
13	FICA	(3,903)	Appendix B, p. 13, Column C, Line 11
14	Taxes Other Than Income excluding FICA	(13,237)	Appendix B, p. 11, Column C, Sum of Lines 8 through 16
15	Interest Expense	(28,994)	Appendix B, p. 11, Column C, Line 22
16	Uncollectible Accounts	(31,259)	Appendix B, p. 1, Column I, Line 6
17	Depreciation & Amortization	<u>(88,307)</u>	Appendix B, p. 1, Column I, Line 14
18	Other Operations & Maintenance	<u>\$ 3,594</u>	Sum of Lines 10 through 14

The Peoples Gas Light and Coke Company
 Adjustment to Cash Working Capital
 For the Test Year Ending December 31, 2012
 (In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Payroll and Withholdings per Company Filing	\$ 61,119	Peoples Schedule B-8, Page 1 of 2, Column B, Line 4
2	Incentive Compensation Adjustment	(5,492)	Appendix B, p. 3, Column g, Line 13
3	Non-Union Wages Adjustment	<u>(1,960)</u>	Appendix B, p. 3, Column h, Line 13
4	Payroll and Withholdings per Staff	<u>\$ 53,667</u>	Sum of Lines 1 through 4
5	Invested Capital Tax per Company Filing	\$ 11,512	Peoples Schedule C-18, line 8 column B
6	Invested Capital Tax Adjustment	<u>(371)</u>	Appendix B, p. 3, Column d, Line 17
7	Invested Capital Tax per Staff	<u>\$ 11,141</u>	Sum of Lines 14 and 15
8	FICA per Company	4,897	Peoples Gas Schedule B-8, Page 1 of 3, Column B, Line 9
9	Incentive Compensation Adjustment	(595)	Appendix B, p. 3, Column g, Line 17
10	Non-Union Wages Adjustment	<u>(399)</u>	Appendix B, p. 3, Column h, Line 17
11	FICA per Staff	<u>\$ 3,903</u>	Sum of Lines 8 through 10

The Peoples Gas Light and Coke Company
Invested Capital Tax Adjustment
For the Test Year Ending December 31, 2012
(In Thousands)

Line (A)	Description (B)	Amount (C)	Source (D)
1	Rate Base	\$ 1,367,664	Appendix B, p. 1, col. i, line 26
2	Rate of Return	<u>6.41%</u>	Appendix B, p. 1, col. i, line 27
3	Operating Income Required	\$ 87,667	Line 1 x Line 2
4	Pro forma operating income at present rates adjusted before ICT adjustment	<u>60,707</u>	Appendix B, p. 1, col. d line 25 - Appendix B, p. 3, col. d line 17
5	Operating Income Additional Allowed	\$ 26,960	Line 3 - line 4
6	Invested Capital Tax Rate	<u>0.80%</u>	NS-PGL Ex. WPC-2.14
7	Incremental Invested Capital Tax Impact per Staff	\$ 216	Line 5 x line 6
8	Incremental Invested Capital Tax Impact per Company	<u>587</u>	NS-PGL Ex. WPC-2.14
9	Staff Proposed Adjustment	<u><u>\$ (371)</u></u>	Line 7 - line 8

The Peoples Gas Light and Coke Company
 Uncollectibles Expense Adjustment
 For the Test Year Ending December 31, 2012
 (In Thousands)

Line (A)	Description (B)	Amount (C)	Source (D)
1	2010 Write-offs	\$ 43,301	Data Request PGL AG 1.43
2	2010 Recoveries	<u>13,377</u>	Data Request PGL AG 1.43
3	2010 Net Write-offs	\$ 29,924	Line 1 - Line 2
4	Companies Uncollectibles Expense	<u>29,414</u>	Schedule B-1
5	Staff Proposed Adjustment	<u><u>\$ 510</u></u>	Line 3 - line 4